SUPPLEMENT DATED OCTOBER 22, 2012
TO OFFICIAL STATEMENT

Relating to

$383,890,000
PORT OF OAKLAND, CALIFORNIA
2012 SENIOR LIEN BONDS

$380,315,000 REFUNDING REVENUE BONDS 2012 SERIES P (AMT)	$3,575,000 REFUNDING REVENUE BONDS 2012 SERIES Q (NON-AMT)

Set forth below is certain additional information with respect to the issuance of the above-captioned Series 2012 Bonds, as described in Port of Oakland, California's Official Statement dated September 27, 2012 with respect to the Series 2012 Bonds. Investors must read the entire Official Statement as supplemented hereby to obtain information essential to making an informed investment decision. Capitalized terms used herein shall have the meanings established therefor in the Official Statement dated September 27, 2012.

"At its October 18, 2012 meeting, the Board adopted successive resolutions placing Executive Director Omar Benjamin on administrative leave with pay and empowering Director of Aviation Deborah Ale Flint to perform the necessary duties and to act with the authority of the Executive Director during his absence, both effective immediately. On October 19, 2012, Ms. Ale Flint directed the following management personnel actions, all effective immediately: Director of Maritime James Kwon was placed on administrative leave with pay; Deputy Executive Director Jean Banker was assigned the additional role of Director of Maritime (Acting); and Aviation Planning & Development Manager Kristi McKenney was assigned the role of Director of Aviation (Acting).

"The Board has also retained the outside law firm of Arnold & Porter LLP to conduct an independent investigation into recent reports of potential inappropriate business expense reimbursements involving Port staff. Additionally, the Board is conducting a broader review of the Port's expense reimbursement practices and policies."

The Official Statement and this Supplement speak only as of their respective dates. The information and expressions of opinion therein are subject to change without notice and neither delivery of the Official Statement, including this Supplement, nor any sale made in conjunction therewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Board or other matters described therein since the respective dates thereof.

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NEW ISSUE—BOOK-ENTRY ONLY **Ratings: See "RATINGS" herein.**

In the opinion of Special Tax Counsel, under existing law and assuming compliance with the tax covenants described herein and the accuracy of certain representations and certifications made by the Board of Port Commissioners of the City of Oakland described herein, interest on the 2012 Senior Lien Bonds (as defined herein) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to the exclusion of interest on the 2012 Series P Senior Lien Bonds (as defined herein) from gross income for any period during which such 2012 Series P Senior Lien Bonds are held by a person who is a "substantial user" of the facilities refinanced with the proceeds of the 2012 Series P Senior Lien Bonds, or by a "related person" of such a substantial user, within the meaning of Section 147(a) of the Code. Special Tax Counsel is further of the opinion that interest on the 2012 Series P Senior Lien Bonds is treated as an item of tax preference for purposes of calculating the federal alternative minimum tax that may be imposed on individuals and corporations. Special Tax Counsel is also of the opinion that interest on the 2012 Series Q Senior Lien Bonds (as defined herein) is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the 2012 Senior Lien Bonds is exempt from personal income taxes of the State of California under present state law. See "TAX MATTERS" herein regarding certain other tax considerations.

$383,890,000
PORT OF OAKLAND, CALIFORNIA
2012 SENIOR LIEN BONDS

$380,315,000 REFUNDING REVENUE BONDS 2012 SERIES P (AMT)	$3,575,000 REFUNDING REVENUE BONDS 2012 SERIES Q (NON-AMT)

Dated: Date of Delivery **Due: As shown on inside cover**

The Board of Port Commissioners of the City of Oakland (the "Board") is issuing its Port of Oakland Refunding Revenue Bonds 2012 Series P (AMT) (the "2012 Series P Senior Lien Bonds") and its Port of Oakland Refunding Revenue Bonds 2012 Series Q (Non-AMT) (the "2012 Series Q Senior Lien Bonds," and together with the 2012 Series P Senior Lien Bonds, the "2012 Senior Lien Bonds") for the following purposes: (i) to refund a portion of its outstanding Senior Lien Bonds (as defined herein), (ii) to satisfy the debt service reserve fund requirement applicable to the 2012 Senior Lien Bonds and (iii) to pay costs of issuing the 2012 Senior Lien Bonds, all as further described herein. See "REFUNDING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS."

The 2012 Senior Lien Bonds will be dated their date of delivery, and will mature (subject to prior redemption) on the dates and in the principal amounts and will bear interest at the rates set forth on the inside cover page. The 2012 Senior Lien Bonds will be issued as fully registered bonds in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. Individual purchases and sales of the 2012 Senior Lien Bonds may be made in book-entry form only in denominations of $5,000 and integral multiples thereof. PURCHASERS WILL NOT RECEIVE CERTIFICATES REPRESENTING THEIR INTEREST IN THE 2012 SENIOR LIEN BONDS PURCHASED. Interest on the 2012 Senior Lien Bonds will be payable on May 1 and November 1 of each year, commencing on May 1, 2013. The principal of and interest and premium, if any, on the 2012 Senior Lien Bonds will be payable to DTC, which in turn will be required to remit such amounts to the DTC Participants (as defined herein) for subsequent disbursement to the beneficial owners of the 2012 Senior Lien Bonds, as more fully described in APPENDIX C.

The 2012 Senior Lien Bonds are subject to optional redemption as described under "DESCRIPTION OF THE 2012 SENIOR LIEN BONDS—Redemption."

The 2012 Senior Lien Bonds are limited obligations of the Board payable solely from and secured by a pledge of Pledged Revenues (as defined herein), certain funds and accounts specified in the Senior Lien Indenture (defined herein) and earnings on each. The pledge of the Pledged Revenues securing the 2012 Senior Lien Bonds will be on a parity with the pledge securing the Board's other outstanding Senior Lien Bonds and any additional Senior Lien Bonds it issues in the future.

The 2012 Senior Lien Bonds are not a debt, liability or obligation of the City of Oakland, the State of California or any public agency thereof (other than the Board to the extent of the Pledged Revenues). The faith and credit, the taxing power and property of any of the aforementioned public entities (other than the Board to the extent of the Pledged Revenues) are NOT pledged to the payment of the principal of or interest or premium, if any, on the 2012 Senior Lien Bonds. The Board has no power of taxation.

Purchasers of the 2012 Senior Lien Bonds will be deemed to have consented to certain amendments to the Senior Lien Master Trust Indenture described under "SECURITY AND SOURCES OF PAYMENT FOR THE 2012 SENIOR LIEN BONDS—Amendments to Senior Lien Master Trust Indenture."

This cover page is not intended to be a summary of the terms of, or the security for, the 2012 Senior Lien Bonds. Investors are advised to read the Official Statement in its entirety to obtain information essential to the making of an informed investment decision.

The 2012 Senior Lien Bonds are offered when, as and if issued by the Board and accepted by the underwriters, subject to the approval of legality by O'Melveny & Myers LLP, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Board by Michele Heffes, Port Attorney (Acting); other legal matters will be passed upon for the Board by Nixon Peabody LLP, San Francisco, California, Special Tax Counsel. Certain legal matters will be passed upon for the underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP. It is expected that the delivery of the 2012 Senior Lien Bonds will be through the facilities of DTC on or about October 10, 2012.

BofA Merrill Lynch **Siebert Brandford Shank & Co., L.L.C.**

Backstrom McCarley Berry & Co., LLC	**Blaylock Robert Van, LLC**	**BMO Capital Markets**
De La Rosa & Co.	**J.P. Morgan**	**Loop Capital Markets**
Morgan Stanley		**Wells Fargo Securities**

September 27, 2012

MATURITY SCHEDULE

$380,315,000
Refunding Revenue Bonds 2012 Series P (AMT)

Due May 1	Principal Amount	Interest Rate	Yield	CUSIP† (Base: 735000)
2014	$ 2,985,000	2.000%	0.580%	QJ3
2015	6,960,000	3.000	0.760	QK0
2021	225,000	3.000	2.670	QL8
2021	18,040,000	5.000	2.670	QZ7
2022	225,000	3.500	2.870	QM6
2022	29,720,000	5.000	2.870	RA1
2023	1,115,000	4.000	3.050 *	QN4
2023	28,455,000	5.000	3.050 *	RB9
2024	20,720,000	5.000	3.160 *	QP9
2025	21,760,000	5.000	3.230 *	QQ7
2026	26,640,000	5.000	3.300 *	QR5
2027	1,160,000	3.500	3.510	QS3
2027	24,215,000	5.000	3.360 *	RC7
2028	29,220,000	5.000	3.410 *	QT1
2029	30,685,000	5.000	3.470 *	QU8
2030	32,220,000	4.500	3.620 *	QV6
2031	33,675,000	5.000	3.550 *	QW4
2032	35,355,000	4.500	3.720 *	QX2
2033	3,750,000	3.750	3.880	QY0
2033	33,190,000	5.000	3.640 *	RD5

* Priced to the May 1, 2022 par call date

$3,575,000
Refunding Revenue Bonds 2012 Series Q (Non-AMT)

Due May 1	Principal Amount	Interest Rate	Yield	CUSIP† (Base: 735000)
2014	$ 3,575,000	2.000%	0.420%	RE3

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association, and are set forth herein for convenience of potential investors only. None of the Board, the Port, the Financial Advisor or the Underwriters is responsible for the accuracy of such numbers.

PORT OF OAKLAND

Board of Port Commissioners of the City of Oakland

Gilda Gonzales
President

James W. Head First Vice-President	Alan S. Yee Second Vice-President
Cestra Butner Commissioner	Earl Hamlin Commissioner
Bryan R. Parker Commissioner	Victor Uno Commissioner

Michele Heffes, Esq. Acting Port Attorney	Arnel Atienza Chief Audit Officer	John T. Betterton Secretary of the Board

Omar R. Benjamin
Executive Director

Jean Banker
Deputy Executive Director

Deborah Ale Flint Director of Aviation	James J. Kwon Director of Maritime	Pamela Kershaw Director of Commercial Real Estate
Sara Lee Chief Financial Officer	Marsha Carpenter Peterson Port Labor Advisor	Isaac Kos-Read Director of External Affairs
Chris Chan Director of Engineering	Denyce Holsey Director of Corporate Administrative Services	Richard Sinkoff Director of Environmental Programs and Planning

SPECIAL SERVICES

Verification Agent	Financial Advisor	Bond Counsel
Causey Demgen and Moore Inc.	Montague DeRose and Associates, LLC	O'Melveny & Myers LLP

Special Tax Counsel

Nixon Peabody LLP

NO DEALER, BROKER, SALESPERSON OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS OFFICIAL STATEMENT (INCLUDING APPENDICES), IN CONNECTION WITH THE OFFERING OF THE 2012 SENIOR LIEN BONDS, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE PORT OF OAKLAND, THE CITY OF OAKLAND OR THE UNDERWRITERS. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY OF THE 2012 SENIOR LIEN BONDS IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

CERTAIN STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT REFLECT NOT HISTORICAL FACTS BUT FORECASTS, PROJECTIONS, ESTIMATES AND OTHER "FORWARD-LOOKING STATEMENTS." IN THIS RESPECT, THE WORDS "ESTIMATE," "PROJECT," "ANTICIPATE," "EXPECT," "INTEND," "BELIEVE," "FORECAST," "ASSUME" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. SUCH FORECASTS, PROJECTIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS ARE NOT INTENDED AS REPRESENTATIONS OF FACT OR GUARANTEES OF RESULTS. ANY SUCH FORWARD-LOOKING STATEMENTS ARE SUBJECT TO A VARIETY OF RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS OR PERFORMANCE TO DIFFER MATERIALLY FROM THOSE THAT HAVE BEEN FORECASTED, ESTIMATED OR PROJECTED. THESE FORWARD-LOOKING STATEMENTS SPEAK ONLY AS OF THE DATE OF THIS OFFICIAL STATEMENT. THE DELIVERY OF THIS OFFICIAL STATEMENT DOES NOT IMPOSE UPON THE BOARD ANY OBLIGATION OR UNDERTAKING TO RELEASE PUBLICLY ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENT CONTAINED HEREIN TO REFLECT ANY CHANGES IN THE BOARD'S EXPECTATIONS WITH REGARD THERETO OR ANY CHANGE IN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED.

THE 2012 SENIOR LIEN BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXCEPTIONS CONTAINED THEREIN, AND THE SENIOR LIEN INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXCEPTIONS CONTAINED THEREIN.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2012 SENIOR LIEN BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

TABLE OF CONTENTS

TABLE OF CONTENTS
(Continued)

OFFICIAL STATEMENT

$383,890,000
PORT OF OAKLAND, CALIFORNIA
2012 SENIOR LIEN BONDS

$380,315,000 REFUNDING REVENUE BONDS 2012 SERIES P (AMT)	$3,575,000 REFUNDING REVENUE BONDS 2012 SERIES Q (NON-AMT)

INTRODUCTION

This introduction is subject in all respects to the more complete information and definitions contained elsewhere in this Official Statement. The offering of the 2012 Senior Lien Bonds to potential purchasers is made only by means of this entire Official Statement. Investors are instructed to review this entire Official Statement, as well as the documents summarized in the Appendices hereto, prior to making an investment decision. Capitalized terms used but not defined elsewhere in this Official Statement are defined in APPENDIX B.

The purpose of this Official Statement, including the cover page, inside cover page, table of contents and appendices (this "Official Statement"), is to provide information concerning the sale and delivery by the Board of Port Commissioners of the City of Oakland (together with any successor to its function, the "Board") of the Port of Oakland Refunding Revenue Bonds 2012 Series P (AMT) (the "2012 Series P Senior Lien Bonds") in the aggregate principal amount of $380,315,000 and the Port of Oakland Refunding Revenue Bonds 2012 Series Q (Non-AMT) (the "2012 Series Q Senior Lien Bonds") in the aggregate principal amount of $3,575,000. The 2012 Series P Senior Lien Bonds and the 2012 Series Q Senior Lien Bonds are referred to collectively herein as the "2012 Senior Lien Bonds."

The Port of Oakland. The Port of Oakland (the "Port") is an independent department of the City of Oakland, California (the "City"). The Board has exclusive control and management of all Port facilities and property, all income and revenue of the Port and proceeds of all Port bond sales. The Port Area (as defined in The Charter of the City of Oakland) extends approximately 19 miles from the border of the City of Emeryville (located immediately north of the San Francisco-Oakland Bay Bridge), south to the border of the City of San Leandro. Port facilities include marine terminals, a railway intermodal terminal and container storage areas (collectively, the "Seaport"); the Oakland International Airport (the "Airport"); commercial, industrial, recreational and other land under lease or available for lease or sale; undeveloped land; and water area. Additional information about the Board and the Port is included under the headings "THE PORT OF OAKLAND," "THE PORT'S FINANCES AND OPERATIONS" and "CAPITAL PLANNING AND CAPITAL PROJECTS." In addition, the Port's audited basic financial statements for the fiscal years 2010 and 2011 (which ended on June 30, 2010 and June 30, 2011, respectively) are included in APPENDIX A to this Official Statement. The Port's fiscal year currently begins on July 1 of each given year and ends on June 30 of the subsequent year (each a "Fiscal Year").

