THE PORT OF LOS ANGELES

City of Los Angeles Investors Conference
February 27, 2014

Outline

- POLA's Favorable Market Position and Service Advantage
- Cargo Volumes
- Financial Update
- Funding Flexibility
- Capital Improvement Program
- Trade Flows and Logistics

POLA's Service Advantage and Favorable Market Position

Port of Los Angeles - Service Advantage

- We have excellent facilities
  - 8 container terminals with 79 cranes on 1600 acres
  - 53 feet depth of water
  - 50 container ship berths
  - Superior intermodal connections provides swift movement of trains into and out of the port
    - 100 intermodal trains a day serving over 13 major markets in the U.S.
    - 113 miles of rail track

Port of Los Angeles - Service Advantage

- We are in a great location
  - Close proximity to Asia market
  - In the middle of over 19 million consumer base in the five county Southern California area
  - About 50% of goods into the Port goes to the five county area
  - Proximity to largest aggregation of warehouse space in the world, comprising about 1.5 billion square feet,

Port of Los Angeles - Service Advantage

- Ability to serve vessels larger than what can transit the Panama Canal
- Skilled longshore labor force
- Advanced environmental standards
- Right-sized, highly trained port staff
- Very strong financial position
- Stable customer base

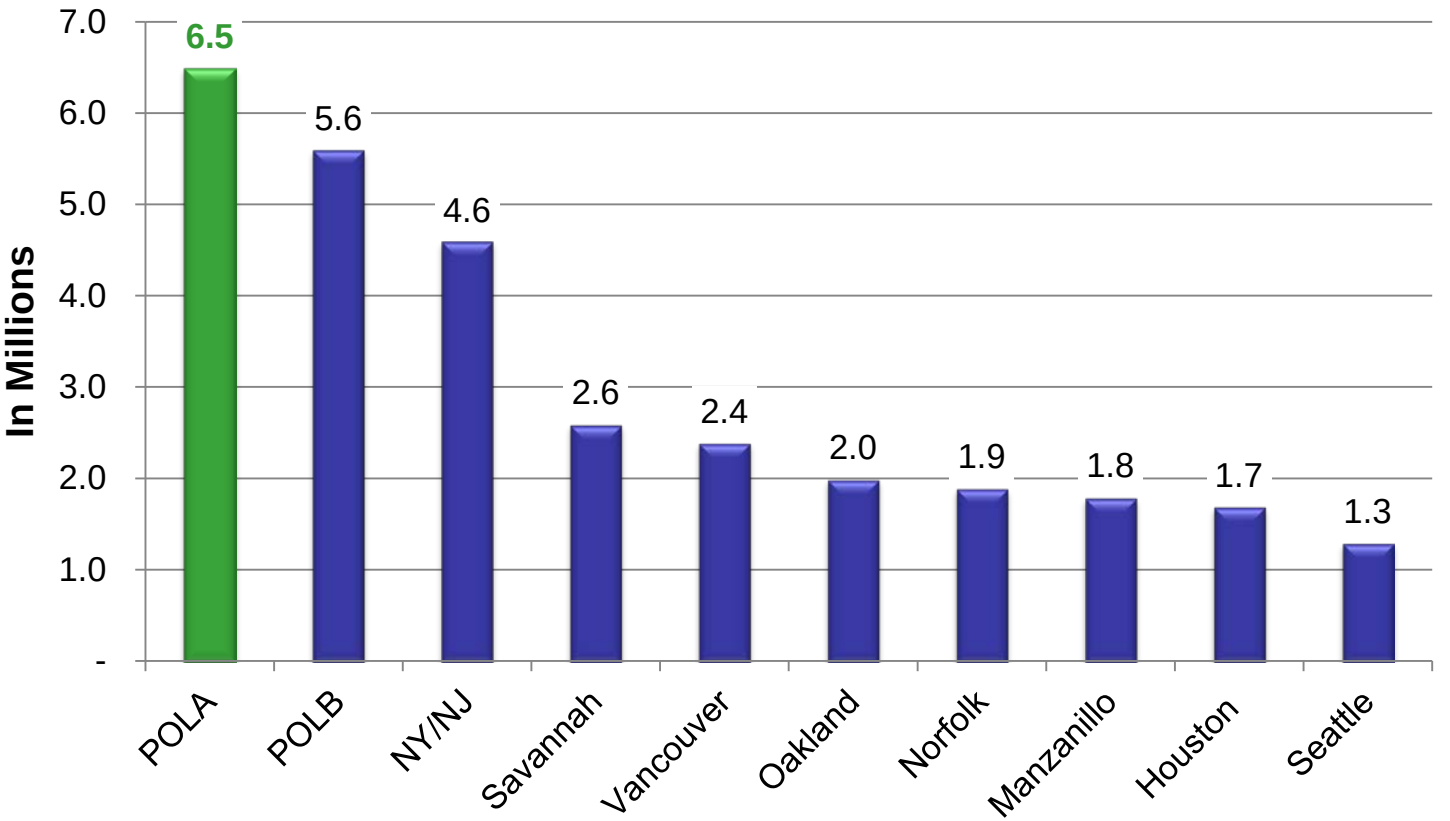
Favorable Market Position

- Largest container port in the U.S. in terms of volume
  - In 2012, 23% of the nation's containerized imports arrived via the Port of Los Angeles
- Diverse Port operations
- Cargo activity
  - Steel products
  - Metal scrap
  - Fruit
  - Autos
  - Liquid bulk
  - Cruise ships

Cargo Volumes

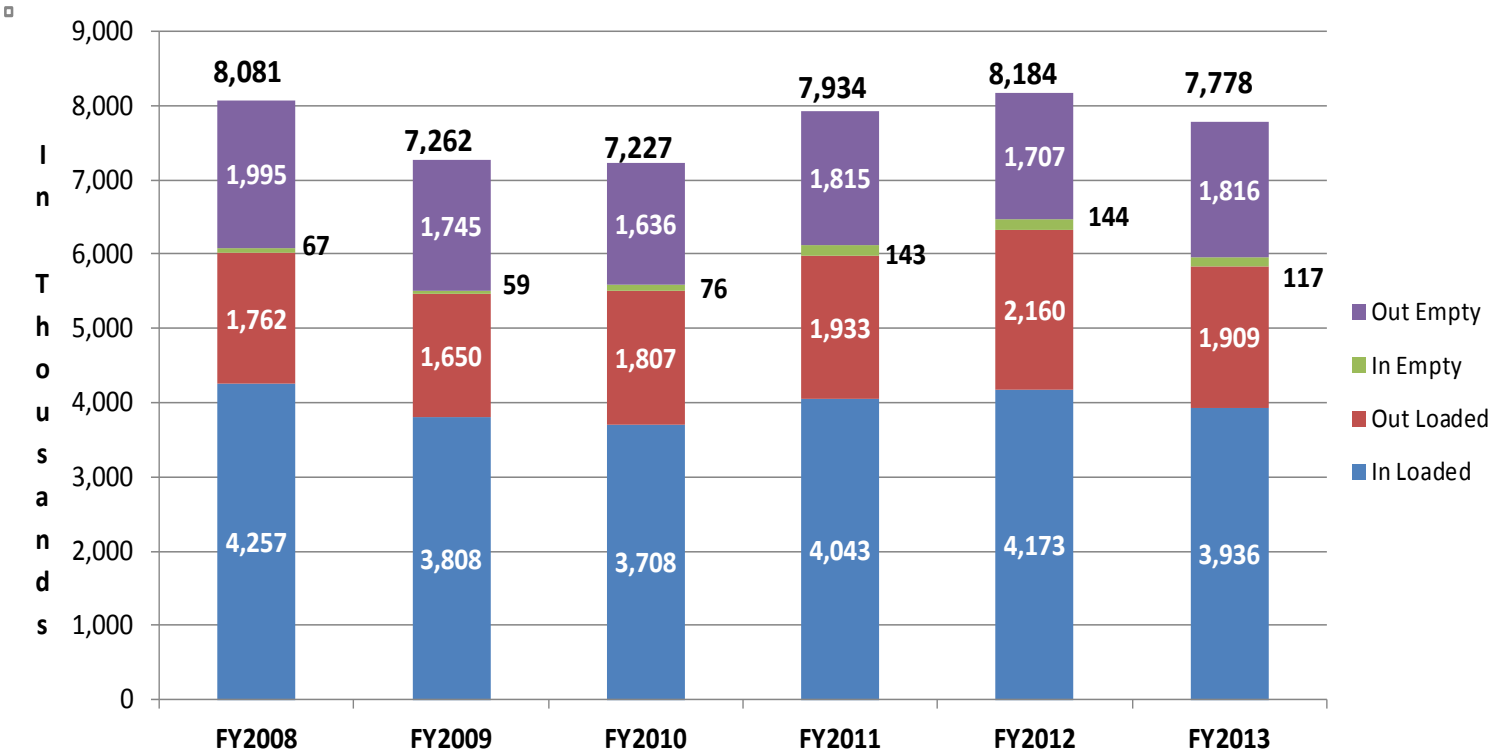
POLA Continues To Lead North American Container Ports in Volume

