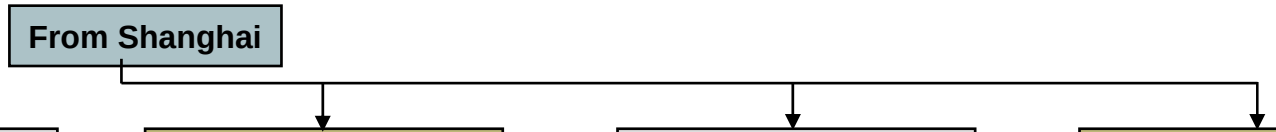
CHART DESCRIBING OPERATIONAL DIFFERENCES BETWEEN WEST COAST PORTS

Rail Costs At 10x Shipping Costs (Per TEU Mile) Affect Anchorage Negatively

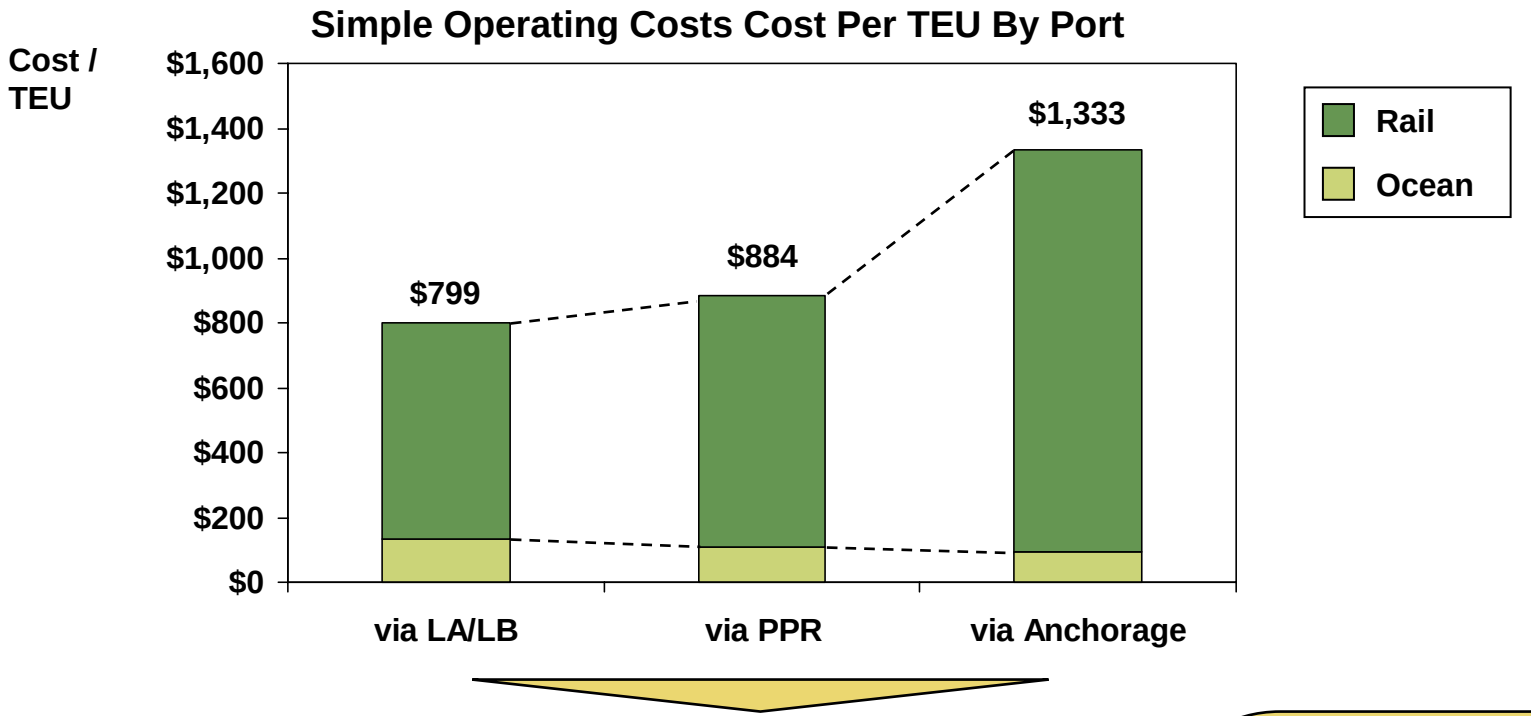


	Anchorage → to Chicago	PPR → to Chicago	LA/LB → to Chicago
Sea distance (Nautical miles)	4,173	4,678	5,708
Rail distance (Miles GHK)	4,125	2,587	2,227
Shipping time to port (GHK)	7.1 days	8.0 days	9.7 days
Rail time[2] to Chicago (GHK)	4.9 days	3.1 days	2.7 days
Sea cost (GHK)	$0.023 / TEU/ N mile[1]	$0.023 / TEU/ N mile[1]	$0.023 / TEU/ N mile[1]
Sea cost (Hofstra Uni)	$0.005 / lb	$0.005 / lb	$0.005 / lb
Rail cost (GHK)	$0.3 / TEU / mile	$0.3 / TEU / mile	$0.3 / TEU / mile
Rail cost (Hofstra Uni)	$0.03 / lb	$0.03 / lb	$0.03 / lb