For a discussion of certain risks associated with an investment in the 2012 Senior Lien Bonds, see "INVESTOR CONSIDERATIONS."

The 2012 Senior Lien Bonds. The 2012 Senior Lien Bonds will be issued pursuant to an Amended and Restated Master Trust Indenture, between the Board and U.S. Bank National Association, as trustee (the "Trustee"), dated as of April 1, 2006 (the "Senior Lien Master Trust Indenture"), as amended and supplemented (the "Senior Lien Indenture"), including by a Fifteenth Supplemental Trust Indenture, to be dated as of October 1, 2012 (the "Fifteenth Supplemental Trust Indenture"). The 2012 Senior Lien Bonds have been authorized by a resolution adopted by the Board on September 13, 2012 (the "Resolution") and are being issued under and in accordance with Article VII of The Charter of the City of Oakland (the "Charter") and Ordinance No. 2858 adopted by the Board on February 21, 1989, setting forth certain procedures for the issuance and sale of debt instruments by the Port.

The 2012 Senior Lien Bonds will be secured by a pledge and assignment of and a lien on and security interest in, and will be payable solely from, Pledged Revenues (as defined herein), moneys and securities held by the Trustee in certain funds and accounts under the Senior Lien Indenture, and earnings on Pledged Revenues and on such moneys and securities as described in greater detail under "SECURITY AND SOURCES OF PAYMENT FOR THE 2012 SENIOR LIEN BONDS—General." The pledge of the Pledged Revenues securing the 2012 Senior Lien Bonds will be on a parity with the pledge of Pledged Revenues securing other bonds currently outstanding under the Senior Lien Indenture and any additional Senior Lien Bonds that may be issued in the future under the Senior Lien Indenture. The bonds currently outstanding under the Senior Lien Indenture, together with the 2012 Senior Lien Bonds and any additional bonds that may be issued under the Senior Lien Indenture in the future with a pledge of Pledged Revenues on a parity with that of the 2012 Senior Lien Bonds, are referred to collectively in this Official Statement as the "Senior Lien Bonds." As of June 1, 2012, Senior Lien Bonds (including the Refunded Senior Lien Bonds as defined below) were outstanding in the aggregate principal amount of $798,370,000. The requirements for issuing additional Senior Lien Bonds are discussed under "SECURITY AND SOURCES OF PAYMENT FOR THE 2012 SENIOR LIEN BONDS—Additional Senior Lien Bonds." The Board has covenanted in the Senior Lien Master Trust Indenture not to issue any obligations payable from or secured by a pledge of or lien on Pledged Revenues senior to that of the Senior Lien Bonds.

The Board has outstanding various obligations that are secured by and payable from Pledged Revenues on a basis subordinate to the Senior Lien Bonds, including the DBW Loan (as herein defined), Intermediate Lien Bonds (as herein defined) and CP Notes (as herein defined). The Board may incur additional amounts of these and other subordinate obligations in the future. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2012 SENIOR LIEN BONDS—Subordinated Obligations" for descriptions of the DBW Loan, Intermediate Lien Bonds and CP Notes and for additional information about their subordinated status relative to the Port's Senior Lien Bonds, including the 2012 Senior Lien Bonds.

The 2012 Senior Lien Bonds are not a debt, liability or obligation of the City of Oakland, the State of California (the "State") or any public agency thereof (other than the Board to the extent of the Pledged Revenues). The faith and credit, the taxing power and property of any of the aforementioned public entities (other than the Board to the extent of the Pledged Revenues) are NOT pledged to the payment of the principal of or interest or premium, if any, on the 2012 Senior Lien Bonds. The Board has no power of taxation.

Proceeds from the sale of the 2012 Senior Lien Bonds, together with other available moneys separately provided by the Port, will be applied (i) to refund a portion of the outstanding Senior Lien Bonds; (ii) to satisfy the 2011 Common Reserve Fund Requirement (as defined herein), as adjusted as a result of the issuance of the 2012 Senior Lien Bonds, and (iii) to pay costs of issuing the 2012 Senior Lien Bonds. See "REFUNDING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS."

Amendments to Senior Lien Master Trust Indenture. The Fifteenth Supplemental Trust Indenture provides for certain amendments to the Senior Lien Master Trust Indenture as described under "SECURITY AND SOURCES OF PAYMENT FOR THE 2012 SENIOR LIEN BONDS—Amendments to Senior Lien Master Trust Indenture." These amendments will become effective when the holders of at least 51% of the aggregate principal amount of the Senior Lien Bonds then-Outstanding have consented to (or have been deemed to have consented to) such amendments and certain other conditions have been satisfied. Purchasers of the 2012 Senior Lien Bonds will be deemed to have consented to the above-referenced amendments to the Senior Lien Master Trust Indenture. After the issuance of the 2012 Senior Lien Bonds and the defeasance of the Refunded Senior Lien Bonds (as defined below), the holders of the 2012 Senior Lien Bonds, together with the holders of other Outstanding Senior Lien Bonds who have previously consented to or have been deemed to have consented to such amendments, will hold more than 51% of the aggregate principal amount of the Senior Lien Bonds then Outstanding. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2012 SENIOR LIEN BONDS—Amendments to Senior Lien Master Trust Indenture."

Continuing Disclosure. The Board has covenanted for the benefit of the registered owners of the 2012 Senior Lien Bonds and the Beneficial Owners (as defined in APPENDIX E) of the 2012 Senior Lien Bonds to provide certain financial information and operating data (the "Annual Report") not later than 240 days following the end of each Fiscal Year, commencing with the report for the Fiscal Year ending June 30, 2012, and to provide notices of the occurrence of certain enumerated events. See "CONTINUING DISCLOSURE."

Brief descriptions of the 2012 Senior Lien Bonds, the Port, the Senior Lien Indenture and certain other documents are included in this Official Statement. Such descriptions do not purport to be comprehensive or *definitive. All references herein to such documents and any other documents, statutes, reports or other instruments described herein are qualified in their entirety by reference to each such document, statute, report or other instrument. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Port since the date hereof. This Official Statement is not to be construed as a contract or agreement between the Board and purchasers or owners of any of the 2012 Senior Lien Bonds.*

REFUNDING PLAN

The proceeds of the 2012 Series P Senior Lien Bonds (together with certain additional funds provided by the Port, as described below), will be used, among other things, to refund all of the Port of Oakland Revenue Bonds 2002 Series L (AMT) (the "Series L Senior Lien Bonds," and such refunded Series L Senior Lien Bonds, the "Refunded Series L Senior Lien Bonds") and all of the Port of Oakland Refunding Revenue Bonds 2002 Series N (AMT) (the "Series N Senior Lien Bonds," and such refunded Series N Senior Lien Bonds, the "Refunded Series N Senior Lien Bonds"), as listed in the table below.

The proceeds of the 2012 Series Q Senior Lien Bonds (together with certain additional funds provided by the Port, as described below) will be used, among other things, to refund all of the Port of Oakland Revenue Bonds 2002 Series M (Non-AMT) (the "Series M Senior Lien Bonds," and such refunded Series M Senior Lien Bonds, the "Refunded Series M Senior Lien Bonds"), as listed in the table below. The Refunded Series L Senior Lien Bonds, the Refunded Series M Senior Lien Bonds, and the Refunded Series N Senior Lien Bonds are collectively referred to herein as the "Refunded Senior Lien Bonds." Proceeds of the Refunded Senior Lien Bonds were used, among other things, to finance or refinance a portion of the cost of certain capital projects for the Port.

The Port will provide additional funds, not constituting proceeds of the 2012 Senior Lien Bonds, to pay the principal of and interest on the Refunded Senior Lien Bonds scheduled to become due on November 1, 2012. In addition, amounts on deposit in the debt service reserve funds established in connection with the issuance of the Refunded Senior Lien Bonds will be released and deposited into the refunding escrows described below.

A portion of the proceeds of the 2012 Series P Senior Lien Bonds and certain additional funds provided by the Port, will be deposited in the Refunded Series L Escrow Fund held by the Trustee pursuant to the Fifteenth Supplemental Trust Indenture and used to redeem the Refunded Series L Senior Lien Bonds, on or about November 1, 2012 at a redemption price of 100% of their outstanding principal amount, plus accrued interest to the date fixed for redemption. Amounts in the Refunded Series L Escrow Fund will be held by the Trustee in cash.

A portion of the proceeds of the 2012 Series Q Senior Lien Bonds and certain additional funds provided by the Port will be deposited in the Refunded Series M Escrow Fund held by the Trustee pursuant to the Fifteenth Supplemental Trust Indenture and used to redeem the Refunded Series M Senior Lien Bonds, on or about November 1, 2012 at a redemption price of 100% of their outstanding principal amount, plus accrued interest to the date fixed for redemption. Amounts in the Refunded Series M Escrow Fund will be held by the Trustee in cash.

A portion of the proceeds of the 2012 Series P Senior Lien Bonds, and certain additional funds provided by the Port, will be deposited in the Refunded Series N Escrow Fund held by the Trustee pursuant to the Fifteenth Supplemental Trust Indenture and used to redeem the Refunded Series N Senior Lien Bonds, on or about November 1, 2012 at a redemption price of 100% of their outstanding principal amount, plus accrued interest to the date fixed for redemption. Amounts in the Refunded Series N Escrow Fund will be held by the Trustee in cash.

Following the foregoing deposits and the satisfaction of conditions to be satisfied on the date of issuance of the 2012 Senior Lien Bonds, the Refunded Senior Lien Bonds will no longer be secured by or entitled to the benefits of the Senior Lien Indenture, except for the purposes of payment from the amounts on deposit in the Refunded Series L Escrow Fund, the Refunded Series M Escrow Fund and the Refunded Series N Escrow Fund, as applicable. Causey Demgen and Moore Inc. (the "Verification Agent") will provide a report in connection with the refunding of the Refunded Senior Lien Bonds, as described under "VERIFICATION AGENT."

The Refunded Senior Lien Bonds are comprised of the Senior Lien Bonds included in the tables below, which constitute all of the currently-Outstanding Series L Senior Lien Bonds, Series M Senior Lien Bonds, and Series N Senior Lien Bonds.

Port of Oakland Revenue Bonds 2002 Series L (AMT)

Due (November 1)	Principal Amount	Interest Rate	CUSIP[(1)] (Base: 735000)
2020	$ 9,075,000	5.500 %	NL1
2021	21,495,000	5.000	NM9
2022	22,590,000	5.000	NN7
2023	23,750,000	5.000	NP2
2027	3,580,000	5.250	NQ0
2027	105,075,000	5.375	NR8
2032	171,460,000	5.000	NS6
Total	$ 357,025,000		

Port of Oakland Revenue Bonds 2002 Series M (Non-AMT)

Due (November 1)	Principal Amount	Interest Rate	CUSIP[(1)] (Base: 735000)
2012	$ 6,940,000	4.000 %	EA5
2012	8,305,000	5.000	EM9
2013	4,565,000	4.000	EB3
2014	5,025,000	4.125	EC1
2015	525,000	4.250	ED9
2016	955,000	4.250	EE7
2017	500,000	4.375	EF4
2020	845,000	4.625	EJ6
Total	$ 27,660,000		

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers are provided for the convenience of potential investors. None of the Board, the Port, the Financial Advisor or the Underwriters is responsible for the accuracy of such numbers.

Port of Oakland Refunding Revenue Bonds 2002 Series N (AMT)

Due (November 1)	Principal Amount	Interest Rate	CUSIP[1] (Base: 735000)
2012	$ 920,000	3.500 %	FD8
2012	7,020,000	5.000	FE6
2013	265,000	3.625	FF3
2013	8,070,000	5.000	FG1
2014	670,000	3.750	FH9
2014	8,090,000	5.000	FJ5
2015	5,850,000	5.000	FK2
2016	565,000	4.000	FL0
2016	5,585,000	5.000	FM8
2017	105,000	4.125	FN6
2017	6,355,000	5.000	FP1
2018	1,050,000	4.200	FQ9
2018	5,740,000	5.000	FR7
2022	3,290,000	4.500	FS5
2022	25,560,000	5.000	NW7
Total	$ 79,135,000		

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers are provided for the convenience of potential investors. None of the Board, the Port, the Financial Advisor or the Underwriters is responsible for the accuracy of such numbers.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of the proceeds of the 2012 Series P Senior Lien Bonds and the 2012 Series Q Senior Lien Bonds, and other available funds of the Port, are as follows:

SOURCES OF FUNDS	SERIES P SENIOR LIEN BONDS	SERIES Q SENIOR LIEN BONDS	TOTAL
Par Amount	$ 380,315,000.00	$ 3,575,000.00	$ 383,890,000.00
Net Original Issue Premium	46,265,661.70	87,623.25	46,353,284.95
Transfer from Existing Reserve Funds	33,217,608.39	9,024,659.17	42,242,267.56
Deposit of Port Cash	19,039,559.38	15,848,293.75	34,887,853.13
Total	$ 478,837,829.47	$ 28,535,576.17	$ 507,373,405.64
USES OF FUNDS			
Series L Escrow Fund Deposit	$ 366,174,804.13	$ ---	$ 366,174,804.13
Series M Escrow Fund Deposit	---	28,263,293.75	28,263,293.75
Series N Escrow Fund Deposit	81,084,756.25	---	81,084,756.25
Common Reserve Fund Deposit	29,482,484.18	253,136.73	29,735,620.91
Costs of Issuance*	2,095,784.91	19,145.69	2,114,930.60
Total	$ 478,837,829.47	$ 28,535,576.17	$ 507,373,405.64

* Includes legal fees, fees of the Trustee, Underwriters' discount, rating agencies fees, financial advisor fees, verification agent fees, printing cost and certain miscellaneous expenses.

DESCRIPTION OF THE 2012 SENIOR LIEN BONDS

General

The 2012 Senior Lien Bonds will be dated their date of delivery and will bear interest from that date at the rates set forth on the inside cover of this Official Statement. Interest on the 2012 Senior Lien Bonds will be payable on May 1, 2013 and semiannually on each May 1 and November 1 thereafter. The 2012 Senior Lien Bonds will be issued in denominations of $5,000 and integral multiples thereof and will mature, subject to prior redemption, on the dates and in the principal amounts shown on the inside cover page of this Official Statement. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The 2012 Senior Lien Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 2012 Senior Lien Bonds. Individual purchases may be made in book-entry form only. Purchasers will not receive certificates representing their interests in the 2012 Senior Lien Bonds purchased. So long as Cede & Co. is the registered owner of the 2012 Senior Lien Bonds, as nominee of DTC, references herein to the Bondholders or registered owners shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2012 Senior Lien Bonds.

So long as Cede & Co. is the registered owner of the 2012 Senior Lien Bonds, principal of and interest and premium, if any, on the 2012 Senior Lien Bonds are payable by wire transfer by the Trustee, as Paying Agent, to Cede & Co., which is required, in turn, to remit such amounts to DTC's participants for subsequent disbursement to the Beneficial Owners. See APPENDIX C—"BOOK-ENTRY SYSTEM."

