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

<table>
<thead>
<tr>
<th>Port</th>
<th>TEUs (in Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>POLA</td>
<td>6.5</td>
</tr>
<tr>
<td>POLB</td>
<td>5.6</td>
</tr>
<tr>
<td>NY/NJ</td>
<td>4.6</td>
</tr>
<tr>
<td>Savannah</td>
<td>2.6</td>
</tr>
<tr>
<td>Vancouver</td>
<td>2.4</td>
</tr>
<tr>
<td>Oakland</td>
<td>2.0</td>
</tr>
<tr>
<td>Norfolk</td>
<td>1.9</td>
</tr>
<tr>
<td>Manzanillo</td>
<td>1.8</td>
</tr>
<tr>
<td>Houston</td>
<td>1.7</td>
</tr>
<tr>
<td>Seattle</td>
<td>1.3</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Available Revenues</strong></td>
<td>$424,321</td>
<td>$412,962</td>
<td>$435,291</td>
<td>$416,974</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td>$210,235</td>
<td>$209,695</td>
<td>$199,806</td>
<td>$205,169</td>
</tr>
<tr>
<td><strong>Debt Service</strong></td>
<td>$214,086</td>
<td>$203,267</td>
<td>$235,485</td>
<td>$211,805</td>
</tr>
<tr>
<td><strong>Debt Service Coverage</strong></td>
<td>$66,851</td>
<td>$72,443</td>
<td>$71,649</td>
<td>$72,401</td>
</tr>
</tbody>
</table>

### Notes:

- 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)**

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

* 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

- **2013 Triple-E Maersk Class**: 18,000 TEU
- **2006 Emma Maersk Class**: 15,500 TEU
- **1997 Sovereign Maersk Class**: 8,100 TEU
- **1996 Regina Maersk Class**: 7,100 TEU
How Big is Big?

It's not easy to get a sense of the size of vessels. So we've made some unusual comparisons, including pyramids and whales, to the Triple-E class vessel.

- **The Eiffel Tower**
  - L: 123 m
  - H: 324 m

- **USS Nautilus**
  - L: 97.5 m
  - H: 21 m

- **Taj Mahal**
  - L: 100 m
  - H: 64 m

- **London Eye**
  - L: 135 m
  - H: 135 m

- **Pyramid of Khufu**
  - L: 214 m
  - H: 137 m

- **Airbus 380**
  - L: 73 m
  - H: 24 m

- **Hot Air Balloon**
  - L: 24 m
  - H: 30 m

- **Statue Of Liberty**
  - L: 51 m
  - H: 93 m

- **Blue Whale**
  - L: 33 m
  - H: 12 m

The Triple-E class vessel will be 400 m long and 59 m wide.
Locks and vessels sizes

Existing locks’ maximum vessel size: **4,400 TEU**

New locks’ maximum vessel size: **12,600 TEU**
Superior Service Times

Source: ProLogis
Rail Connections are Key
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
  - 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

- Karl Pan, Chief Financial Officer: 310-732-7703, kpan@portla.org
- Soheila Sajadian, Director of Debt & Treasury: 310-732-3756, ssajadian@portla.org