Top 10 Ports by Total TEUs (Twenty-foot Equivalent Units)* January – October 2013



**Total loaded and empty containers handled in domestic and foreign trade.*
Sources: Port operator websites

Steady Container Volumes



- Exports comprise mainly of wastepaper, scrap metal, animal feeds, cotton, and resins
- Imports comprise mainly of furniture, apparel, auto parts, electronic products, and footwear

Financial Update

Consistent and Conservative Financial Policies and Practices

- Annual review and approval by the Board
- Strong days cash on hand
- History of responsible expense control

History of Strong Debt Service Coverage

Historical Revenues, Expenses and Debt Service Coverage
Fiscal Years 2010 - 2013

	Fiscal Year Ending June 30th (in thousands)			
	Audited			
	2010	2011	2012	2013
Operating & Other Revenues	$424,321	$412,962	$435,291	$416,974
Operating Expenses	$210,235	$209,695	$199,806	$205,169
Available Revenues	$214,086	$203,267	$235,485	$211,805
Debt Service	$66,851	$72,443	$71,649	$72,401
Debt Service Coverage	3.2	2.8	3.3	2.9

- Operating and Other Revenues includes total operating and non-operating revenues according to the Additional Indebtedness Test for Debt Service Coverage calculation.
- Operating Expenses includes payroll, fringe benefits, payments for City services and certain other costs of the Department.
- Available Revenues are Operating & Non-Operating Revenues after payment of Operating Expenses and Other Payments due to the City.
- Debt Service Coverage is Available Revenues divided by Debt Service.

Source: Harbor Department of the City of Los Angeles

Flexible Sources of Funding

- AA long term debt rating
- A-1+/P-1 commercial paper rating
- Active use of grant funding
- Consistent and healthy cash flows

Capital Improvement Program

FY 2014 Adopted CIP Budget

Terminals/Commerce	$256.6 M
Transportation Projects	126.1 M
Security	8.7 M
Community	31.1 M
Maritime Services	(22.6) M
Total:	$399.9 M

Trade Flows the Panama Canal and Transit Times

Top Trading Partners

(FY 2013 TEU* Count by Country)