Redemption

Optional Redemption. The Series P Senior Lien Bonds due on or after May 1, 2023 are redeemable at the option of the Board, in whole or in part, from any moneys that may be provided for such purpose, at any time on or after May 1, 2022 at a redemption price of 100% of the principal amount of such Series P Senior Lien Bonds plus accrued interest to the date fixed for redemption.

The Series Q Senior Lien Bonds are not subject to optional redemption.

Mandatory Sinking Fund Redemption. The 2012 Senior Lien Bonds are not subject to mandatory sinking fund redemption.

Notice of Redemption; Cessation of Interest. The Fifteenth Supplemental Trust Indenture requires that the Trustee mail a notice of redemption by first-class mail to each owner of a 2012 Senior Lien Bond to be redeemed at the owner's registered address at least 20 days but not more than 60 days before the date fixed for such redemption; provided that, with respect to 2012 Senior Lien Bonds held by DTC, such notice is to be sent to DTC by express delivery service for delivery on the next following Business Day, or by any other method approved by DTC. The redemption notice shall state that the proposed redemption is conditioned on there being on deposit in the applicable account, on the date fixed for redemption, sufficient money to pay the full redemption price of, plus accrued but unpaid interest to the date fixed for redemption on, the 2012 Senior Lien Bonds to be redeemed. Failure to give any required notice of redemption as to any particular 2012 Senior Lien Bonds will not affect the validity of the call for redemption of any 2012 Senior Lien Bonds in respect of which no such failure occurs. Any notice sent as provided in the Fifteenth Supplemental Trust Indenture will be conclusively presumed to have been given whether or not actually received by the addressee.

When notice of redemption is given, the 2012 Senior Lien Bonds called for redemption become due and payable on the redemption date at the applicable redemption price, provided that sufficient money to pay the full redemption price of the 2012 Senior Lien Bonds to be redeemed is on deposit in the applicable account on the date fixed for redemption. In the event that funds are deposited with the Trustee sufficient for redemption, interest on the 2012 Senior Lien Bonds to be redeemed will cease to accrue as of the date fixed for redemption.

SECURITY AND SOURCES OF PAYMENT FOR THE 2012 SENIOR LIEN BONDS

General

All Senior Lien Bonds, including the 2012 Senior Lien Bonds, are limited obligations of the Board payable solely from, and secured by a pledge and assignment of and a lien on and security interest in, Pledged Revenues (as defined in the following section), moneys and securities held from time to time by the Trustee in the funds and accounts under the Senior Lien Indenture (other than amounts in a Rebate Fund or any other funds and accounts established under supplemental indentures for particular series of Senior Lien Bonds), and earnings on Pledged Revenues and on such moneys and securities. The 2012 Senior Lien Bonds are also secured by amounts held in certain funds and accounts established or provided under the Fifteenth Supplemental Trust Indenture, including the 2011 Common Reserve Fund, and earnings on such funds and accounts, as further described herein. See "—Common Reserve Fund" below for a more detailed discussion of the 2011 Common Reserve Fund.

Following the issuance of the 2012 Senior Lien Bonds, the Board will have outstanding $718,440,000 of Senior Lien Bonds, comprised of $334,550,000 of Port of Oakland Refunding Revenue Bonds 2011 Series O (AMT) (the "2011 Series O Senior Lien Bonds"), $380,315,000 of 2012 Series P Senior Lien Bonds and $3,575,000 of 2012 Series Q Senior Lien Bonds.

Pledged Revenues

"Pledged Revenues" is defined in the Senior Lien Master Trust Indenture as all income, receipts, earnings and revenues received by, held by, accrued to or entitled to be received by the Board or any successors thereto from the operation and/or ownership of the Port or any of the Port Facilities (as defined in the Senior Lien Master Trust Indenture) or activities and undertakings related thereto or from any other facilities wherever located with respect to which the Board receives payments and from the investment of amounts held in the Port Revenue Fund, including, but not limited to, (i) rates, tolls, fees, rentals, charges and other payments made to or owed to the Board for the use or availability of property or facilities, (ii) amounts received or owed from the sale or provision of supplies, materials, goods and services provided by or made available by the Board, (iii) Net Proceeds and rental or business interruption insurance proceeds, (iv) amounts held in the Port Revenue Fund, and (v) operating and nonoperating revenues and interest income of Oakland Portside Associates, a California limited partnership (which has been dissolved). Pledged Revenues also include such additional revenues, if any, as are designated as Pledged Revenues under the terms of any Supplemental Senior Lien Indenture. The following are specifically excluded under the Senior Lien Master Trust Indenture from the definition of Pledged Revenues: (i) any amounts received by the Board from the imposition of ad valorem taxes, (ii) gifts, grants, Passenger Facility Charges and Customer Facility Charges that are restricted by their terms to purposes inconsistent with the payment of debt service on the Senior Lien Bonds, (iii) insurance proceeds to the extent the use of such proceeds is restricted by the terms of the policy under which they are paid to a use inconsistent with the payment of debt service on the Senior Lien Bonds and (iv) Special Facilities Revenues (as defined under "—Special Obligations; Other Financial Obligations").

THE 2012 SENIOR LIEN BONDS ARE NOT A DEBT, LIABILITY OR OBLIGATION OF THE CITY OF OAKLAND, THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY THEREOF (OTHER THAN THE BOARD TO THE EXTENT OF THE PLEDGED REVENUES). THE FAITH AND CREDIT, THE TAXING POWER AND PROPERTY OF ANY OF THE AFOREMENTIONED PUBLIC ENTITIES (OTHER THAN THE BOARD TO THE EXTENT OF THE PLEDGED REVENUES) ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST OR PREMIUM, IF ANY, ON THE 2012 SENIOR LIEN BONDS. THE 2012 SENIOR LIEN BONDS ARE LIMITED OBLIGATIONS OF THE BOARD PAYABLE SOLELY FROM AND SECURED BY PLEDGED REVENUES AND THE AMOUNTS HELD IN CERTAIN FUNDS AND ACCOUNTS SPECIFIED IN THE SENIOR LIEN INDENTURE AND EARNINGS ON EACH. THE BOARD HAS NO POWER OF TAXATION.

Common Reserve Fund

The Fifteenth Supplemental Trust Indenture provides that the 2012 Senior Lien Bonds shall be secured, on a parity basis with all other Common Reserve Fund Bonds (as defined below), by the common debt service reserve fund (the "2011 Common Reserve Fund") created under the Fourteenth Supplemental Trust Indenture dated as of

August 1, 2011, between the Board and U.S. Bank National Association, as trustee, relating to the 2011 Series O Senior Lien Bonds (the "Fourteenth Supplemental Trust Indenture"). The provisions of the Fourteenth Supplemental Trust Indenture relating to the 2011 Common Reserve Fund are incorporated into the Fifteenth Supplemental Indenture.

The 2011 Common Reserve Fund is held by the Trustee for the benefit of the 2011 Series O Senior Lien Bonds, the 2012 Senior Lien Bonds, and any subsequent series of Senior Lien Bonds that the Board elects to be secured by the 2011 Common Reserve Fund pursuant to the applicable Supplemental Senior Lien Indenture (together with the 2011 Series O Senior Lien Bonds and the 2012 Senior Lien Bonds, the "Common Reserve Fund Bonds"). Prior to the issuance of the 2012 Senior Lien Bonds, the 2011 Common Reserve Fund secured only the 2011 Series O Senior Lien Bonds; immediately subsequent to the issuance of the 2012 Senior Lien Bonds, the 2011 Common Reserve Fund will secure only the 2011 Series O Senior Lien Bonds and the 2012 Senior Lien Bonds. The 2012 Senior Lien Bonds will not have any claim on amounts held in any other debt service reserve funds for other Senior Lien Bonds, and other Senior Lien Bonds will not have any claim on amounts held in the 2011 Common Reserve Fund. The 2011 Common Reserve Fund will secure the Common Reserve Fund Bonds without preference, priority or distinction as to any Common Reserve Fund Bond over any other Common Reserve Fund Bond, except as to the timing of payment of the Common Reserve Fund Bonds.

The 2011 Common Reserve Fund is generally required to be funded in an amount equal to the 2011 Common Reserve Fund Requirement, which equals the Average Annual Debt Service for all Common Reserve Fund Bonds then outstanding or such lower amount as may be prescribed by the Code as a maximum limitation on the size of a bond reserve fund applicable to a pooled reserve or common reserve that is funded with the proceeds of tax-exempt bonds. Upon issuance of the 2012 Senior Lien Bonds, the 2011 Common Reserve Fund Requirement will be $57,983,625.98, which equals the Average Annual Debt Service on the 2011 Series O Senior Lien Bonds and the 2012 Senior Lien Bonds, collectively, as of the date of issuance of the 2012 Senior Lien Bonds. The increase in the 2011 Common Reserve Fund Requirement caused by the issuance of the 2012 Senior Lien Bonds will be funded with proceeds of the 2012 Senior Lien Bonds.

The 2011 Common Reserve Fund Requirement is subject to adjustment upon any principal payment (scheduled or unscheduled), redemption or defeasance of any Common Reserve Fund Bonds, including the 2012 Senior Lien Bonds, provided that the adjusted 2011 Common Reserve Fund Requirement cannot exceed the 2011 Common Reserve Fund Requirement immediately preceding such principal payment (scheduled or unscheduled), redemption or defeasance. The 2011 Common Reserve Fund Requirement is further subject to adjustment upon issuance of any additional Common Reserve Fund Bonds in the future. However, if the then-applicable 2011 Common Reserve Fund Requirement would require moneys to be credited to the 2011 Common Reserve Fund in excess of the maximum amount permitted under the Code (as defined herein) to be then funded from the proceeds of such Common Reserve Fund Bonds, the 2011 Common Reserve Fund Requirement will be an amount equal to the sum of the 2011 Common Reserve Fund Requirement immediately preceding the issuance of the new Common Reserve Fund Bonds and the maximum additional amount permitted under the Code to be then funded from the proceeds of such Common Reserve Fund Bonds.

The Board may, in lieu of, or in substitution for, a deposit of cash or securities, obtain one or more Reserve Fund Insurance Policies. A Reserve Fund Insurance Policy may be an insurance policy, letter of credit, qualified surety bond or other financial instrument that provides security for all Common Reserve Fund Bonds and that is deposited in the 2011 Common Reserve Fund in lieu of or in substitution for cash or securities. At the time of issuance of any Reserve Fund Insurance Policy, the issuer of such policy must have ratings from S&P and Moody's equal to or better than the then-applicable ratings on the then-Outstanding Common Reserve Fund Bonds. Any such Reserve Fund Insurance Policy must either extend to the final maturity of the Common Reserve Fund Bond with the latest maturity date or the Board must agree to replace such Reserve Fund Insurance Policy prior to its expiration with cash or another Reserve Fund Insurance Policy. If the Board is unable to replace such Reserve Fund Insurance Policy with another Reserve Fund Insurance Policy, it may, if and to the extent permitted under the terms of such Reserve Fund Insurance Policy, instruct the Trustee to draw upon the Reserve Fund Insurance Policy prior to its expiration and to deposit the proceeds of such draw in the 2011 Common Reserve Fund in lieu of replacing the expiring Reserve Fund Insurance Policy with cash from another source.

The Trustee annually, on or about July 1 of each year, and at such other times as the Board or any municipal bond insurer of any Common Reserve Fund Bonds shall deem appropriate, values the moneys and/or securities on deposit in the 2011 Common Reserve Fund on the basis of the market value thereof. For purposes of determining the amount on deposit in the 2011 Common Reserve Fund, any Reserve Fund Insurance Policy or guaranteed investment contract held by, or the benefit of which is available to, the Trustee as security for the Common Reserve Fund Bonds shall be deemed to be a deposit in the face amount of the Reserve Fund Insurance Policy or the investment amount of the guaranteed investment contract (or, in the event that the Reserve Fund Insurance Policy is a credit facility, the stated amount or par value of such credit facility), except that, if the amount available under a Reserve Fund Insurance Policy (or Reserve Fund Insurance Policies) has been reduced in accordance with its terms and such amount has not been reinstated nor another Reserve Fund Insurance Policy (or Reserve Fund Insurance Policies) provided, then in valuing the 2011 Common Reserve Fund, the value of such Reserve Fund Insurance Policy shall be reduced accordingly. Subject to the treatment of earnings described below, if, upon any such valuation, the value of the 2011 Common Reserve Fund exceeds the 2011 Common Reserve Fund Requirement, then the excess amount shall be transferred on a pro rata basis proportionate to the amount on deposit in the 2011 Common Reserve Fund, other than Reserve Fund Insurance Policies, attributable to each series of Common Reserve Fund Bonds, to the interest accounts of the Debt Service Funds for such Common Reserve Fund Bonds (including each series of the 2012 Senior Lien Bonds) unless otherwise instructed in a direction by a representative of the Board accompanied by an Opinion of Tax Counsel that such application shall not adversely affect the exclusion of interest on any Common Reserve Fund Bond from gross income of the recipient thereof for federal income tax purposes. If the value is less than the 2011 Common Reserve Fund Requirement, the Board shall replenish such amounts within 12 months from available Pledged Revenues after payment of principal of and interest due on any Senior Lien Bonds in accordance with the Senior Lien Indenture.

Moneys or instruments held in the 2011 Common Reserve Fund are required to be used for the purpose of paying principal of and interest on the Common Reserve Fund Bonds (including the 2012 Senior Lien Bonds) in the event that other available moneys are insufficient. The 2011 Common Reserve Fund shall be drawn upon if the amount in the debt service fund for any Common Reserve Fund Bonds (including the 2012 Senior Lien Bonds) is insufficient to pay in full any principal or interest then due on such Common Reserve Fund Bonds (including the 2012 Senior Lien Bonds). Moneys held in the 2011 Common Reserve Fund may also be used at the written direction of the Board (and, in the case of moneys drawn under a Reserve Fund Insurance Policy, if and to the extent permitted under the terms of such policy) to make any deposit required to be made to the rebate fund created for the 2012 Senior Lien Bonds or the rebate fund created for any other Common Reserve Fund Bonds, if the Board does not have other funds available from which such deposit can be made.

If moneys have been withdrawn from the 2011 Common Reserve Fund or a payment has been made under one or more Reserve Fund Insurance Policies credited to the 2011 Common Reserve Fund, and deposited into one or more Debt Service Funds for Common Reserve Fund Bonds to prevent a default on the applicable Common Reserve Fund Bonds, then the Board will pay to the Trustee, from Pledged Revenues, but only as provided in the Senior Lien Indenture, the full amount so withdrawn, together with interest, if any, required under the terms of such Reserve Fund Insurance Policies, or so much as shall be required to restore the 2011 Common Reserve Fund to the 2011 Common Reserve Fund Requirement and to pay such interest, if any. Such repayment shall be made in 12 substantially equal monthly installments each due on the first Business Day of the month commencing with the first month after such withdrawal occurs.