Theoretical cost (dist * cost)	$1,333	$884	$799
Theoretical transit time	12.0 days	11.1 days	12.4 days

(1) Implied for GHK figures. $81,994 per day for 6,000 TEU vessel that speeds at 24.5 n miles per hour
(2) Assuming 35mph

ANCHORAGE A HIGH-COST PORT – WOULD DEPEND ON EXCESS DEMAND FOR WEST COAST PORT CAPACITY

However Shipping Cost A Small Portion Of Overall Costs to the Consumer



# of washers per TEU[(1)]	51	51	51
Shipping cost per washer	$16	$17	$26
Retail price	$450	$450	$450
Shipping as % of retail price	3.5%	3.9%	5.8%

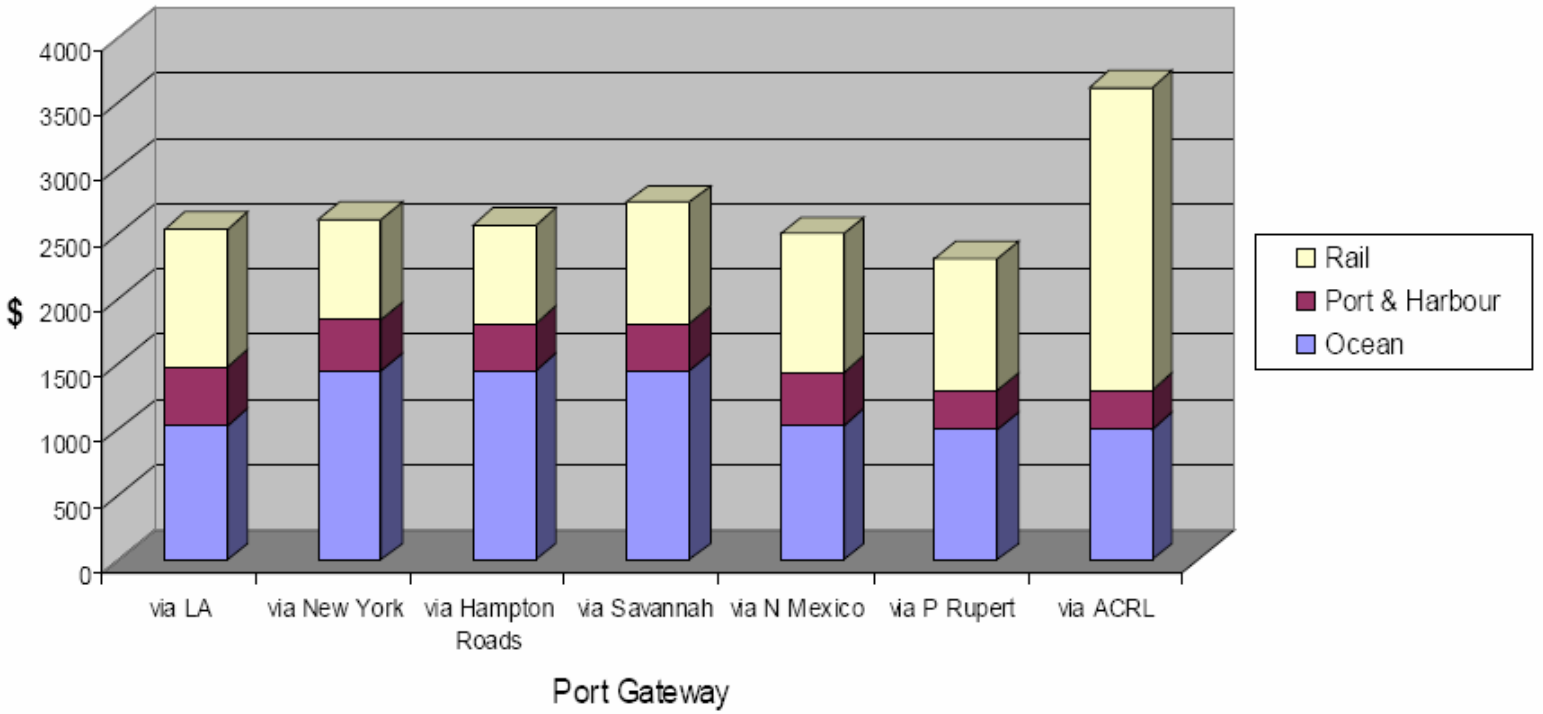
While shipping via Anchorage higher than elsewhere, only a small part of overall product costs. Therefore an opportunity exists to compete on other dimensions, e.g. service reliability

