PRESENTATION OVERVIEW

- Recent industry changes drive actions to stay competitive
- Optimized infrastructure investment strategy
- Customer focused solutions to become the gateway of choice
NEW & INTENSIFIED COMPETITION

Terminal Development Projects

- **Big Ship Ready**
- **Deepening**
- **Automation & New Terminals**
- **Terminal Expansion & Upgrades**

Prince Rupert, Canada
+1.5 Million TEU expansion

Vancouver Canada
+2.4 Million TEU expansion

Seattle

Tacoma

Oakland

Los Angeles

Long Beach
+2.9 Million TEU expansion

New York
+1.7 Million TEU expansion

Virginia
+2 Million TEU expansion

Charleston

Savannah
+3.8 Million TEU expansion

Miami

America's Trade Battle Ground

Lázaro Cárdenas, Mexico

Panama Canal

Melford, Canada
+1.5 Million TEU expansion (New Terminal)

Suez Canal
ULTRA LARGE CONTAINER SHIPS

Larger vessels are being planned & built.
KEY STRATEGIC FINDINGS FOR
THE PNW GATEWAY

Inadequate capability to handle multiple ultra-large container ships
• Too many small terminals that do not fit the strategic requirements for handling big ships.

Formation of mega-alliances
• Consolidation of ports and terminals
• Shipping lines divesting of terminals

Excess terminal capacity
• Too many acres dedicated to containers
PNW GATEWAY CRITICAL SUCCESS FACTORS

- Increased terminal utilization
- Productivity enhancements
- Rail competitiveness
- Infrastructure investment
- Regulatory climate
CARGO GROWTH GOALS

Seaport Alliance TEU History and Comparison of Baseline and Upside Forecasts

- Assumes new string at strategic terminal
- 2014: 3.4 M TEU, 34,000 Jobs
- 2026: 6M TEU, 48,500 Jobs
- Actual performance 2005-2014

Actual: 2.75%
Upside: 4.55%
Baseline: 6,000

Mercator International, LLC
CURRENT CONTAINER CARGO FACILITIES

PORT OF SEATTLE
- Terminal 18
- Terminal 30
- Terminal 5
- Terminal 115

PORT OF TACOMA
- TOTE
- Husky
- PCT
- OCT
- WUT
- APM
CURRENT NON-CONTAINER CARGO FACILITIES
GATEWAY OPTIMIZATION
Achieve 70% Utilization | Strategic Terminals | Double Volume

CURRENT

- ≈ 43% Utilization
- 3.4m TEU (3m Int’l)
- Current Acreage: 1080 acres (Int’l container)

VISION 2025

- 70% Utilization
- 6m TEU (5m Int’l)
- Optimal Acreage: 800-850 acres (Int’l container)

IMMEDIATE

GCP
Berth 4 Construction

TERMINAL 5
Design, Permit & Market

NEAR TERM

GCP
Phased Buildout

TERMINAL 5
Phased Buildout

Optimize existing facilities ≈ 230-280 acres for diversified portfolio

Incremental jobs related to container growth = 14,600
STRATEGIC TERMINAL CRITERIA
Ability to handle 2 x 14,000 TEU ships

Intermodal Yard
• 28,000’ Working Track
• 3 Trains in/out per day

Container Yard
• 100 Storage Acres
• Yard Gantry Crane /Top Pick Operation
• Density 10k-12k TEU per acre/yr

Berths - Landside
• 2,800’ Berth
• 100’ gauge crane rail w/ required infrastructure
• 2 x 14,000 TEU ships

Berths - Waterside
• 55’ Water Depth

Throughput Assumptions
Container yard: 1.2 Million TEU/Year
Intermodal yard: 750,000 TEU/Year

Truck Improvements
• Gates: 8 In & 4 Out
• Improved truck queues
STRATEGIC TERMINAL CONFIGURATION
General Central Peninsula Terminal Tacoma

Phase 1 Complete

Phase 2

Phase 3
STRATEGIC TERMINAL CONFIGURATION
Terminal 5 Seattle

Phase 1

Phase 2
Opportunities for Excess International Container Capacity

- Autos & RO/RO
- Project Cargo
- Logs
- Bulk Commodities
- Domestic Cargo
- Industrial Properties
- Breakbulk