Earnings on the 2011 Common Reserve Fund shall be transferred to the interest accounts of the Debt Service Funds for the Common Reserve Fund Bonds on a pro rata basis proportionate to the amount on deposit in the 2011 Common Reserve Fund, other than Reserve Fund Insurance Policies, attributable to each Series of Common Reserve Fund Bonds (including each series of the 2012 Senior Lien Bonds), unless an amount has been withdrawn from the 2011 Common Reserve Fund as a result of a deficiency in the interest account or principal account of the Debt Service Fund of a Common Reserve Fund Bond and such withdrawal has not been repaid or, as of the most recent valuation of the 2011 Common Reserve Fund, the amount therein was valued at less than the 2011 Common Reserve Fund Requirement and the deficiency has not yet been remedied, in either of which events the earnings shall be retained in the 2011 Common Reserve Fund until the deficiency therein has been eliminated.

At such time as all of the Common Reserve Fund Bonds (including the 2012 Senior Lien Bonds) are paid in full or are deemed to be paid in full in accordance with the Senior Lien Indenture, moneys in the 2011 Common

Reserve Fund may be used to pay the final installments of principal of and interest on the Common Reserve Fund Bonds (including the 2012 Senior Lien Bonds) and otherwise may be withdrawn and transferred to the Board to be used for any lawful purpose, provided that, if such amounts are used for a purpose other than payment of Common Reserve Fund Bonds, there shall be delivered to the Trustee with the request for such funds an Opinion of Tax Counsel that the purpose for which such funds are to be used is a lawful purpose for which such proceeds may be used under the Act and that such use shall not adversely affect the exclusion of interest on any Common Reserve Fund Bond from gross income of the recipient thereof for federal income tax purposes.

Rate Covenants

The Board has covenanted in the Senior Lien Master Trust Indenture to establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Port and for services rendered in connection with the Port so that in each Fiscal Year (i) Net Revenues will be equal to at least 1.25 times the actual debt service becoming due on Outstanding Senior Lien Bonds in such year less amounts paid in such year from the proceeds of other borrowings and debt service paid in such year from Capitalized Interest; and (ii) Pledged Revenues will be at least sufficient to pay the interest on and principal of the Outstanding Senior Lien Bonds as the same shall become due and payable in such year, all other payments required under the Senior Lien Master Trust Indenture and any Supplemental Senior Lien Indenture (including deposits to any reserve fund), all other payments necessary to meet ongoing legal obligations to be paid at that time from Pledged Revenues and all current Operation and Maintenance Expenses (as defined in the Senior Lien Master Trust Indenture) of the Port. The Senior Lien Master Trust Indenture provides that a breach of either of these covenants by the Board will not constitute an Event of Default under the Senior Lien Indenture if the Board takes certain remedial actions prescribed in the Senior Lien Master Trust Indenture within 120 days of discovering such breach. See APPENDIX B—"SUMMARIES OF THE SENIOR LIEN MASTER TRUST INDENTURE AND THE FIFTEENTH SUPPLEMENTAL TRUST INDENTURE—THE SENIOR LIEN MASTER TRUST INDENTURE—Rate Covenant."

"Net Revenues" means, for any given period, the Revenues for such period less the Operation and Maintenance Expenses for such period. "Revenues" means the operating revenues and interest income of the Board, for any given period, as determined in accordance with generally accepted accounting principles, as modified from time to time, but excluding (i) Special Facilities Revenue (as defined in Appendix B) and (ii) any amounts paid to the Board pursuant to a Qualified Swap (as defined in Appendix B). "Operation and Maintenance Expenses" means, for any given period, the total operation and maintenance expenses of the Board as determined in accordance with generally accepted accounting principles as modified from time to time, excluding any operation and maintenance expenses payable from moneys other than Pledged Revenues. See "—Special Obligations" for a discussion of Special Facilities Revenue.

The Port's ability to increase Revenues in the near term is limited by the competitive nature of the Port's businesses, the nature of the various agreements and arrangements the Port has with various tenants and customers, and federal statutes governing the use of airport revenues and the establishment of the rates and charges charged to airlines as described below under the heading "THE PORT OF OAKLAND—Aviation Division—Airline Agreements and Rate Setting—Rate Setting" (the "Airline Rates and Charges"). See "THE PORT OF OAKLAND" and "THE PORT'S FINANCES AND OPERATIONS." For a summary of the Port's historical and projected debt service coverage, see "THE PORT'S FINANCES AND OPERATIONS—Historical Debt Service Coverage" and "—Projected Debt Service Coverage."

Flow of Funds under the City Charter

The application of the Port's revenues is governed by certain provisions of the Charter. Under Section 717(3) of the Charter, all income and revenue from the operation of the Port or from Port Facilities, of whatever kind or nature, and all net income from leases or any other source of income or revenue, is to be deposited in a special fund in the City Treasury designated as the "Port Revenue Fund." Under Section 717(3), all moneys in the Port Revenue Fund must be applied in the following order and priority:

First, to pay principal of and interest on, as the same become due and payable, any or all general obligation bonds of the City issued for Port purposes, but only to the extent required by the Constitution of the State or otherwise as determined by resolution of the Board;

Second, to pay the principal of and interest on revenue bonds, or other evidence of indebtedness payable solely from revenues in accordance with the Charter, which are due or become due during the Fiscal Year in which the revenues are received or are to be received, together with reserve fund payments, sinking fund payments or similar charges in connection with such revenue bonds due or to become due in such Fiscal Year, including all payments required to be made pursuant to the terms of any resolution authorizing the issuance of revenue bonds, or required by the terms of the contract created by or upon the issuance of revenue bonds;

Third, to pay all costs of maintenance and operation of the facilities from or on account of which such money was received, together with general costs of administration and overhead allocable to such facilities;

Fourth, to defray the expenses of any pension or retirement system applicable to the employees of the Board;

Fifth, for necessary additions, betterments, improvements, repairs or enlargements of any facilities, and, to the extent determined by a resolution or resolutions of the Board, for replacement, renewals or reconstruction of any facilities;

Sixth, to establish and maintain reserve or other funds to insure the payment on or before maturity of any or all general obligation bonds of the City issued for any facility under the control of the Board, but only to the extent required by the Constitution of the State or otherwise as determined by resolution of the Board;

Seventh, to establish and maintain reserve or other funds to insure the payment on or before maturity of any or all revenue bonds of the Board;

Eighth, to establish and maintain such other reserve funds pertaining to the facilities of the Board as determined by a resolution or resolutions of the Board; and

Ninth, for transfer to the General Fund of the City, to the extent that the Board determines that surplus moneys exist in such fund which are not then needed for any of the above purposes.

The payment of the Senior Lien Bonds (including the 2012 Senior Lien Bonds), Intermediate Lien Bonds, and CP Notes falls within the second category listed above, in descending order of priority with respect to payment from Pledged Revenues, pursuant to their respective trust indentures. See "—Subordinated Obligations" below.

There are currently no outstanding general obligation bonds of the City issued for Port purposes. The Board has covenanted in the Senior Lien Master Trust Indenture that it will not adopt a resolution permitting the use of Pledged Revenues to pay debt service on the City's general obligation bonds and will not issue obligations payable from or secured by a pledge of or lien or Pledged Revenues senior to that of the Senior Lien Bonds.

The Charter may be amended by a majority vote of the City's electorate. However, a Charter amendment could not revoke the pledge of Pledged Revenues under the Senior Lien Indenture. See —"Pledged Revenues" above. Nevertheless, because the Senior Lien Master Trust Indenture does not include any flow of funds provisions for, nor does it impose any restrictions on, direct or indirect payments by the Port to the City, the existing Charter provisions regarding the priority of application of Port revenues (other than the pledge of Pledged Revenues) and the limitations on payments to the City could be amended without violating any existing provisions of the Senior Lien Indenture. Certain existing provisions of State and federal law, however, may otherwise limit the ability of the City and the voters to amend the flow of funds in the Charter and the ability of the Port to make payments to the City. See "THE PORT OF OAKLAND—Aviation Division—Major Sources of Airport Operating Revenues—Non-Diversion of Airport Revenues" and "THE PORT'S FINANCES AND OPERATIONS—Tidelands Trust Properties."

Additional Senior Lien Bonds

The Board is not subject to any Charter or other statutory limitations on the amount of revenue debt it can issue, nor is it required to seek voter approval for the issuance of revenue debt. The Board has covenanted in the Senior Lien Master Trust Indenture not to issue obligations payable from or secured by a pledge of or lien on Pledged Revenues senior to that of the 2012 Senior Lien Bonds and other Senior Lien Bonds.

Subject to certain limitations specified in the Senior Lien Master Trust Indenture, the Board may issue additional Senior Lien Bonds ("Additional Senior Lien Bonds") payable from and secured by an equal pledge of and lien on Pledged Revenues and other security under the Senior Lien Master Trust Indenture. Additional Senior Lien Bonds may include, without limitation, bonds, notes, bond anticipation notes, commercial paper and other instruments creating an indebtedness of the Board, obligations incurred through lease or installment purchase agreements or other agreements or certificates of participation in such agreements.

Generally, Additional Senior Lien Bonds may be issued only if there is delivered to the Trustee: (a) a certificate prepared by an Authorized Board Representative showing that the Net Revenues for any 12 consecutive months out of the 18 consecutive months immediately preceding the issuance of the proposed Series of Additional Senior Lien Bonds or the first Additional Senior Lien Bonds of a Program were at least equal to 125% of Maximum Annual Debt Service for all Senior Lien Bonds which will be Outstanding and Senior Lien Bonds which will be Authorized immediately after the issuance of the proposed Series of Additional Senior Lien Bonds or Implementation of such Program, or (b) a certificate prepared by a Consultant (as defined in the Senior Lien Master Trust Indenture) showing that (1) the Net Revenues for any 12 consecutive months out of the 18 consecutive months immediately preceding the issuance of the proposed Series of Additional Senior Lien Bonds or the first issuance of Senior Lien Bonds constituting part of a Program were at least equal to 125% of Maximum Annual Debt Service for all Senior Lien Bonds Outstanding and Senior Lien Bonds Authorized immediately preceding the issuance of the proposed Series of Additional Senior Lien Bonds or the Implementation of such Program, (2) for each Fiscal Year during the period from the date of delivery of such certificate until the latest Estimated Completion Date, the Consultant (as defined in the Senior Lien Master Trust Indenture) estimates that the Board will be in compliance with rate covenant provisions in the Senior Lien Master Trust Indenture, and (3) the estimated Net Revenues for each of the three Fiscal Years immediately following the last Estimated Completion Date for the Specified Projects to be financed with proceeds of such Additional Senior Lien Bonds, as certified to the Consultant by an Authorized Board Representative, will be at least equal to 125% of Maximum Annual Debt Service for all Senior Lien Bonds which will be Outstanding and all Senior Lien Bonds which will be Authorized after the issuance of such proposed Additional Senior Lien Bonds or the Implementation of such Program. Neither certification is required, however, in the case of the issuance of Senior Lien Bonds to refund Outstanding Senior Lien Bonds if Maximum Annual Debt Service for all Senior Lien Bonds Outstanding or Authorized in each of the Fiscal Years after the issuance of the refunding bonds will not exceed Maximum Annual Debt Service in such Fiscal Years on all Senior Lien Bonds Outstanding or Authorized prior to such issuance, and in certain other limited circumstances. See APPENDIX B—"SUMMARIES OF THE SENIOR LIEN MASTER TRUST INDENTURE AND THE FIFTEENTH SUPPLEMENTAL TRUST INDENTURE" for the definitions of capitalized terms used in this paragraph and for additional detail on the tests the Board must meet to issue Additional Senior Lien Bonds, including information that the Consultant (as defined in the Senior Lien Master Trust Indenture) may take into account in preparing its certificate.

Although the Port may decide to issue Additional Senior Lien Bonds at any time (provided the requirements for doing so, as described above, are satisfied), the Port does not currently anticipate issuing any Additional Senior Lien Bonds during the period described in the Port's current three-year operating budget covering Fiscal Years 2013 through 2015 (as described below under the heading "THE PORT'S FINANCES AND OPERATIONS—Port Operating Budget"). However, the Port anticipates that, at some time in the future, it may issue Additional Senior Lien Bonds (or additional Intermediate Lien Bonds) to repay a portion of the Port's then-outstanding CP Notes. The Port may also undertake additional capital projects during the time period covered by the Port's current five-year Capital Needs Assessment (the "CNA") and is likely to undertake additional capital projects after the completion of the CNA. If the Port undertakes such additional capital projects, it is possible that Additional Senior Lien Bonds (or additional Intermediate Lien Bonds) would be issued to finance such projects. See "CAPITAL PLANNING AND CAPITAL PROJECTS."

Senior Repayment Obligations and Interest Rate Swap Payments

Under certain circumstances described in APPENDIX B—"SUMMARIES OF THE SENIOR LIEN MASTER TRUST INDENTURE AND THE FIFTEENTH SUPPLEMENTAL TRUST INDENTURE—THE SENIOR LIEN MASTER TRUST INDENTURE—Repayment Obligations," the obligation of the Board to reimburse the provider of a Credit Facility or a Liquidity Facility (a "Senior Repayment Obligation") may be secured by a pledge of and lien on Pledged Revenues on a parity with the pledge of and lien on Pledged Revenues that secures the payment of the Senior Lien Bonds, including the 2012 Senior Lien Bonds. The Port currently has no Senior Repayment Obligations outstanding. Similarly, under the Senior Lien Master Trust Indenture and the Charter, the obligation of the Board to make scheduled swap payments (other than termination payments) under a Qualified Swap with respect to a series of Senior Lien Bonds may be secured on a parity with the Senior Lien Bonds. See APPENDIX B—"SUMMARIES OF THE SENIOR LIEN MASTER TRUST INDENTURE AND THE FIFTEENTH SUPPLEMENTAL TRUST INDENTURE—THE SENIOR LIEN MASTER TRUST INDENTURE—Obligation under Qualified Swap." The Board is not currently party to any Qualified Swap.

Subordinated Obligations

The Board is permitted under the Senior Lien Indenture to issue or incur obligations secured by a lien on Pledged Revenues that is subordinate and junior in right of payment to the lien on Pledged Revenues securing the 2012 Senior Lien Bonds and all other Senior Lien Bonds ("Subordinated Obligations"). Certain existing Subordinated Obligations of the Board are described below.

DBW Loan. To finance the renovation of the Jack London Square marinas, the Port obtained a loan from the California Department of Boating and Waterways in an authorized amount of up to $7.2 million, bearing interest at a rate of 4.5% per annum (the "DBW Loan"). As of September 1, 2012, the principal amount of the DBW Loan outstanding was $5.4 million. The final maturity of the DBW Loan is August 1, 2029, and the DBW Loan may be accelerated upon an event of default. With respect to right of repayment from Pledged Revenues, the DBW Loan is subordinate to the Senior Lien Bonds but senior to the Intermediate Lien Bonds and the CP Notes described below. The Board may incur additional DBW Loans in the future.