(1) BCG Experience, based on 102 washers per 40' High Cube allocation

GHK FINDINGS SHOW ANCHORAGE IN A POOR COST POSITION

Driven By High Rail Costs, Despite Lowest Overall Landed Cost

Figure 5.3 Port Choice Driver: Total through cost comparisons PRC to Chicago

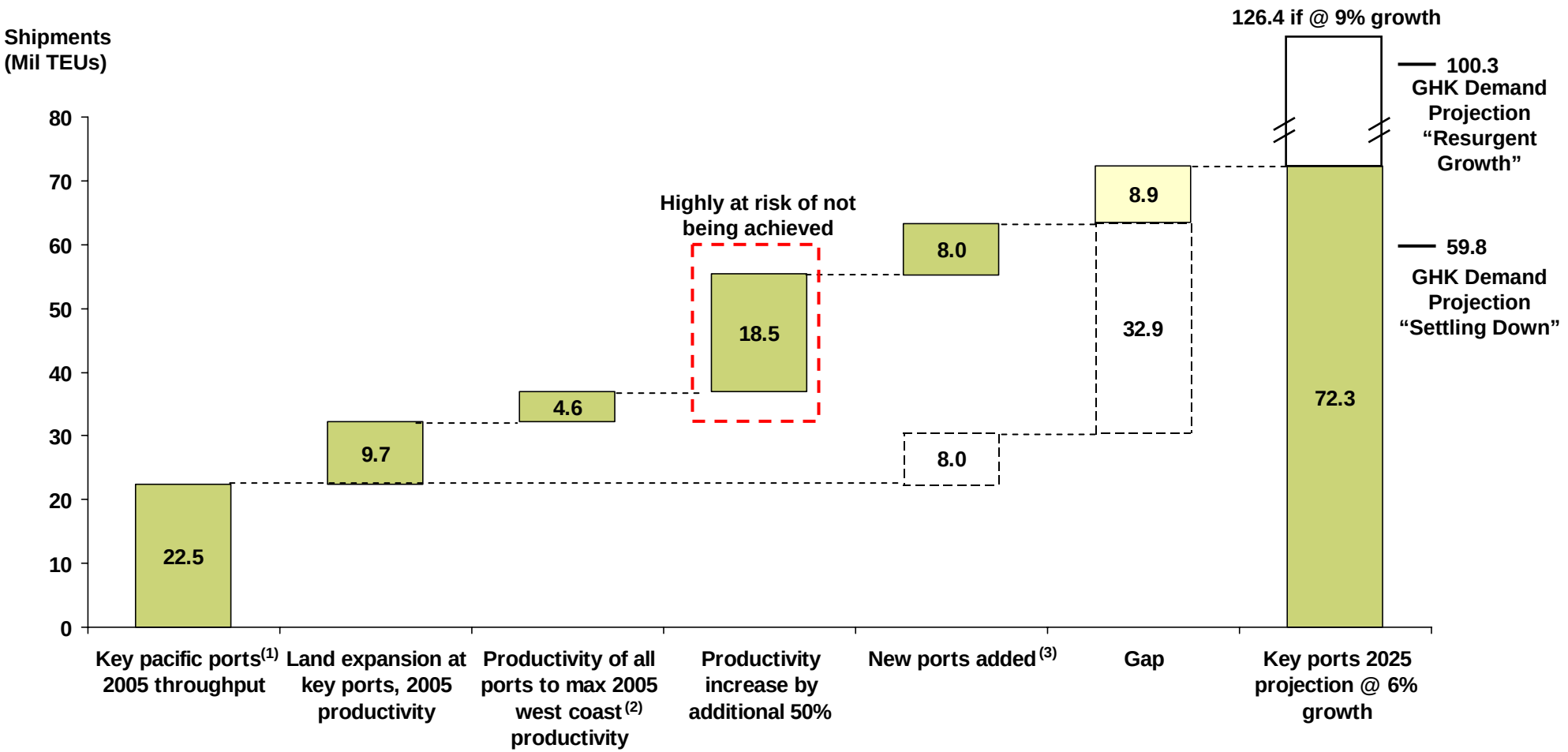


Anchorage A High Cost Port On An Operating Basis Before Accounting For Capital Cost

Note: Cost estimates here are round trip and include more detailed costs: turnaround times, waiting times, load factors, etc.

2025 CAPACITY GAP ~9M TEUs EVEN WITH OPTIMISTIC EXPANSION

Assuming 6% Growth In TEUs From 2005 Levels For Key Pacific Coast Ports



(1) Vancouver, Long Beach, Los Angeles, Oakland, Seattle, Portland, Tacoma
(2) Vancouver productivity was highest at 5,438 TEUs/Acre
(3) Prince Rupert at 2M TEUs and Punta Colonet at 6M TEUs
Source: AAPA; BCG Analysis

DEMAND SENSITIVITIES FOR NORTH AMERICAN PORTS

Assumptions Displayed To Reach 72.3M TEU Demand In 2025

Current Volumes		
2005 Total TEUs to West Coast	25,151,036	
2005 Total TEUs Gulf & East Coast	20,976,130	
2005 Total TEUs	46,127,166	
Key Pacific Ports Total	22,549,201	Vancouver, Long Beach, LA, Oakland, Seattle, Portland, Tacoma

Growth Rates							GHK Projections - "Settling Down"	GHK Projections - "Resurgent Growth"
Total TEU Growth Rate	4%	5%	6%	7%	8%	9%	6% 2005-10; 5% 2010-15; 4.5% thereafter	9% 2005-10; 8% 2010-15; 7% thereafter
							4.5%	7.0%
