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1. Introduction

- Thank you for the invitation.
- KGI, LLC.
- Presentation on Vehicles.
- RoRo Discussion.
- Volumes and Trends.
- Significant Issues.
- Opportunities and Challenges.
2. Global Production

- CY 2005 – 62.7 million vehicles
  - Asia - 21.4
  - W. Eur - 17.3
  - NA - 16.9
  - E. Eur - 2.8
  - SA - 2.2
  - Others - 2.1

Source: Automotive News.
### 3. US Volumes

**Imports**  
'05 Vol. (mil) - % chg. ’00-’05

<table>
<thead>
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<th>Region</th>
<th>’05 Vol. (mil)</th>
<th>% chg. ’00-’05</th>
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<tbody>
<tr>
<td>Total</td>
<td>7.212</td>
<td>3.5</td>
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<tr>
<td>Canada</td>
<td>2.330</td>
<td>(9.0)</td>
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<tr>
<td>Japan</td>
<td>1.833</td>
<td>(1.0)</td>
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<tr>
<td>Mexico</td>
<td>.979</td>
<td>(18.0)</td>
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<tr>
<td>Korea</td>
<td>.731</td>
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<td>Germany</td>
<td>.547</td>
<td>11.2</td>
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<tr>
<td>Other</td>
<td>.792</td>
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</table>

*Source: US Dept. of Commerce.*

*Passenger Vehicles and Light Trucks.*
3. US Volumes

- Exports – CY 2005 (mil)
  - Total: 2.086
  - Canada: 0.882
  - Mexico: 0.344
  - Germany: 0.124 (BMW and MB)
  - Others: 0.736 (incl. EU, ME, SA)

- Source: US Dept. of Commerce.
- Passenger Vehicles and Light Trucks.
4. EC vs. WC Ports

- Volumes roughly split 50/50 for total of 3.9 million in 2005 – increase of 500,000 since 2003.
- Japan/Korea/Germany imports account for 79%.
- US Gulf not a factor except for VW.
- Space constraints – no green field projects.
- Rail – much more of an issue on WC.
- All water services continue to be more cost efficient than land-bridge.
5. Production Trends

- W. Eur and US are mature with exception of transplants in the Southeast.
- Korea and China will lead with small to mid-size vehicles.
- Trucks and SUV’s will continue to be made in NA – but shift to Mexico.
- Build for market – Asian focus.
6. Manufacturing Trends

- US will see further plant closings and shift of production to Mexico.
- More consolidation/collaboration – especially in overseas markets.
- NA will have no export base except for transplants in the southeast.
- Import volumes will increase from Asia and continue to cause challenges to the ports.
7. Rail Issues

- Not dependable as far as transit times.
- No new equipment.
- Imbalance of tri-levels to bi-levels.
- Internal competition for equipment by plants versus ports and domestic versus imports.
- Mexico is a difficult situation.
- Vehicles/parts are not “high revenue” commodity for the Class 1 railroads – $3.6 billion or 9.1% of total revenues.
8. Haulaway Issues

- Union vs. non-union.
- Drivers – equipment – fuel – insurance.
- Congested terminals and security issues.
- Little co-mingling of vehicles.
- Congested highways and dealer restrictions.
- Quality – open versus closed rigs.
- Critical for OTD process – but who pays?
9. Ocean Carrier Issues

- Industry consolidation – only seven carriers.
- Attempting to control more of the supply chain.
- Huge capital investments – return?
- Japanese still hold keys.
- Quality – Quality – Quality.
10. Labor Issues

- Productivity – same as 25 years ago.
- Quality – Damage Prevention.
- IT challenged.
- Autos under master contract – but most issues settled locally.
- Gang sizes - # of drivers – OT differential.
11. Port Issues

- Sell to - Manufacturer/Carrier/Processor.
- Manufacturer owned facilities versus multi-vehicle processors.
- Multi-level car parks/RFID.
- Domestic Storage.
- Rail connections and ramps – open terminals.
- Terminal labor.
- Harbor Maintenance Taxes.
- Landbridge requirements.
- Off-terminal storage.
- Port charges – tariff differentials.
12. Supply Chain and OTD

- Where do the ports fit in? Command and Control.
- Is order – to – delivery dead before it got started in regards to imports.
- How mix imports and domestics? Where?
- Are off-port distribution centers the long-term answer?
- Who controls the process? OEM’s – Carriers.
- Individualized concept.
- See no leadership in industry for true collaboration.
- Toyota is still seen as the model.
13. Summary and Discussion

- Imports Rule.
  - Asian market.
  - Mexico short sea.
  - SA.

- Land constraints – how resolve.
  - Off-site storage/mixing centers.
  - Multi-level car parks.
  - Cost/Revenue per acre – Minimum annual guarantee.
  - RoRo vehicles and space.
13. Summary and Discussion

- Labor/Intermodal Carriers.
  - Better productivity/multiple starts/OT diff.
  - Seniority/House gangs.
  - IT issues/RFID model – Rotterdam Car Terminal.
  - Truck/Rail.
  - Rates are going up!
  - Haulaway Drivers and security.
13. Summary and Discussion.

- NA Ports: How do you keep your present dominant position and improve revenues.
  - Continue to facilitate the process.
  - Lock in revenue and throughput per acre.
  - Keep pressure on the railroads to provide not only service – but solutions.
  - Revisit domestic vehicle storage.
  - Help processing facilities with more ‘domestic’ work.
  - Hold focus groups with labor and tenants.
14. Summary and Discussion.

NA Ports: How do you keep your present dominant position and improve revenues.
- Facilitate velocity and direct to dealer distribution through graduated tariff discounts.
- Do a manufacturer review with emphasis on five year plans for distribution patterns.
- Continue to attract multi-port processors as they add to import potentials for same clientele.
- Act as land broker for overflow volumes in peak periods and first point of rest areas.
- Analyze master plan for additional sites.