Intermediate Lien Bonds. As of September 1, 2012, the Board had outstanding approximately $464.6 million of bonds ("Intermediate Lien Bonds") issued under the Intermediate Lien Master Trust Indenture, dated as of October 1, 2007, as heretofore amended, between the Board and U.S. Bank National Association, as trustee (the "Intermediate Lien Indenture"). The Intermediate Lien Bonds are secured by a pledge of "Intermediate Lien Pledged Revenues," which are defined in the Intermediate Lien Indenture as Pledged Revenues after payment therefrom first of all amounts required to be paid and then due and payable under the Senior Lien Indenture for principal, interest, reserve fund and any other debt service requirements on related obligations on any Senior Lien Bonds and second any debt service requirements then due and payable on the DBW Loans, to the extent such funds are available under their terms and applicable law for purposes consistent with the payment of debt service on the Intermediate Lien Bonds.

The Board may issue additional Intermediate Lien Bonds for any purpose for which the Board, at the time of such issuance, may incur debt, upon satisfaction of certain requirements under the Intermediate Lien Indenture, including meeting either an historic or a projected coverage test (except in the case of refundings of Senior Lien Bonds, DBW Loans or Intermediate Lien Bonds that reduce maximum annual debt service and the issuance of completion bonds not in excess of 15% of the total amount of indebtedness with respect to the applicable project being completed, in which cases no coverage tests need be satisfied).

The Intermediate Lien Indenture includes several covenants, including covenants to establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Port and for services rendered in connection therewith so that during each Fiscal Year (a) Pledged Revenues will be sufficient to pay debt service on the Senior Lien Bonds, the DBW Loans and the Intermediate Lien Bonds, all other payments required to comply with the Intermediate Lien Indenture, all other payments necessary to meet legal obligations to be paid from Pledged Revenues and all current Operation and Maintenance Expenses of the Port and (b) Net Revenues will be at least equal to 110% of debt service on the outstanding Senior Lien Bonds, DBW Loans and Intermediate Lien Bonds (net of capitalized interest, amounts paid from proceeds of other borrowings and additional security for such debt).

These covenants and other covenants under the Intermediate Lien Indenture are not enforceable by the Owners of the Senior Lien Bonds. The Intermediate Lien Bonds are not subject to acceleration upon the occurrence of any event of default with respect thereto. The Port does not currently have any plans to issue additional Intermediate Lien Bonds.

Commercial Paper. The Port established a commercial paper program in 1998 to provide moneys to pay, among other things, a portion of the costs of the acquisition, construction, reconstruction, improvement and expansion of the Port's facilities. The Port has used, and expects to continue using, its commercial paper program to provide funding for the CNA. To date, the Board has authorized the issuance of commercial paper notes (the "CP Notes") in a principal amount not to exceed $300 million outstanding at any one time. As described below, the Port has letters of credit in place supporting a total of up to $200 million of CP Notes. The Port cannot have more than $200 million of outstanding CP Notes at any time without increasing the amounts of these letters of credit or obtaining additional letters of credit. As of September 1, 2012, approximately $78.4 million principal amount of CP Notes was outstanding. The Port expects to issue additional CP Notes periodically during the next several years.

Payment on up to $150 million of CP Notes is currently supported by a direct-pay letter of credit from Wells Fargo Bank, National Association that expires in August 2013, and payment on up to $50 million of CP Notes is currently supported by a direct-pay letter of credit from JPMorgan Chase Bank, National Association that expires in August 2014 (collectively, the "CP Letters of Credit").

The Port's payment obligations with respect to CP Notes and the CP Letters of Credit are payable solely from "Available Pledged Revenues," which are defined in the indentures governing the terms and issuance of the CP Notes (the "CP Indentures") to mean Pledged Revenues (as defined in the Senior Lien Master Trust Indenture) after payment therefrom first of all amounts required to be paid and then due and payable under the Senior Lien Indenture for principal, interest, reserve fund and any other debt service requirements or related obligations on the Senior Lien Bonds and second any debt service requirements then due and payable on the DBW Loans and all amounts required to be paid and then due and payable under any indenture or agreement of the Board providing for the issuance or incurrence of indebtedness secured by Pledged Revenues on a basis that is subordinate to the Senior Lien Bonds and senior to the CP Notes (a "Subordinate Revenue Bonds Indenture") for principal, interest, reserve fund and any other debt service requirements or related obligations on any such indebtedness ("Subordinate Revenue Bonds"), including any Intermediate Lien Bonds.

In certain circumstances, including, among others, the downgrade of the unenhanced ratings on the Intermediate Lien Bonds below "BBB" by Standard & Poor's, "BBB" by Fitch or "Baa2" by Moody's or the withdrawal or suspension of the rating of the Intermediate Lien Bonds by any of such rating agencies, each of the banks providing a CP Letter of Credit can prevent the Board from issuing additional CP Notes. As of September 14, 2012, the Intermediate Lien Bonds were rated "A", "A-" and "A3" by Standard & Poor's, Fitch and Moody's, respectively. Such ratings express only the views of the rating agencies and are not a recommendation to buy, sell or hold the Intermediate Lien Bonds. An explanation of the significance of each of the ratings may be obtained from the rating agency furnishing the same. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies, or any of them, if, in their or its judgment, circumstances so warrant.

In the event of certain defaults under the Board's current agreements with the banks, including payment defaults, Port or City bankruptcy and invalidity of the agreements with the banks (collectively, "Acceleration Defaults"), each of the banks may declare any obligations of the Board to reimburse draws under its CP Letter of Credit immediately due and payable.

Under the current agreements with the banks, any amounts payable to the banks with respect to the CP Notes and the CP Letters of Credit (or related agreements between the Board and the banks), including amounts due because of an Acceleration Default, shall be due and payable only from and to the extent of Available Pledged Revenues, and then only to the extent that the Board would have remaining Net Revenues in its then-current Fiscal Year equal to at least 100% of the actual debt service and other obligations (other than capitalized interest) yet to become due and payable on the outstanding Senior Lien Bonds, DBW Loans and Subordinate Revenue Bonds in such Fiscal Year. If, because of such limitation (the "Payment Limitation"), the Board does not pay the full amounts due to the banks in any Fiscal Year, such unpaid amounts shall be continuing obligations of the Board to the banks to be paid in subsequent Fiscal Years, subject, in each year, to the Payment Limitation.

The terms of future letters of credit and related agreements supporting the Port's commercial paper program will differ, and may differ materially, from the terms of the Board's current CP Letters of Credit and related agreements, except that, in any event, the Board's payment obligations with respect to CP Notes shall be payable solely from Available Pledged Revenues.

Other Subordinated Obligations. Pursuant to the Senior Lien Master Trust Indenture, the Port also has the ability to issue other types of Subordinated Obligations. See APPENDIX B—"SUMMARIES OF THE SENIOR LIEN MASTER TRUST INDENTURE AND THE FIFTEENTH SUPPLEMENTAL TRUST INDENTURE—THE SENIOR LIEN MASTER TRUST INDENTURE—Subordinated Obligations." In addition to the DBW Loan, the Intermediate Lien Bonds and CP Notes, the Port in the future may undertake a variety of other direct and indirect financial and contractual obligations payable from Pledged Revenues that are subordinate in right of payment to all Senior Lien Bonds.

Special Obligations; Other Financial Obligations

The Board may designate a separately identifiable existing facility or a planned facility as a "Special Facility" and may incur debt primarily for the purpose of acquiring, constructing, renovating or improving or providing financing to a third party to acquire, construct, renovate, or improve such facility. Subject to certain conditions, the Board may provide that all income and revenues derived by the Board from such Special Facility will constitute "Special Facilities Revenues" and will not be included as Pledged Revenues. The designation of an existing facility as a Special Facility could therefore result in a reduction in Pledged Revenues. Indebtedness incurred by the Board to provide financing to a third party with respect to the Special Facility as described above will constitute a "Special Obligation" and will be payable solely from the Special Facilities Revenues. No Special Obligations are currently outstanding, although the Board has incurred Special Obligations in the past and may do so again in the future. See APPENDIX B—"SUMMARIES OF THE SENIOR LIEN MASTER TRUST INDENTURE AND THE FIFTEENTH SUPPLEMENTAL TRUST INDENTURE—THE SENIOR LIEN MASTER TRUST INDENTURE—Special Facilities and Special Obligations" for a further discussion of Special Facilities and Special Facilities Revenues and the conditions that must be satisfied in order for the Port to incur Special Obligations and provide for such obligations to be secured by a designated stream of Special Facilities Revenues.

Pursuant to the Senior Lien Master Trust Indenture, the Port also has the ability to incur indebtedness secured by a lien on sources of security other than Pledged Revenues, such as Passenger Facility Charges and Customer Facilities Charges. Such additional sources of security, including Passenger Facility Charges and Customer Facilities Charges, may also provide supplemental security for one or more series of Senior Lien Bonds (or other obligations) in the future. See APPENDIX B—"SUMMARIES OF THE SENIOR LIEN MASTER TRUST INDENTURE AND THE FIFTEENTH SUPPLEMENTAL TRUST INDENTURE—THE SENIOR LIEN MASTER TRUST INDENTURE—Special Facilities and Special Obligations."

Amendments to Senior Lien Master Trust Indenture

The Fifteenth Supplemental Trust Indenture provides for amendments to certain provisions of the Senior Lien Master Trust Indenture, which amendments shall become effective, without necessity for any further action by the Board or by any other entity, at such time as the holders of at least 51% of the aggregate principal amount of the Senior Lien Bonds then-Outstanding have consented (or have been deemed to have consented) to such amendments, the Board has provided notice of such amendments to the holders of all such then-Outstanding Senior Lien Bonds, and certain other conditions have been satisfied. By purchase of any 2012 Senior Lien Bond, the holders of such 2012 Senior Lien Bond shall be deemed to have consented to the amendments to the Senior Lien Master Trust Indenture. After the issuance of the 2012 Senior Lien Bonds and the defeasance of the Refunded Senior Lien Bonds, the holders of the 2012 Senior Lien Bonds, together with the holders of other Outstanding Senior Lien Bonds who have previously consented to or have been deemed to have consented to such amendments, will hold more than 51% of the aggregate principal amount of the Senior Lien Bonds then Outstanding.

Upon the satisfaction of the foregoing conditions, the Board shall cause notice of the effectiveness of the amendments of the Senior Lien Master Trust Indenture to be provided to the holders of all then-Outstanding Senior Lien Bonds and to certain other parties.

The amendments to the Senior Lien Master Trust Indenture are intended to clarify the intent of certain provisions of the Senior Lien Master Trust Indenture, to provide flexibility to the Board with respect to certain operational covenants, and to conform certain provisions of the Senior Lien Master Trust Indenture to comparable provisions of the Intermediate Lien Indenture, thereby enabling the Port to comply more easily with the provisions of both agreements. The amendments consist of the following:

Insurance Requirements. As of the date hereof, Section 5.11 of the Senior Lien Master Trust Indenture sets forth certain requirements related to "Qualified Self-Insurance," which the Port may provide to satisfy the insurance requirements of the Senior Lien Master Trust Indenture. Section 5.11 also requires that fidelity insurance or bonds be maintained with respect to employees of the Board who are responsible for funds of the Board, and sets forth certain purposes for which net insurance proceeds received by the Port in connection with the damage or destruction of Port facilities may be used. This provision will be amended so as to remove specific references to Qualified Self-Insurance and to remove the requirement for fidelity insurance or bonds with respect to certain Port employees, in each case to provide the Port with greater flexibility in structuring its insurance programs. The removal of the specific references to Qualified Self-Insurance in Section 5.11 of the Senior Lien Master Trust Indenture, however, will not prevent the Port from satisfying the insurance requirements of the Senior Lien Master Trust Indenture through self-insurance. The Port also currently maintains, and currently intends to continue to maintain, fidelity insurance. Section 5.11 will also be revised to provide that net insurance proceeds received by the Port in connection with the damage or destruction of Port facilities shall be used as provided in the applicable tax and non-arbitrage certificate or otherwise as advised by Bond Counsel.

Deadline for Filing Audited Financial Statements. As of the date hereof, Section 5.12 of the Senior Lien Master Trust Indenture provides that the Board must file its audited financial statements with the Trustee within 120 days after the close of each Fiscal Year of the Board. This provision will be amended to extend the Board's time for filing its audited financial statements with the Trustee to 210 days following the close of each Fiscal Year.

Transfer of Port Facilities. Section 5.13 of the Senior Lien Master Trust Indenture sets forth the circumstances in which the Board may transfer, sell, or otherwise dispose of Port Facilities (as defined in the Senior Lien Master Trust Indenture). This provision will be amended to clarify that any lease, license, concession or similar arrangement entered into by the Board and granting others the right to use Port Facilities for any period in exchange for fair market value is not considered a transfer, sale, or disposition of Port Facilities that is subject to the provisions of Section 5.13.

Section 5.13 also provides that Port Facilities may be disposed of if such Port Facilities, together with all other Port Facilities disposed of during the twelve months prior to the applicable transfer (other than inadequate, obsolete, or worn out Port Facilities), will not collectively constitute a Significant Portion of the Port and the disposition proceeds are used as provided in the Senior Lien Master Trust Indenture. This provision will be amended to provide that, for purposes of determining whether a Significant Portion of the Port will be disposed of during the applicable twelve-month period, only the Port Facilities proposed to be disposed of and Port Facilities disposed of in related transactions during such twelve-month period should be considered.

As of the date hereof, a "Significant Portion" of the Port Facilities is defined as Port Facilities that generated net funds in the amount of more than 4% of Net Revenues (as defined in the Senior Lien Master Trust Indenture) during the Fiscal Year prior to the Fiscal Year in which such Port Facilities are proposed to be disposed of. This provision will be amended to provide that a "Significant Portion" of Port Facility means Port Facilities that generated more than 10% of Pledged Revenues during the Fiscal Year prior to the Fiscal Year in which such Port Facilities are proposed to be disposed of.

Section 5.13 also provides that the proceeds of certain dispositions of Port Facilities must be used to provide additional revenue-producing Port Facilities or to redeem or defease Senior Lien Bonds. This provision will be amended to provide that the proceeds of dispositions of Port Facilities that were financed with tax-exempt bonds must be used as provided in the applicable tax and non-arbitrage certificate or as otherwise advised by Bond Counsel.

Credit Providers. Article XI of the Senior Lien Master Trust Indenture provides that, if a credit facility is provided for a series of Senior Lien Bonds or for specific Senior Lien Bonds, the supplemental indenture under which the applicable Senior Lien Bonds are issued may provide certain rights to the applicable credit provider, if the Board deems such rights to be appropriate. This provision will be amended to provide that additional rights may be given to certain credit providers, in addition to the rights currently set forth in such section. Specifically, with respect to a credit facility consisting of a policy of municipal bond insurance or a similar noncancellable financial guaranty extending through the term of the applicable Senior Lien Bonds, the Board may grant the provider of such credit facility the right to consent to the execution and delivery of supplemental indentures requiring the consent of the holders of the Senior Lien Bonds secured by the applicable credit facility to the same extent and in place of the holders of such Senior Lien Bonds, provided that, with respect to any amendments to the Senior Lien Master Trust Indenture or to any supplemental indenture that would (i) change the scheduled times, amounts or currency of payment of principal, interest or accreted value of any Outstanding Senior Lien Bonds, or (ii) reduce the principal amount or redemption price of any Outstanding Senior Lien Bonds or the rate of interest thereon, the consent of the actual applicable holder of such Senior Lien Bonds shall be required in addition to any consent of the applicable credit provider.