Projections By Region								
Projected Total West-Coast TEUs								
2015	37,229,678	40,968,388	45,041,676	49,475,896	54,299,201	59,541,650	42,956,779	56,860,039
2025	55,109,018	66,733,187	80,662,781	97,326,575	117,227,903	140,956,740	66,710,564	111,852,303
2050	146,911,623	225,982,259	346,194,229	528,233,431	802,832,388	1,215,481,337	200,494,228	607,070,841
Projected Total Gulf & East Coast TEUs								
2015	31,049,796	34,167,905	37,565,053	41,263,222	45,285,891	49,658,127	35,826,236	47,421,646
2025	45,961,283	55,655,917	67,273,289	81,171,003	97,768,841	117,558,847	55,637,049	93,285,556
2050	122,525,258	188,470,688	288,728,261	440,550,151	669,567,485	1,013,719,419	167,213,503	506,301,069
Projected Total TEUs								
2015	68,279,474	75,136,293	82,606,729	90,739,117	99,585,092	109,199,778	78,783,015	104,281,685
2025	101,070,301	122,389,104	147,936,071	178,497,578	214,996,745	258,515,587	122,347,613	205,137,859
2050	269,436,881	414,452,947	634,922,491	968,783,582	1,472,399,872	2,229,200,756	367,707,732	1,113,371,911
Key Pacific Ports Total TEUs								
2015	33,378,326	36,730,272	40,382,185	44,357,691	48,682,034	53,382,159	38,512,967	50,977,957
2025	49,408,076	59,829,743	72,318,342	87,258,293	105,100,859	126,374,985	59,809,460	100,281,357
2050	131,713,845	202,604,747	310,380,976	473,588,506	719,780,629	1,089,741,688	179,753,413	544,270,310

2025 Demand Scenarios Have Wide Range of Potential Outcomes