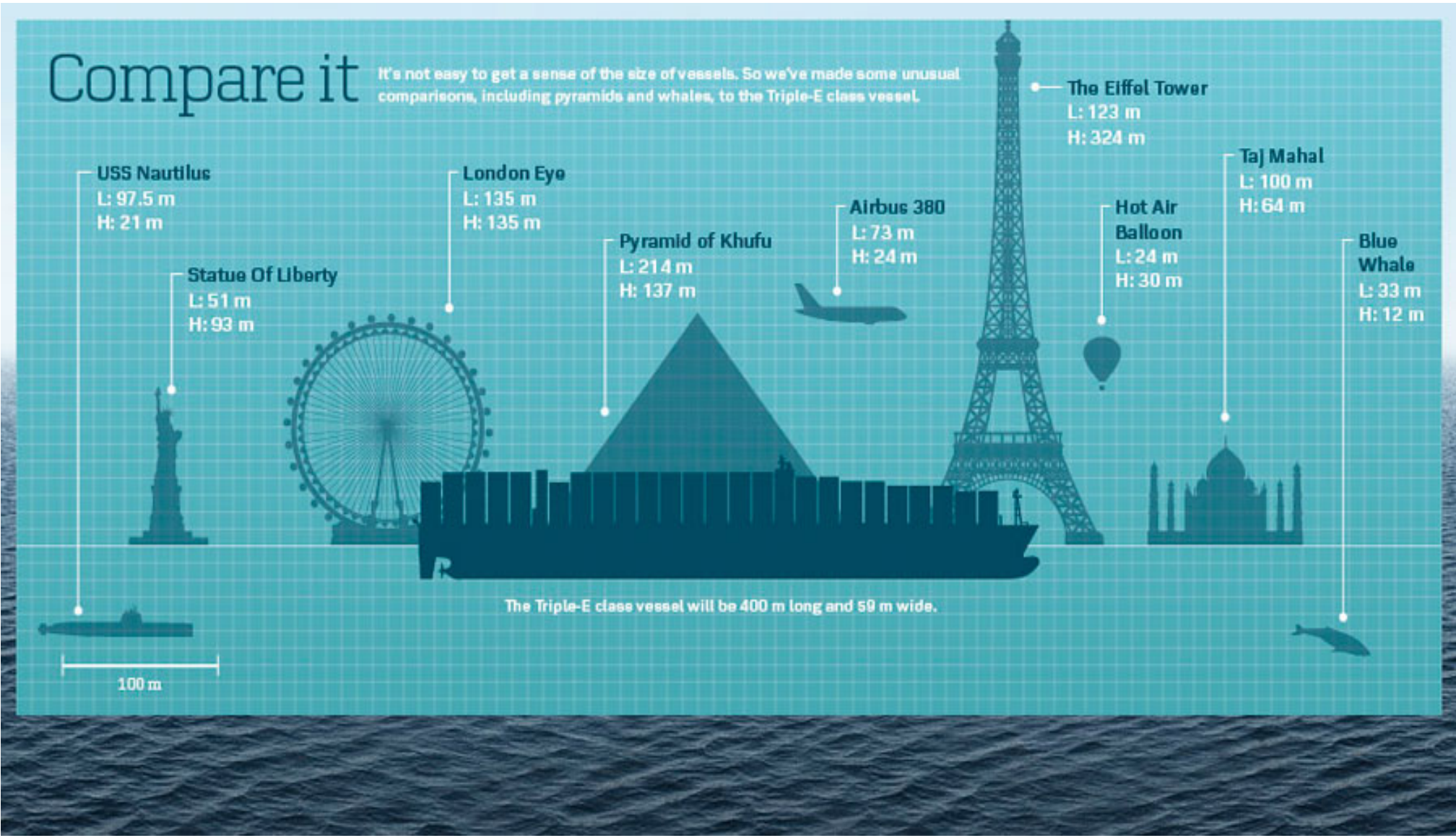
Exports	TEU's	%	Imports	TEU's	%
Nation			Nation		
China	598,546	**34.4** %	China	2,083,523	**53.6** %
South Korea	190,202	**10.9**	South Korea	241,896	**6.2**
Japan	188,251	**10.8**	Taiwan	220,652	**5.7**
Taiwan	175,650	**10.1**	Vietnam	200,325	**5.2**
Hong Kong	73,339	**4.2**	Japan	191,947	**4.9**
Australia	59,992	**3.5**	Thailand	153,575	**4.0**
Vietnam	48,353	**2.8**	Indonesia	135,665	**3.5**
Thailand	39,848	**2.3**	Hong Kong	113,288	**2.9**
Singapore	39,061	**2.2**	Malaysia	100,133	**2.6**
Philippines	35,897	**2.1**	India	57,404	**1.5**
All Others	290,723	**16.7**	All Others	385,443	**9.9**
Total	1,739,862	**100.0** %	Total	3,883,851	**100.0** %

* TEU = twenty foot equivalent units.