For further descriptions of the amendments to the Senior Lien Master Trust Indenture provided for in the Fifteenth Supplemental Trust Indenture, see APPENDIX B—"SUMMARIES OF THE SENIOR LIEN MASTER TRUST INDENTURE AND THE FIFTEENTH SUPPLEMENTAL TRUST INDENTURE."

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DEBT SERVICE SCHEDULE

The following table sets forth the debt service schedule for the outstanding Senior Lien Bonds and the 2012 Senior Lien Bonds.

TABLE 1

PORT OF OAKLAND
SENIOR LIEN BONDS DEBT SERVICE SCHEDULE

Fiscal Year (ending June 30)	Debt Service on Outstanding Senior Lien Bonds(1)	Principal of 2012 Senior Lien Bonds	Interest on 2012 Senior Lien Bonds	Total 2012 Senior Lien Bonds Debt Service(2)	Total Debt Service on Outstanding Senior Lien Bonds & 2012 Senior Lien Bonds(2)
2013	$ 57,968,597	$ ---	$ 10,294,173	$ 10,294,173	$ 68,262,770
2014	23,083,894	6,560,000	18,437,325	24,997,325	48,081,219
2015	24,892,144	6,960,000	18,306,125	25,266,125	50,158,269
2016	30,134,831	---	18,097,325	18,097,325	48,232,156
2017	26,332,831	---	18,097,325	18,097,325	44,430,156
2018	27,339,831	---	18,097,325	18,097,325	45,437,156
2019	28,324,706	---	18,097,325	18,097,325	46,422,031
2020	29,402,706	---	18,097,325	18,097,325	47,500,031
2021	29,399,206	18,265,000	18,097,325	36,362,325	65,761,531
2022	29,402,556	29,945,000	17,188,575	47,133,575	76,536,131
2023	29,400,556	29,570,000	15,694,700	45,264,700	74,665,256
2024	29,403,556	20,720,000	14,227,350	34,947,350	64,350,906
2025	29,399,056	21,760,000	13,191,350	34,951,350	64,350,406
2026	29,405,056	26,640,000	12,103,350	38,743,350	68,148,406
2027	29,403,556	25,375,000	10,771,350	36,146,350	65,549,906
2028	29,402,306	29,220,000	9,520,000	38,740,000	68,142,306
2029	29,403,556	30,685,000	8,059,000	38,744,000	68,147,556
2030	29,404,306	32,220,000	6,524,750	38,744,750	68,149,056
2031	28,373,238	33,675,000	5,074,850	38,749,850	67,123,088
2032	---	35,355,000	3,391,100	38,746,100	38,746,100
2033	---	36,940,000	1,800,125	38,740,125	38,740,125
Total(2)	$ 569,876,491	$ 383,890,000	$ 273,168,073	$ 657,058,073	$ 1,226,934,564

(1) Includes November 1, 2012 debt service payment (including redemption price) on the Refunded Senior Lien Bonds in Fiscal Year 2013; does not include debt service on the Series 2012 Senior Lien Bonds.
(2) Totals may not add due to rounding.

For information about historic and projected debt service coverage with respect to the Senior Lien Bonds, DBW Loan and Intermediate Lien Bonds, see "THE PORT'S FINANCES AND OPERATIONS—Historical Debt Service Coverage" and "—Projected Debt Service Coverage."

THE PORT OF OAKLAND

The City has operated harbor facilities to serve waterborne commerce since its incorporation in 1852. The City has operated an airport since 1927. Exclusive control and management of the Port Area, which includes the harbor and the Airport, were delegated to the Board in 1927 by an amendment to the Charter.

The Board has exclusive control and management of the Port Area, all of the Port's facilities and property, real and personal, all income and revenues of the Port, and proceeds of all bond sales initiated by the Board for harbor or Airport improvements or for any other purposes. Under the Charter, the Port is an independent department of the City.

The Board has the power under the Charter to fix, alter, change or modify the rates, tolls, fees, rentals and charges for the use of the Port's facilities and any services provided in connection with the Port's facilities. A substantial portion of the Port's revenues are governed by lease, use, license and other agreements with the Port's tenants and customers. As further described herein, the Port has only a limited ability to increase revenues under certain of those agreements during their respective terms.

The Port has three revenue-producing divisions: Aviation, Maritime and Commercial Real Estate. Total Port operating revenues were approximately $298 million for Fiscal Year 2011. Of this $298 million, the Aviation Division generated approximately 45%, the Maritime Division generated approximately 51%, and the Commercial Real Estate Division generated approximately 4%. See "THE PORT'S FINANCES AND OPERATIONS." The Port also has supporting divisions, including Financial Services, Port Attorney's Office, Corporate Administrative Services, Social Responsibility, Engineering, Audit Services, Environmental Programs and Planning, and External Affairs.

Port Management

The Board. As provided in the Charter, the Board consists of seven members appointed to four-year staggered terms by the City Council upon nomination by the Mayor of the City. Members of the Board must be residents of the City and serve without compensation. Board members may be removed from office only for cause and by the affirmative vote of six of the eight members of the City Council. Following is a list of the current members of the Board, together with each member's principal occupation, term commencement date as a Board member and the expiration date of the current term being served. The Commissioners whose terms of office have expired continue in office in a holdover status until reappointed or replaced by formal action of the Mayor and City Council as provided in the Charter.

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TABLE 2

PORT OF OAKLAND
BOARD OF PORT COMMISSIONERS

Name	Occupation	Service Commenced	Term ends (July 10)
Gilda Gonzales President	Chief Executive Officer, Unity Council	July 2009	2013
James W. Head First Vice President	Director of Programs, San Francisco Foundation	July 2008	2012(1)
Alan S. Yee Second Vice President	Attorney; Partner, Siegel & Yee	May 2011	2014
Cestra Butner Commissioner	President, Chief Executive Officer and Owner, Horizon Beverage Company	August 2012	2015
Earl Hamlin Commissioner	Retired; Former investment banker	May 2012	2013
Bryan R. Parker Commissioner	Vice President, DaVita Inc.	August 2012	2016
Victor Uno Commissioner	Manager, International Brotherhood Electrical Workers Local 595	July 2007	2015

(1) Currently serves in holdover status until reappointed or replaced by formal action of the Mayor and the City Council.

Senior Port Management and Port Officials. The Port's administrative staff is headed by the Port's Executive Director. The Deputy Executive Director reports directly to the Executive Director, as do the Chief Financial Officer, the Port Labor Advisor and the Division Directors of Maritime, Aviation, Commercial Real Estate and External Affairs. The Division Directors of Environmental Programs and Planning, Social Responsibility, Engineering, and Corporate Administrative Services report to the Deputy Executive Director. The Port Attorney, the Chief Audit Officer, the Secretary of the Board and the Executive Director report directly to the Board.

The members of the senior management staff of the Port are set forth below.

Omar R. Benjamin joined the Port in 1997 and was appointed Executive Director of the Port in 2007. Prior to his appointment as Executive Director, Mr. Benjamin served first as the Port's Director of Commercial Real Estate and subsequently as the Port's Deputy Executive Director, Operations. In his capacity as the Director of Commercial Real Estate, Mr. Benjamin was responsible for the Port's non-aviation and non-maritime properties, which included the development and management of Jack London Square, as well as hotel, office, industrial and recreational marina operations. For the two years prior to joining the Port, Mr. Benjamin was the Chief Operating Officer of Al Anwa USA Inc., a real estate investment management company. At Al Anwa, Mr. Benjamin directed investment, development, and business operations. Mr. Benjamin also served as the Chief Operating Officer for Newfield Enterprises and worked in Paris, France for four years as an investment manager for The First Investment Capital Corporation. Mr. Benjamin received a Bachelor of Science degree in Business Administration from California State University, Hayward.

Jean Banker was appointed Deputy Executive Director of the Port in January 2012. Ms. Banker oversees four divisions: Corporate Administrative Services, Social Responsibility, Engineering, and Environmental Programs and Planning. She also supports the Executive Director in planning, organizing, directing, and controlling the day-to-day operations and other activities at the Port. Prior to being appointed Deputy Executive Director, Ms. Banker served as the Port's Manager of Finance and Administrative Services for the Maritime Division since August 2007, during which time she managed the Port's first public-private partnership for a 50-year concession and lease of a container terminal. Prior to joining the Port, Ms. Banker worked for 13 years as Deputy Director of Capital Programs for the New York Metropolitan Transportation Authority. Ms. Banker received a Bachelor of Arts degree in Anthropology from Vassar College and a Master in Public Policy degree from the Kennedy School of Government at Harvard University.

Michele Heffes joined the Port in February 1988 and was appointed Port Attorney (Acting) effective May 2012. As the Port's chief legal officer, Ms. Heffes provides advice to the Board, its officers and employees relating to the broad range of legal affairs that arise in the conduct of the Port's business. Prior to being appointed Port Attorney (Acting), Ms. Heffes' practice at the Port focused on environmental, insurance, real estate and law practice management. Ms. Heffes received a Bachelor of Science degree in nuclear engineering from the University of California, Berkeley and a Juris Doctor degree from the University of San Francisco.

Arnel Atienza was appointed as the Port's Chief Audit Officer in 2006. As Chief Auditor, Mr. Atienza is responsible for all internal audits of the Port and reports to the Board. He works with all Port divisions, tenants, and consultants to coordinate audit activities. Mr. Atienza joined the Port in 1994 as an Associate Auditor and was promoted Audit Manager in 2004. Prior to joining the Port, Mr. Atienza was the Managing Auditor for Clarence White in Richmond, California and the Senior Staff Auditor for SGV and Co. (an Arthur Andersen affiliate) in the Philippines. Mr. Atienza received a Bachelor of Science degree in Accounting from the University of Santo Tomas in Manila and a Master of Business Administration degree from California State University, East Bay. He is a Certified Public Accountant and a Certified Internal Auditor.

John T. Betterton was appointed Secretary of the Board in 2002. In his capacity as Secretary, Mr. Betterton serves as the Port's agent for service of process. Mr. Betterton is responsible for providing notices of all public meetings of the Board, compiling and publishing records of all actions taken by the Board and assuring that all bids for Port contracts are received on time and opened in public. Prior to his appointment, Mr. Betterton was an employee of the City, where he served as Deputy Chief of Staff to the City Manager, and as Senior Aide to then-Oakland Mayor Jerry Brown. Mr. Betterton received a Bachelor of Arts degree in Philosophy and Political Science from the University of Tennessee.

Deborah Ale Flint was appointed Director of Aviation in April 2010. As Aviation Director, Deborah Ale Flint is responsible for the operation, management and business development of the Airport. Prior to her role as Director of Aviation, Ms. Ale Flint was the Assistant Aviation Director, leading the operations of the Airport. Her other experience includes leading the Airport's capital program, in which she coordinated the design, financing, and implementation of major Airport projects. Ms. Ale Flint serves on the Board of Directors of Airports Council International North America, and, in 2012, was selected by the Secretary of Transportation to represent all United States Airports on the U.S. Department of Transportation Aviation Consumer Protection Advisory Panel. She is also a selected panelist on the Transportation Research Board Airport Cooperative Research Program. Ms. Ale Flint received a Bachelor of Science degree in Business from San Jose State University.

James J. Kwon was appointed Director of Maritime in 2007. Mr. Kwon is responsible for the operation, management and marketing of the Port's Maritime Division, including the planning, development and overall maintenance of the Port's maritime terminal facilities. Prior to his appointment as the Director of Maritime, Mr. Kwon served as the President and Chief Executive Officer of Total Terminals International, LLC ("TTI") in Long Beach, California. During his tenure at TTI, Mr. Kwon oversaw the planning and implementation of TTI's growth as an international terminal operating company. Mr. Kwon also served as a sales manager for Hanjin Shipping Company from 2001 to 2003, as a marketing director for Palmco Corporation from 1987 to 2000 and as a district sales manager for United States Shipping Lines from 1981 to 1987. Mr. Kwon received a Bachelor of Arts degree in International Politics from the Sogang University in Seoul, Korea.

Pamela Kershaw was appointed Director of Commercial Real Estate in May 2012 and is responsible for managing a diverse commercial real estate portfolio for the Port. Ms. Kershaw has more than 20 years of experience working for various public agencies in the Bay Area in the field of land planning and development, and has been at the Port since 2000. Prior to her appointment as Director of Commercial Real Estate, Ms. Kershaw served as

Commercial Real Estate Manager for the Port. Ms. Kershaw received a Bachelor of Arts degree in Geography and a Master in Public Administration degree from the University of California, Berkeley.

Sara Lee was appointed as the Port's Chief Financial Officer in 2009. Ms. Lee has more than 15 years of investment banking experience, largely in public sector finance. Prior to joining the Port, Ms. Lee was Vice President, Public Sector and Infrastructure Finance Group, Investment Banking at Goldman, Sachs & Co. Ms. Lee led the execution of transactions and was responsible for the quantitative analysis in municipal bond offerings, project financings, and public-private partnerships. Prior to Goldman Sachs, Ms. Lee was with Paine Webber Incorporated, where she held the position of Assistant Vice President, structuring municipal bond offerings for transportation and health care issuers. Ms. Lee received a Bachelor of Science degree in Economics from the Wharton School at the University of Pennsylvania and a Master in Public Policy degree from the Kennedy School of Government at Harvard University.

Marsha Carpenter Peterson was appointed the Port Labor Advisor in 2011. Prior to becoming Port Labor Advisor, Ms. Peterson served as Deputy Port Attorney for 11 years with a focus on labor and employment. Ms. Peterson began her career as a litigation attorney in the honors program at the Department of Justice, Civil Division, Commercial Litigation Branch, where she garnered 40 successful federal reported decisions in employment and government contract law. She continued her career with the Oakland Army Base as its first Labor Counselor and was promoted to be the first female and first African-American Deputy Staff Judge Advocate. Thereafter, she was the General Counsel for the Fleet Industrial Supply Center, Naval Supply, Oakland, until its closure under the Base Realignment and Closure Act process. Ms. Peterson received a Bachelor of Arts degree in English from the University of California, Berkeley and a Juris Doctor degree from Georgetown University Law Center.

Isaac Kos-Read was appointed the Director of External Affairs in 2011. Mr. Kos-Read joined the Port after serving for two years as the Senior Director of Government Affairs for the Port of Los Angeles, where he helped the Port of Los Angeles secure significant federal stimulus funding and launched a marine research center project. Prior to his work at the Port of Los Angeles, Mr. Kos-Read was an advocate and Senior Director for Townsend Public Affairs, Inc. ("TPA") from 2001-2008. At TPA, Mr. Kos-Read worked with public and private sector leaders to secure over $300 million in local, state and federal funding for roads, parks, museums, schools and water infrastructure for clients around the State of California. Mr. Kos-Read received Bachelor of Arts degrees in Economics and Latin American studies from Stanford University.

