CEO Report

October 20, 2011

LNG Developments

- Jordan Cove project remains an import terminal.
- Jordan Cove is proposing to add export capability.
- Import/export capability would become a function of the market.

LNG Versatility

- Natural gas is liquefied (LNG) for ease of non-pipeline transportation.
- LNG is catching on as a “green” fuel.
- Existing Uses
  - Industrial Equipment and Vehicles
  - Mass Transit
    - Buses – Long Beach, Dallas, Baltimore, etc.
    - Ferries – Washington state, New York, Norway
- Potential New Uses

LNG Versatility

- Shipping (Marine Transportation)

  According to a new forecast by market analysis company MEC Intelligence, "nearly 10,000 vessels could adopt LNG propulsion by 2020 triggering a huge growth in the market. Companies in all aspects of the maritime value chain – oil majors, terminals, ports, bunker suppliers, service companies, component producers, vessel owners and charterers – need to rethink their offerings."
- MEC Intelligence, Tuesday, October 18, 2011

Coos Bay Opportunity

- LNG bunkering barges could serve West Coast ports from Coos Bay, creating new business opportunities.
- LNG as a maritime fuel effectuates a reduction in greenhouse gas emissions in major metropolitan areas and shipping centers.

Coal Misinformation

- The Coos Bay Rail Link has a limited capacity to accept "unit trains" without *huge* capital infrastructure investments.
- Any projections anti-coal activists trumpet regarding railcar volumes are premature, especially due to the traffic capacity constraints on the Coos Bay rail line. The rail line has finite capacity. This differentiates us from other proposed coal terminals located alongside major railroads.
- It is not economically viable to transport coal from Appalachia. Coal from that region, if exported, would be exported from East Coast or Gulf Coast ports – *not from the West Coast.*

Coal Misinformation

- There will be more factually accurate information about coal to follow. We will keep you updated as the process unfolds.
- We strive to be as transparent as possible, but we will not rush to release information prematurely.
- We will only release information that is factual and accurate once it is legal and ethical to do so.
- We will strive to do a professional and thorough job of matching the needs of the Port and our customer with the realities of the market and the environment.
- Once again, our focus is on business opportunity, not regulation. The Port is not a regulatory agency.

Coal Misinformation

Example of misinformation

- "Salem will have 16 unit trains of coal per day bound for Coos Bay."
- An average of one unit train per day equals approximately
  - 5.5 to 6 million tons (roughly equivalent to one LNG Terminal in annual volume)
  - 100 vessel calls
  - \$10 – \$15 million dollars in revenue to the Port
  - Multiplied by 16 = 94 million tons, 1,600 ship calls and \$160–\$240 million dollars in revenue

Coal Misinformation

- Seriously?

Coal Misinformation

Table 1-51: Tonnage of Top 50 U.S. Water Ports, Ranked by Total Tons[a]

	2006		2005		1996		Percent	Percent
Ports	Rank	Total tons (Millions)	Rank	Total tons (Millions)	Rank	Total tons (Millions)	change 2005-2006	change 1996-2006
South Louisiana, LA	1	225.5	1	212.2	1	189.8	6.2%	18.8%
Houston, TX	2	222.1	2	211.7	2	148.2	5.0%	49.9%
New York, NY and NJ	3	157.6	3	152.1	3	131.6	3.6%	19.8%
Long Beach, CA	4	84.4	5	79.9	9	58.4	5.7%	44.5%
Beaumont, TX	5	79.5	6	78.9	21	35.7	0.8%	122.6%
Corpus Christi, TX	6	77.6	7	77.6	6	80.5	-0.1%	-3.6%
Huntington - Tristate	7	77.2	4	83.9	26	27.5	-8.0%	180.8%
New Orleans, LA	8	76.9	8	65.9	4	83.7	16.7%	-8.2%
Los Angeles, CA	9	66.0	12	54.9	16	45.7	20.2%	44.4%
Mobile, AL	10	59.8	11	57.7	12	50.9	3.8%	17.6%
Lake Charles, LA	11	58.4	13	52.7	15	49.1	10.8%	19.0%
Baton Rouge, LA	12	56.3	9	59.3	5	81.0	-5.0%	-30.4%
Plaquemines, LA, Port of	13	55.9	15	47.9	8	66.9	16.7%	-16.5%
Texas City, TX	14	48.9	10	57.8	10	56.4	-15.5%	-13.3%
Duluth-Superior, MN and WI	15	47.0	16	44.7	19	41.4	5.0%	13.5%
Tampa, FL	16	46.2	14	49.2	13	49.3	-6.0%	-6.2%
Baltimore, MD	17	42.4	18	44.1	17	43.6	-3.8%	-2.6%
Pittsburgh, PA	18	42.0	19	43.6	11	50.9	-3.8%	-17.5%
Paulsboro, NJ	19	39.2	23	32.1	27	25.0	22.4%	56.7%