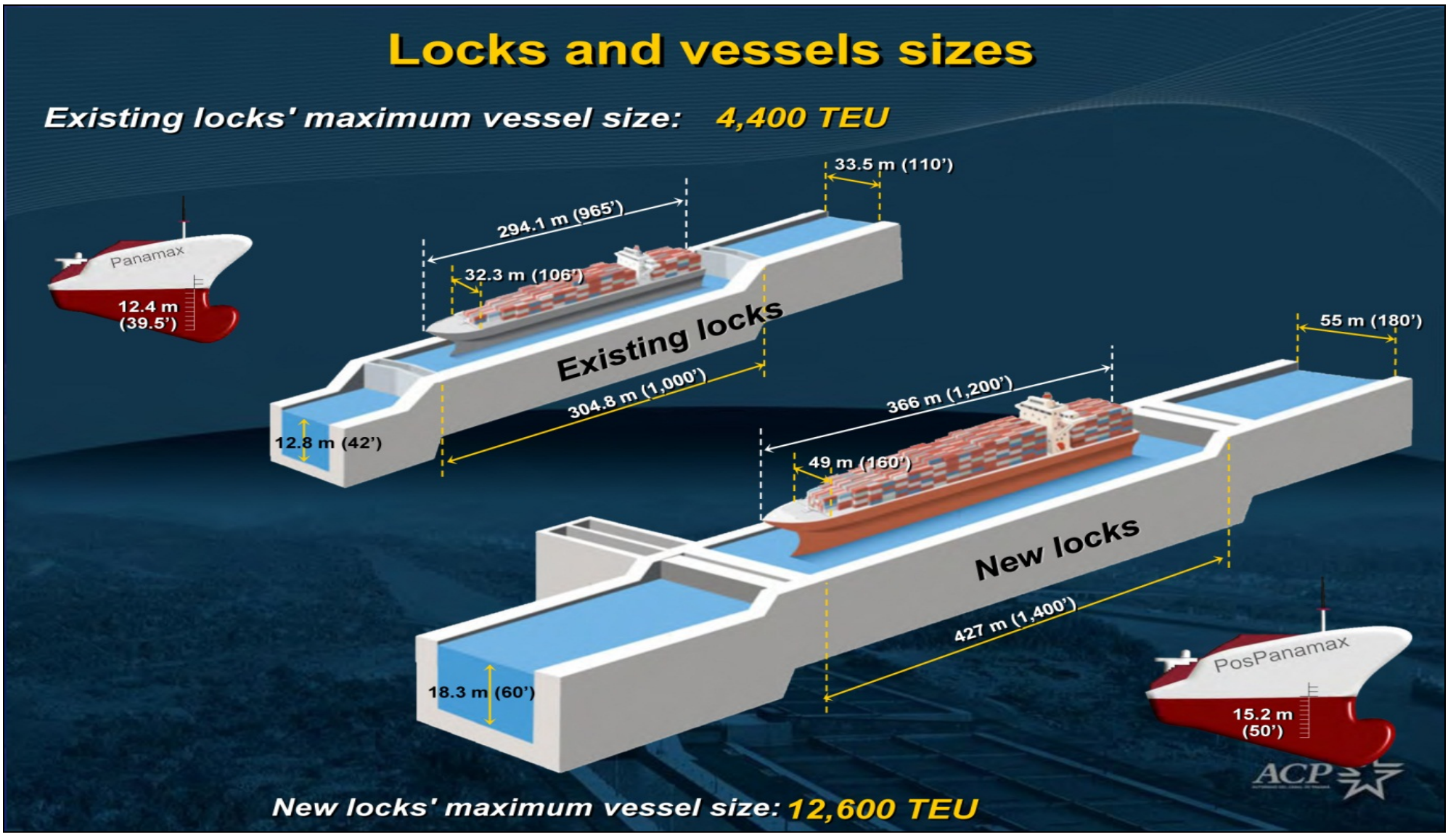
Source: Ports Import Export Reporting Services (Data from PIERS excludes domestic cargo and empties.)