CARGO DIVERSIFICATION
DOMESTIC CONTAINER

Tacoma’s TOTE Terminal
• Totem Ocean Trailer Express

Seattle’s Terminal 115
• Northland Services

Seattle’s Terminal 18/30
• Matson

Alaska
Modest Growth

Hawaii
Modest Growth

- Stable market for Alaska/Hawaii
- Terminal capacity meets market need
- Explore new business opportunities with key stakeholders
## NON-CONTAINER

<table>
<thead>
<tr>
<th>FACILITIES</th>
<th>FORECAST</th>
<th>LOOKING FORWARD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dry Bulk</td>
<td>Breakbulk</td>
<td>Autos</td>
</tr>
<tr>
<td>Flat</td>
<td>Modest growth</td>
<td>Modest growth</td>
</tr>
<tr>
<td>Logs</td>
<td>Liquid Bulk</td>
<td>Military</td>
</tr>
<tr>
<td>Flat</td>
<td>High growth</td>
<td>Flat</td>
</tr>
</tbody>
</table>

- Stable market
- Adapt facility capacity to meet market demand
- Pursue additional cargo diversification opportunities
CUSTOMER FOCUSED SOLUTIONS
The Seaport Alliance will deliver the best value to customers, community and stakeholders.

**Internal Drivers**

- **Service Delivery**
  Team approach to deliver operational excellence

- **Facilities for the Future**
  Deliver flexible facilities plan and infrastructure for big ships & mega-alliances

**External Outcomes**

- **Customer Satisfaction**
  Ease of doing business
  Reliability
  Operational Efficiency
  Cost of doing Business

- **Return to Community & Stakeholders**
  Job Creation
  Cargo Growth
  Financial Sustainability
## OPERATIONAL EXCELLENCE

### SERVICE DELIVERY PERFORMANCE METRICS

<table>
<thead>
<tr>
<th>Proposed Service Delivery Key Performance Indicators (KPIs)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>KPI</strong></td>
</tr>
<tr>
<td>On-time pro-forma vessel arrival and departure</td>
</tr>
<tr>
<td>Vessel Production</td>
</tr>
<tr>
<td>Truck visit turn time</td>
</tr>
<tr>
<td>Average import rail dwell</td>
</tr>
<tr>
<td>Import rail transit time</td>
</tr>
</tbody>
</table>

### Proposed PNW Gateway Executive Advisory Council

- Beneficial Cargo Owners & NVOCC’s
- Ocean Carriers
- Marine Terminal Operators
- Labor Partners
- Class 1 Railroads
- Shortline Railroads
- Trucking Companies
- Transload/Distribution Companies
- Puget Sound Pilots
GATEWAY RISKS

- Continued cargo erosion to other gateways
- Terminal productivity
- Rail Competitiveness
- Late to market with strategic terminals
- Regulatory environment
- Global trade patterns shift
## STRATEGIC BUSINESS PLAN GOALS & KEY INITIATIVES

<table>
<thead>
<tr>
<th>GOALS</th>
<th>Gateway Growth and Optimization</th>
<th>Gateway Business Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Delivery Excellence</td>
<td>Gateway Growth and Optimization</td>
<td>Gateway Business Environment</td>
</tr>
<tr>
<td>Gateway Business Environment</td>
<td>Gateway Growth and Optimization</td>
<td>Gateway Business Environment</td>
</tr>
</tbody>
</table>

### INITIATIVES

<table>
<thead>
<tr>
<th>GOALS</th>
<th>INITIATIVES</th>
</tr>
</thead>
</table>
| Service Delivery Excellence | • Operations Service Center  
• Key Performance Metrics  
• Freight Mobility |
| Gateway Growth and Optimization | • Carrier Alliance Consolidation Strategy  
• Beneficial Cargo Owner/NVOCC Program  
• Cargo Diversification  
• Rail Competitiveness  
• Integrated Investment Strategy |
| Gateway Business Environment | • Transportation Infrastructure Funding  
• Regulatory Climate  
• Gateway Commitment |
SEAPORT ALLIANCE KEY METRICS
2025 Measures of Success

- **Cargo Growth**: 6,000,000 TEU
- **Job Creation**: 14,600 incremental jobs
- **Financial Sustainability**: Return on invested capital, Net income growth, Solid Financial margins
THE SEAPORT ALLIANCE