Richard Sinkoff was appointed the Director of Environmental Programs and Planning in 2008. Mr. Sinkoff leads the Port's efforts to ensure the highest standards of regulatory compliance and environmental performance, improving responsiveness to environmental concerns raised by the community and Port customers, increasing the Port's capacity to respond to emerging environmental regulations, policies and conditions, and promoting the Port's strategic alignment efforts. Most recently prior to his appointment as Director of Environmental Programs and Planning, Mr. Sinkoff served as the Port's Environmental Manager. Prior to joining the Port, Mr. Sinkoff worked as a city and environmental planning consultant for cities and counties throughout Northern and Southern California. Mr. Sinkoff received a Bachelor of Arts degree in Urban Studies and Architecture History from Columbia University and a Master of City Planning degree from the University of California, Berkeley. In 2006, Mr. Sinkoff received a Juris Doctor degree from Golden Gate University School of Law in San Francisco, California.

Chris Chan was appointed Director of Engineering in 2011. Mr. Chan oversees the Port's Engineering Division, which consists of five departments: Project Design and Delivery – Aviation, Project Design and Delivery – Maritime, Engineering Services, Utilities and Information Technology. Mr. Chan joined the Port's Engineering Division in 1990 and is experienced in design, construction, and project management for all three of the Port's revenue divisions. Mr. Chan also managed the Engineering Services Department as a Principal Engineer. Prior to his employment at the Port, Mr. Chan worked as an engineer with the Alameda County Public Works Department and the Los Angeles Department of Water and Power. Mr. Chan received a Bachelor of Science degree and a Master of Science degree in Civil Engineering from the University of California, Berkeley.

Denyce Holsey was appointed the Director of Corporate Administrative Services in 2011. Ms. Holsey has more than 20 years of experience in the field of human resources and comes to the Port from the City of Pleasanton, where she served as the Human Resources Manager from 2006 until she joined the Port. Prior to joining the City of

Pleasanton, Ms. Holsey held positions as the Interim Human Resources Director for the City of Tracy, Employee Relations Manager for the County of Alameda, and Principal Labor Relations Representative for Santa Clara County. Ms. Holsey has also served as a board member and as the first African American female president for both the National Public Employer Labor Relations Association and the California Public Employers Labor Relations Association. Ms. Holsey received a Bachelor of Arts degree in Journalism from the University of Southern California and a Master's degree in Counseling from California State University, Fullerton.

Employees and Labor Relations

The Port has 492 full time equivalent employees budgeted for Fiscal Year 2013. Of those, 467 are members of one of the four recognized employee organizations at the Port: Service Employees International Union, Local 1021 ("SEIU") (234 clerical/administrative and maintenance/operations employees); Western Council of Engineers ("WCE") (38 professional engineers, scientists and planners); International Brotherhood of Electrical Workers, Local 1245 ("IBEW") (36 supervisors and forepersons); and International Federation of Professional & Technical Engineers, Local 21 ("IFPTE") (159 management and administrative employees). The remaining 25 full time equivalent positions, including senior management, Deputy Port Attorneys and certain labor relations staff, are not represented by an employee organization. In April 2012, IFPTE petitioned the Board to become the exclusive bargaining representative for certain Deputy Port Attorneys and the Assistant Port Attorney. Negotiations regarding IFTPE's representation of this group of employees are on-going.

The Port entered into a Memorandum of Understanding ("MOU") with each of its four recognized employee organizations, and all four MOUs are currently expired; the SEIU MOU and the WCE MOU each expired on June 30, 2011, the IBEW MOU expired on December 31, 2011, and the IFPTE MOU expired on June 30, 2012. Negotiations with all four unions are underway. For discussion of the status of labor negotiations and the risk and possible impacts of a strike, see "INVESTOR CONSIDERATIONS—Potential Labor Activity."

The Port shares a common Civil Service system with the City. Port employees are either assigned to "classified" Civil Service positions or are specifically exempted from the Civil Service system by the City Charter or by Resolution of the City's Civil Service Board. In June 2012, the City amended City Ordinance 8979 to require that the Port Personnel Rules be consistent with and subordinate to the City Charter, the City's Civil Service Rules, and Ordinance 8979. Ordinance 8979 also now requires the Port to obtain the approval of the City's Civil Service Board to create, alter or eliminate Port classifications. Ordinance 8979, as amended, considerably alters the personnel practices the Port has been following since 1974 when the City initially passed Ordinance 8979 to authorize the Port to establish its own personnel rules and procedures and to provide that, once such rules and procedures were established, the City personnel rules no longer governed Port personnel operations. In addition, Ordinance 8979, as amended, may conflict with a number of provisions in the Port's MOUs. Port representatives will be meeting with their City counterparts to obtain clarification from the City regarding the City's interpretation of Ordinance 8979, as amended, and its impact on Port personnel operations. Based on such clarification, the Port intends to evaluate Ordinance 8979, as amended, and the Port's options to address the recent amendments. The Port cannot predict what impact, if any, Ordinance 8979, as amended, may have on the Port's revenues and expenses.

Aviation Division

Overview. The Airport is one of three major commercial airports serving the nine-county San Francisco/Oakland/San Jose metropolitan area (the "Bay Area"). In Fiscal Year 2012, the Airport served approximately 4.8 million enplaned passengers (passengers boarding at the Airport) and accommodated approximately 99,000 scheduled passenger airline operations (take-offs and landings), approximately 101,800 general aviation operations and approximately 17,100 air cargo operations (including express shipping, freight and mail) representing approximately 552,000 tons of cargo. The Airport ranked 36th in the United States in terms of total passengers and 12th in the United States in terms of air cargo tonnage, based on the FAA Passenger Boarding (Enplanement) and All-Cargo Data for U.S. Airports.

The Airport serves primarily nonstop travel to short-haul (up to 600 air travel miles) and medium-haul (between 601 and 1,800 air travel miles) markets, as well as service to the Hawaiian Islands and connecting service to other long-haul markets. The Airport also maintains some international and non-stop transcontinental passenger air service and significant air cargo service. Although the Airport primarily serves the East Bay counties of

Alameda and Contra Costa, it also serves the greater Bay Area. The Airport competes with two other Bay Area airports, San Francisco International Airport ("SFO") and the Norman Y. Mineta San Jose International Airport ("SJC").

In Fiscal Year 2011, the Aviation Division generated approximately 45.4% of the Port's total operating revenues. Approximately 34.8% of the Aviation Division's operating revenues in Fiscal Year 2011 were derived from landing fees and terminal rentals paid by passenger airlines. Other major sources of Aviation operating revenues include parking and ground access revenues (21.3%), lease rentals (15.3%), and concession revenues (14.2%).

In general, there is not a direct correlation between activity at the Airport and Aviation Division revenues due to the Airport's methodology for establishing Airline Rates and Charges. However, activity levels do affect the long-term demand for the Port's facilities, airlines' cost per enplanement and the financial condition of the Port's aviation tenants, and therefore of the Port.

For more information about the Aviation Division's revenues and expenses, see "—Major Sources of Airport Operating Revenues" and "—Airline Agreements and Rate Setting." For additional information about factors that may affect the Aviation Division, see "—Other Factors—Competition," "INVESTOR CONSIDERATIONS—Uncertainties of the Aviation Industry," and "—Competitive Considerations at the Airport."

Activity at the Airport.

Airlines Serving the Airport. As of July 1, 2012 the Airport was served by the following domestic air carriers, foreign flag carriers, regional jet carriers and all-cargo carriers:

TABLE 3

PORT OF OAKLAND
AIRLINES SERVING OAKLAND INTERNATIONAL AIRPORT

July 1, 2012

Domestic Air Carriers	Foreign Flag Carriers	Regional Jet Carriers	Air Cargo Carriers
Alaska Airlines(1)	ArkeFly(2)	Horizon Air(1)	Ameriflight
Allegiant Air	Volaris	SkyWest Airlines(3)	FedEx
Delta Air Lines	SATA(4)	Mesa Airlines(5)	United Parcel Service
Hawaiian Airlines			West Air(6)
jetBlue Airways			
Southwest Airlines			
Spirit Airlines(7)			
US Airways			

(1) Horizon Air and Alaska Airlines are wholly-owned subsidiaries of Alaska Air Group and operate under separate certificates.
(2) ArkeFly started services in June 2012 and provides seasonal summer service to Amsterdam, the Netherlands.
(3) SkyWest Airlines provides regional service for Delta Air Lines and US Airways.
(4) SATA provides seasonal summer charter service to the Azores Islands, Portugal.
(5) Mesa Airlines provides regional service for US Airways.
(6) West Air operates cargo flights on behalf of FedEx.
(7) Started service in August 2011.

Information Concerning Airlines. Each airline serving the Airport (or its respective parent corporation) is required to file periodic reports of financial and operating statistics with the United States Department of Transportation (the "DOT"). Such reports can be inspected at the following location: Bureau of Transportation

Statistics, Research and Innovative Technology Administration, U.S. Department of Transportation, 1200 New Jersey Ave., S.E., Room E34-314, Washington, D.C. 20590. Copies of such reports can be obtained from the DOT at prescribed rates and by accessing the Bureau of Transportation Statistics website at *www.bts.gov*. In addition, those airlines (or their respective parent corporations) serving the Airport that have sold debt or equity securities to the public in the United States are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, and accordingly file reports and other information, including financial information, with the Securities and Exchange Commission (the "SEC"). Such reports and information can be inspected in the Public Reference Room of the SEC at 100 F Street NE, Washington, D.C. 20549. Copies of such reports and statements can be obtained from the SEC's Public Reference Room at prescribed rates and by accessing the SEC's web site at *www.sec.gov*. Debt securities or other obligations of various airlines serving the Airport may also have been issued ratings by one or more credit rating agencies. For a discussion of the current economic conditions and the particular sensitivities of the aviation industry, see "INVESTOR CONSIDERATIONS—Uncertainties of the Aviation Industry."

The Port cannot and does not assume any responsibility for the accuracy or completeness of any information contained or referred to herein regarding the business operations or financial condition of any of the airlines serving the Airport, and no such information is incorporated by reference in this Official Statement.

Passenger Service. The Airport served approximately 4.8 million enplaned passengers in Fiscal Year 2012, which represented an increase of 2.9% from Fiscal Year 2011. From Fiscal Year 2001 through Fiscal Year 2007, enplanements grew an average of 4% annually, but then substantially declined in Fiscal Years 2008 through 2009. More modest declines occurred in Fiscal Years 2010 and 2011. The substantial declines in Fiscal Years 2008 and 2009 occurred due to a combination of factors, including the national economic recession and certain airline competitive actions. See "—Competition" below. Other factors included bankruptcies and cessation of operations of three carriers serving the Airport in 2008 (Skybus, Aloha and ATA) and the departure of Continental, American and TACA from the Airport in 2009. The decreases in enplanements in Fiscal Years 2010 and 2011 reflect general economic conditions, the continued impact of airline competitive actions to secure market share, and the bankruptcy and cessation of operations of one additional carrier (Mexicana) in 2010. The increase in enplanements in Fiscal Year 2012 compared to Fiscal Year 2011 reflects, among other factors, an increase in service from both new and existing carriers operating at the Airport, including new service to the Hawaiian islands by Alaska Airlines and Hawaiian Airlines, new service to Las Vegas by Spirit Airlines, and expanded service by Allegiant to several destinations not previously served from the Airport. These increases were partially offset by United's cessation of service at the Airport in June 2012.

The Airport has significant origin-destination passenger activity. Based on U.S. DOT O&D Survey data, approximately 86% of all enplaned passengers at the Airport in calendar year 2011 were passengers beginning or ending their trips at the Airport, or origin-destination ("O&D") passengers. This contrasts with airports that are served primarily by airlines that maintain "hub and spoke" networks that generate much higher percentages of connecting passengers who start or finish their trips at other locations. The Airport's exact origin-destination percentage fluctuates from year to year, depending on airlines' service and business strategies, regional economic conditions, demographic trends and the demand for air travel to and from the Bay Area; however, it has not materially changed for several years. For discussion of factors impacting traffic at the Airport, see "—Competition" and "INVESTOR CONSIDERATIONS—Uncertainties of the Aviation Industry."

Air carriers make payments to the Port under their Airline Operating Agreements, as defined and further described under the subheading "—Airline Agreements and Rate Setting" below.

Table 4 presents the Airport's enplaned passengers for Fiscal Years 2003 through 2012. Enplanements for each month in Fiscal Year 2012 are included in Table 5.

TABLE 4

PORT OF OAKLAND
OAKLAND INTERNATIONAL AIRPORT
ANNUAL PASSENGER ENPLANEMENTS
FISCAL YEARS 2003 THROUGH 2012

Year	Passenger Enplanements	Growth Rate
2003	6,643,967	--
2004	6,957,782	4.7 %
2005	7,171,141	3.1
2006	7,187,587	0.2
2007	7,267,170	1.1
2008	6,802,486	(6.4)
2009	4,955,743	(27.1)
2010	4,777,514	(3.6)
2011	4,687,878	(1.9)
2012[1]	4,825,802	2.9
Compounded Annual Growth Rate		
2003-2012		(3.5%)

[1] Preliminary; subject to final review.

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TABLE 5

PORT OF OAKLAND
OAKLAND INTERNATIONAL AIRPORT
MONTHLY COMPARISON OF ENPLANED PASSENGERS
FISCAL YEARS 2011 AND 2012

Month	2011 Passengers	2012 Passengers[1]	% Change from Corresponding Period in Fiscal Year 2011
July	442,283	416,041	(5.9%)
August	442,722	425,073	(4.0)
September	392,807	385,313	(1.9)
October	414,883	398,145	(4.0)
November	389,977	400,594	2.7
December	400,606	412,341	2.9
January	341,354	349,382	2.4
February	322,990	343,388	6.3
March	375,753	401,622	6.9
April	362,411	412,693	13.9
May	386,143	430,124	11.4
June	415,949	451,086	8.5
Total	4,687,878	4,825,802	2.9

[1] Preliminary; subject to final review.

Airline Market Shares at the Airport. Southwest Airlines ("Southwest") was the most active carrier at the Airport in Fiscal Year 2012, enplaning approximately 3.4 million passengers. Although Southwest's enplanements declined in Fiscal Years 2008 through 2012, Southwest's market share (based on enplanements) increased from 63.9% in Fiscal Year 2008 to 70.5% in Fiscal Year 2012. The increased share through Fiscal Year 2012 was due to the airline bankruptcies and reductions in service offered at the Airport by other carriers since 2008. No other airline had a market share at the Airport greater than 6.1% in Fiscal Year 2012. For a discussion of certain risks associated with having a dominant carrier at the Airport, see "INVESTOR CONSIDERATIONS—Loss of Major Tenant or Customer of Port Facilities."