What the Modern Ships can Carry

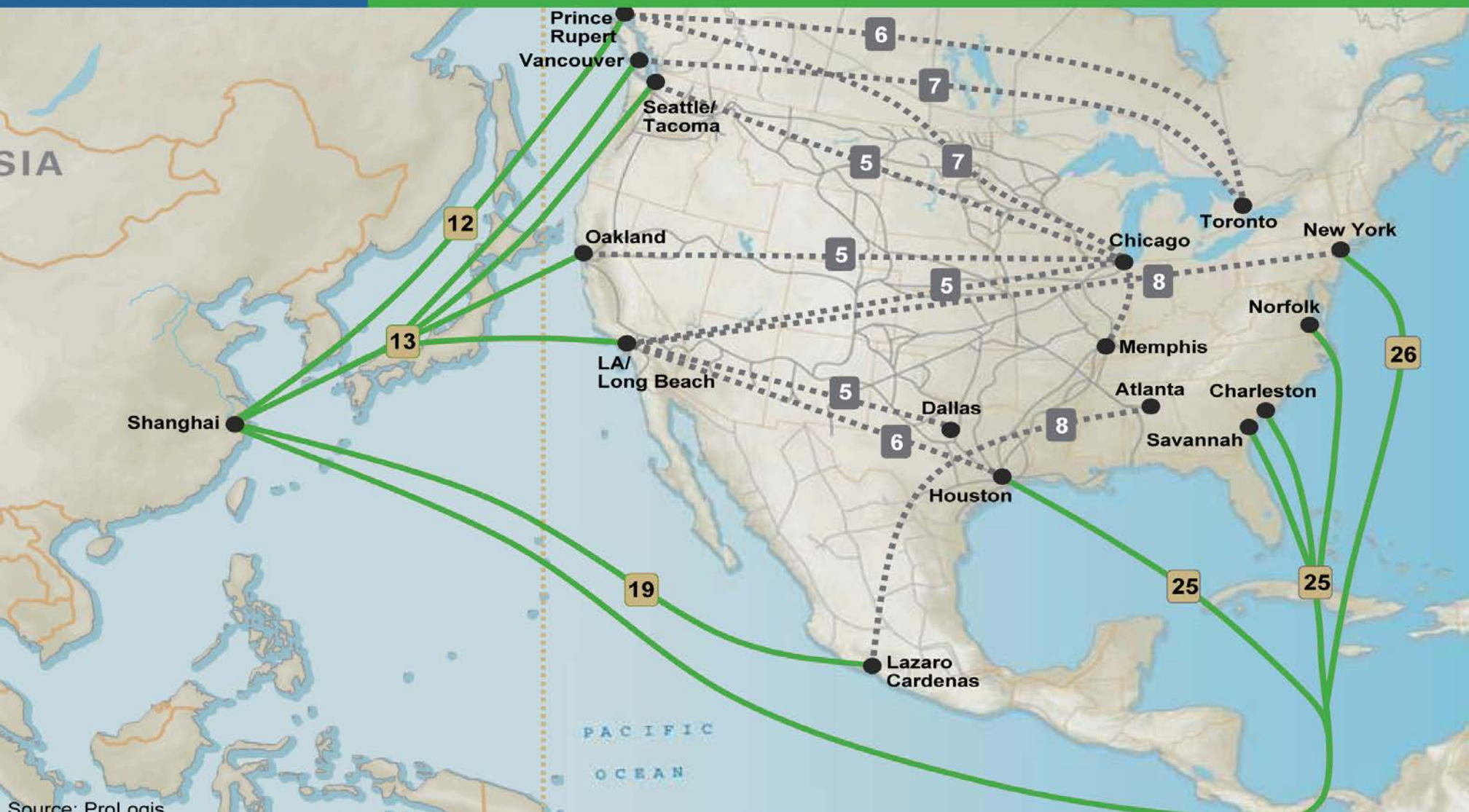
How Big is Big?



What Size Ship Fits Through the Canal



Superior Service Times



Source: ProLogis

Rail Connections are Key

Geographic Break-Even Lines

THE PORT OF LOS ANGELES

The Arrival of Automation

Automation Refers to Automated Crane Operations

Logistics of Container Movement

- A one mile long freight car carrying two 40 foot container per car can carry 300 containers or 600 TEUs
- A 12,000 TEU container ship would require 20 miles of container carriers
- The quicker to load and unload, the faster the ship turnaround time

Los Angeles Is Ready

- Big ship capable
- Automation underway at one terminal
- Excellent intermodal connections
- Compelling location
  - Population base
  - Business base

Our Debt Issuance Plans

- We are plain vanilla
  - Our long-term bonds are fixed-rate and even-amortization
  - Our short-term is commercial paper, the only variable rate debt we have
- We are considering issuing in the latter half of this year
- We thank those who hold our bonds
- We remain completely open to investors to call and visit us

Contact Information

- Port of Los Angeles Website
  - www.portoflosangeles.org
    - TEU statistics: http://www.portoflosangeles.org/maritime/stats.asp
    - Financial information:
      - Audited statements: http://www.portoflosangeles.org/finance/financial_statements.asp
      - Bond disclosures: http://www.portoflosangeles.org/finance/bond_disclosure.asp
    - Strategic plan: http://www.portoflosangeles.org/business/strategic_plan.asp
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