



April 15, 2008

PIERPASS OFFPEAK PROGRAM FINANCIAL SUMMARY, 2005-2007

BACKGROUND

PierPASS Inc. is a not-for-profit company created by marine terminal operators at the Los Angeles and Long Beach ports to address multi-terminal issues such as congestion, security and air quality.

On July 23, 2005, the West Coast Marine Terminal Operators introduced five additional after-hours and weekend gate shifts at all container shipping terminals in the Los Angeles and Long Beach ports, under a program called OffPeak administrated by PierPass. The objective of the OffPeak program is to reduce traffic congestion and eliminate costly bottlenecks at marine terminal gates by diverting cargo trucking from Peak daytime gates to “off peak” night and weekend gates.

The incentive for shippers to use the new OffPeak gates is the establishment of a Traffic Mitigation Fee (TMF), a monetary charge for loaded non-intermodal containers that enter or leave a marine terminal during Peak daytime hours.

Net proceeds from the TMF are allocated by PierPASS to the marine terminals to finance the labor and operational costs of the five additional OffPeak program gates. Net proceeds consist of TMF collections minus the administrative and overhead costs incurred by PierPASS to implement and manage the program. As a not-for-profit company, PierPASS passes through all TMF proceeds after covering its expenses.

During 2005 and early 2006, the TMF rate was \$40 per TEU (20-foot equivalent unit). On April 24, 2006, the TMF rate was adjusted to \$50 per TEU.

PIERPASS OFFPEAK PROGRAM 2007, 2006 and 2005 FINANCIAL SUMMARY

PierPASS revenues totaled \$125.5 million, \$117.5 million and \$42.6 million for the fiscal years ended December 28, 2007, December 29, 2006 and December 30, 2005, respectively (comparative chart below). Revenues consisted primarily of TMF payments, with a small component of interest income.

PierPASS expenses totaled \$9.5 million, \$9.8 million and \$5.2 million for the 2007, 2006 and 2005 fiscal years, respectively. For all periods, expenses consisted of administration costs, bank and professional fees, and the OffPeak program’s computer systems and software. The OffPeak program’s computer systems and software are used to collect TMF payments and manage the notification of TMF payment status to the terminal operators.



As shown in the chart below, net revenues after PierPASS expenses totaled \$116.0 million, \$107.7 million and \$37.4 million for the 2007, 2006 and 2005 fiscal years, respectively. Net revenues in each year were distributed to marine terminals to offset their costs of operating the OffPeak gates.

PierPASS Off Peak Program Financial Summary			
(in millions)	2007	2006	2005 (5 months)
Revenues	\$125.5	\$117.50	\$42.6
Expenses	\$9.5	\$9.8	\$5.2
Net Revenues Distributed to Marine Terminal Operators	\$116.0	\$107.7	\$37.4

DMJM HARRIS OFFPEAK COST STUDY:

Terminal Operators' Net OffPeak Costs			
(in millions)	2007 (annualized)	2006	2005 (5 months)
Net Cost of Running OffPeak Gates (DMJM Harris Studies)	\$132.0	\$204.0	\$84.0

Periodic cost studies of the OffPeak program are conducted by DMJM Harris (formerly JWD Group), an independent industrial engineering firm specializing in marine planning and analysis. Net OffPeak costs are determined by comparing current costs for terminal yard and gate operations with costs for June, 2005 – the period just before the introduction of OffPeak. Calculated costs for OffPeak gates are net of cost reductions in peak gates, if any, due to more gate transactions occurring during OffPeak hours.

The DMJM Harris studies determined that the net costs for the 2005 OffPeak program were an annualized \$202 million, or \$84 million for the five months of OffPeak operation in that year.

For the 2006 operating year, these DMJM Harris studies determined a net cost of \$204 million for the OffPeak program. For the 2007 operating year, DMJM Harris determined a net cost of \$132 million for the OffPeak program (annualized from data through 3rd Quarter, 2007).