Tables 6 and 7 set forth the enplaned passengers (total passengers boarding at the Airport) and aircraft gross landed weights, respectively, by airline, for Fiscal Years 2008 through 2012.

TABLE 6

PORT OF OAKLAND
OAKLAND INTERNATIONAL AIRPORT
HISTORICAL ENPLANEMENTS BY AIRLINE
FISCAL YEARS 2008 THROUGH 2012

	2008		2009		2010		2011		2012[1]	
Airline	Enplanements	% Share	Enplanements	% Share	Enplanements	% Share	Enplanements	% Share	Enplanements	% Share
Southwest	4,344,218	63.9%	3,634,319	73.3%	3,480,803	72.9%	3,452,587	73.7%	3,400,462	70.5%
Alaska[2]	431,331	6.3	208,090	4.2	226,977	4.8	235,230	5.0	295,255	6.1
jetBlue	536,936	7.9	443,659	8.9	349,287	7.3	268,417	5.7	238,947	5.0
SkyWest[3]	129,896	1.9	87,249	1.8	89,665	1.9	60,723	1.3	132,931	2.8
Hawaiian Air	15,003	0.2	83,744	1.7	93,042	1.9	111,403	2.4	119,212	2.5
US Airways	177,614	2.6	112,043	2.3	128,413	2.7	140,087	3.0	118,192	2.4
Horizon Air[2]	48,073	0.7	87,158	1.8	82,167	1.7	92,721	2.0	105,290	2.2
Spirit Airlines[4]	--	--	--	--	--	--	--	--	85,294	1.8
Allegiant	877	0.1	9,493	0.2	33,519	0.7	39,110	0.8	82,518	1.7
Delta	88,061	1.3	27,587	0.5	64,222	1.3	89,130	1.9	78,718	1.6
Volaris	--	--	--	--	72,038	1.5	92,428	2.0	73,064	1.5
United[5]	227,835	3.4	113,652	2.3	84,987	1.8	80,589	1.7	66,384	1.4
Mesa Airlines[6]	36,851	0.5	39,544	0.8	25,453	0.5	10,031	0.2	25,884	0.5
Other [7]	765,791	11.2	109,205	2.2	46,941	1.0	15,422	0.3	3,651	0.0
Airport Total	6,802,486	100.0%	4,955,743	100.0%	4,777,514	100.0%	4,687,878	100.0%	4,825,802	100.0%

(1) Preliminary; subject to final review.
(2) Horizon Air and Alaska Airlines are wholly-owned subsidiaries of Alaska Air Group and operate under separate certificates.
(3) SkyWest Airlines provides regional service for Delta Air Lines and US Airways.
(4) Spirit Airlines started services in August 2011.
(5) United ceased operations at the Airport in June 2012.
(6) Mesa Airlines provides regional service for US Airways.
(7) Consists of seasonal, charter and unscheduled itinerant airline activity and airlines no longer serving the Airport as of the Fiscal Year ended June 30, 2012, other than United. Includes SATA and ArkeFly. ArkeFly started service June 2012.

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TABLE 7
PORT OF OAKLAND
OAKLAND INTERNATIONAL AIRPORT
HISTORICAL LANDED WEIGHT BY AIR CARRIER
FISCAL YEARS 2008 THROUGH 2012
(000 LBS)

	2008		2009		2010		2011		2012[1]	
Air Carrier	Landed Weight	% Share	Landed Weight	% Share	Landed Weight	% Share	Landed Weight	% Share	Landed Weight	% Share
Southwest	6,003,458	47.5%	5,253,538	52.4%	4,730,302	53.6%	4,471,768	52.1%	4,389,851	50.4%
FedEx [2]	2,930,984	23.2	2,558,860	25.5	2,005,857	22.7	2,144,632	25.0	2,139,116	24.5
UPS [2]	526,396	4.1	548,029	5.5	475,673	5.4	466,487	5.4	482,077	5.5
Alaska [3]	606,257	4.8	273,959	2.7	270,995	3.1	266,225	3.1	324,419	3.7
jetBlue	636,620	5.0	512,624	5.1	409,131	4.6	312,693	3.6	271,883	3.1
US Airways	242,396	1.9	146,298	1.5	170,619	1.9	203,871	2.4	166,132	1.9
Hawaiian Air	23,955	0.2	115,890	1.2	126,505	1.4	153,960	1.8	162,630	1.9
SkyWest [4]	148,509	1.2	97,445	1.0	97,560	1.1	62,256	0.7	146,301	1.7
Horizon Air [3]	62,288	0.5	113,527	1.1	100,097	1.1	99,968	1.2	105,723	1.2
Spirit Airlines [5]	---	---	---	---	---	---	---	---	103,957	1.2
Delta	110,670	0.9	34,018	0.3	82,745	1.0	110,961	1.3	96,426	1.1
Volaris	---	---	---	---	101,633	1.2	102,394	1.2	93,959	1.1
United [6]	294,487	2.3	135,006	1.3	105,227	1.2	98,969	1.2	87,083	1.0
Allegiant	1,953	0.0	10,812	0.1	35,530	0.4	41,072	0.5	84,936	1.0
Mesa Airlines [7]	41,523	0.3	42,467	0.4	29,018	0.3	11,235	0.1	29,916	0.3
Other passenger carriers[8]	923,424	7.3	137,932	1.4	68,981	0.8	21,816	0.2	13,729	0.2
Other all-cargo carriers	102,782	0.8	51,632	0.5	12,872	0.2	13,149	0.2	13,677	0.2
Airport Total	12,655,702	100.0%	10,032,037	100.0%	8,822,700	100.0%	8,581,456	100.0%	8,711,815	100.0%

(1) Preliminary; subject to final review.
(2) FedEx and UPS are all-cargo carriers.
(3) Horizon Air and Alaska Airlines are wholly-owned subsidiaries of Alaska Air Group and operate under separate certificates.
(4) SkyWest Airlines provides regional service for Delta Air Lines and US Airways.
(5) Spirit Airlines started service in August 2011.
(6) United ceased operations at the Airport in June 2012.
(7) Mesa Airlines provides regional service for US Airways.
(8) Consists of seasonal, charter and unscheduled itinerant airline activity and airlines no longer serving the Airport as of the Fiscal Year ended June 30, 2012, except United. Includes SATA. Data for ArkeFly not available.

Air Cargo Service. Scheduled all-cargo operators at the Airport include FedEx, United Parcel Service ("UPS"), Ameriflight and West Air. Passenger airlines also carry cargo. Air cargo volume, which includes both air freight and air mail, has declined from Fiscal Year 2003 to Fiscal Year 2012 at an annual compounded rate of 2.6%, Declines in recent years were primarily related to the economic downturn. FedEx uses the Airport as one of its primary hubs for air cargo operations and handled approximately 81% of the Airport's Fiscal Year 2012 air cargo based on tonnage. All-cargo carriers make payments to the Port under their leases with the Port and as described under "—Major Sources of Airport Operating Revenues" and "—Airline Agreements and Rate Setting."

The following table sets forth historical information regarding air cargo volumes at the Airport, including both air freight and air mail carried by all-cargo carriers and by passenger airlines:

TABLE 8[1]

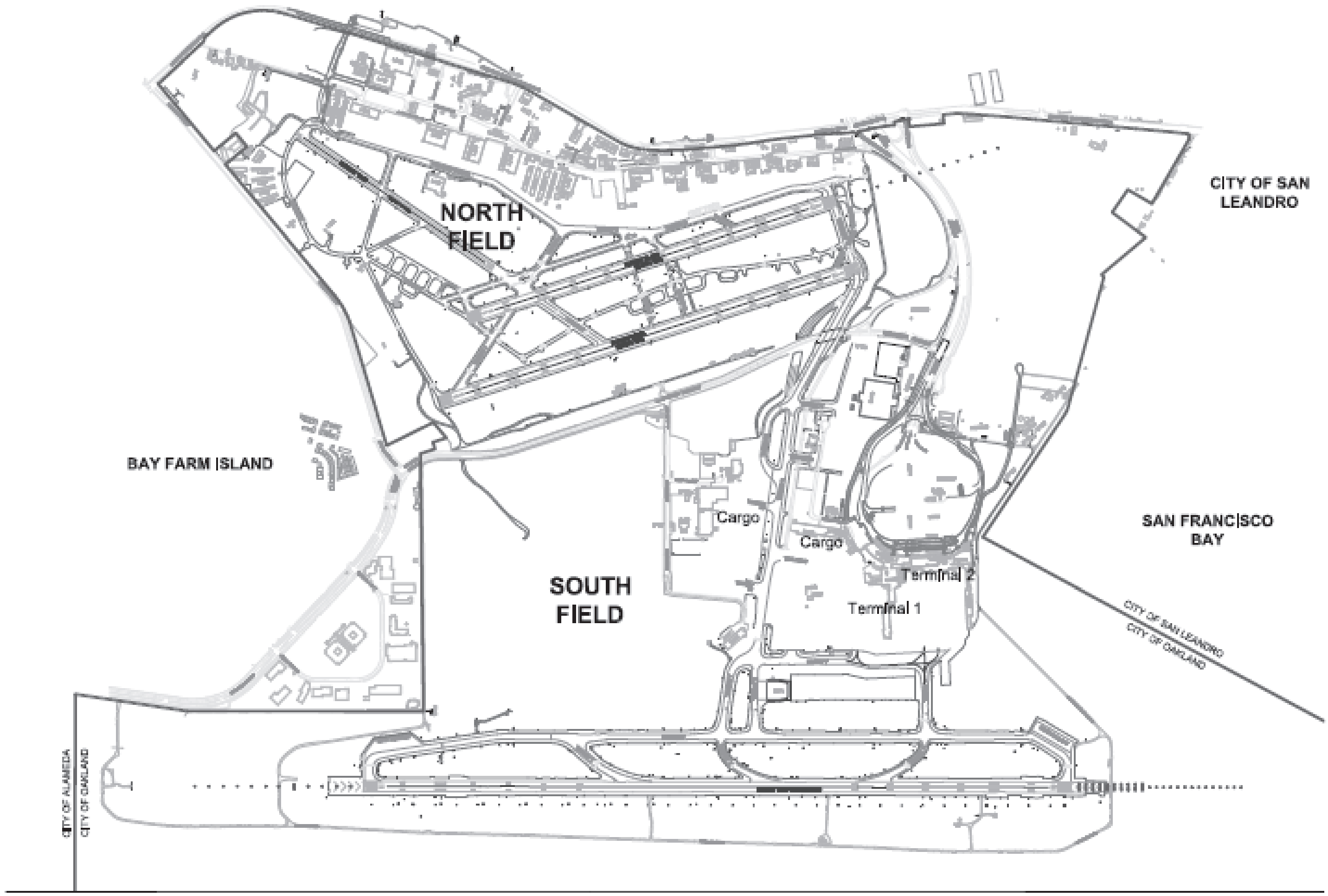
PORT OF OAKLAND
OAKLAND INTERNATIONAL AIRPORT
AIR CARGO VOLUMES
FISCAL YEARS 2003 THROUGH 2012

Fiscal Year	Tons	Growth Rate
2003	700,614	--
2004	704,227	0.5 %
2005	746,766	6.0
2006	742,987	(0.5)
2007	735,899	(1.0)
2008	726,220	(1.3)
2009	606,207	(16.5)
2010	539,622	(11.0)
2011	562,302	4.2
2012[2]	552,194	(1.8)
Compounded Annual Growth Rate 2003 - 2012		(2.6%)

(1) Includes both air freight and air mail by tonnage (short tons) carried by both all-cargo carriers and passenger airlines.
(2) Preliminary; subject to final review.

Airport Facilities. The Airport's facilities consist generally of terminal facilities, airfield facilities, parking facilities, air cargo facilities, general aviation facilities and maintenance facilities. Capital projects at the Airport's facilities are discussed under "CAPITAL PLANNING AND CAPITAL PROJECTS—Capital Projects in the CNA—Aviation Projects in the CNA."

The Airport's property is divided into the South Field and the North Field. The South Field is primarily used for commercial passenger, air cargo, and business aviation operations. The North Field is primarily used for corporate and general aviation with limited air cargo activity. The corporate and general aviation uses compete with general aviation activities at airports in Concord, Hayward, San Francisco, Livermore, San Carlos, Palo Alto and San Jose. The South Field and North Field have separate airfields, which allow for separation of most commercial and general aviation operations. This separation enhances safety and overall airfield capacity. The North Field also serves as an alternate to the South Field in the event the runway at the South Field is unavailable due to an incident or maintenance. The diagram on the next page shows the current layout of the Airport.



Source: Oakland International Airport Airport Layout Plan Draft Update, November 2011
Prepared by: Port staff

Existing Airport Layout
Oakland International Airport (OAK)

South Field Facilities. The Airport's commercial passenger terminals are located at the South Field. The South Field has two terminal buildings with approximately 556,000 gross square feet of space and 29 gates, all equipped with loading bridges and joined by a post-security connector corridor. The South Field has a fully-instrumented 10,000 foot runway long enough to accommodate all types of commercial passenger and air cargo aircraft.

FedEx and UPS operate major air cargo facilities within the South Field. The Airport houses FedEx's West Coast hub for its express package operations, which is among the five largest FedEx hubs in the world. FedEx operates an approximately 320,000 square foot sorting facility and an approximately 17,300 square foot international clearance station with adjacent aircraft apron on approximately 74 acres at the South Field pursuant to a single lease, which expires on December 31, 2031. UPS leases an approximately 49,000 square foot facility at the South Field, where it conducts daily containerized loading activities to and from its aircraft, pursuant to a month-to-month lease. UPS maintains a nearby off-Airport sort facility. Other significant tenants of the cargo buildings include Southwest, Alaska Airlines and DAL Global Services. Southwest also leases land on the South Field for its aircraft provisioning facility, and LSG Sky Chefs, an airline catering company, leases a building on the South Field for its operations.

The Federal Aviation Administration ("FAA") is constructing a new air traffic control tower at the Airport that will serve both airfields and expects the tower to be operational in 2013. The tower will be owned by the FAA, not by the Airport, but the Airport expects to spend approximately $2.2 million on capital projects in support of the new tower. See "CAPITAL PLANNING AND CAPITAL PROJECTS—Capital Projects in the CNA—Aviation Projects in the CNA."

North Field Facilities. The North Field has three runways of 6,212 feet, 5,454 feet and 3,372 feet and three executive general aviation terminals. The second runway is equipped with high intensity approach lights and an instrument landing system. Three fixed base operators, Landmark Aviation, Kaiser Air, Inc. and Business Jet Center, operate from the North Field. The Board's leases to Kaiser Air, Inc. and Business Jet Center, each of which has several separate leases with the Board, expire at various times through 2021. Landmark Aviation's lease expires in October 2031. Other major facilities at the North Field include: a consolidated rental car facility (including maintenance and vehicle storage facilities) serving six on-Airport rental car companies representing nine rental car brands; a facility used by Rolls Royce Engine Services to perform aircraft engine repairs; and a facility used by Ameriflight, an all-cargo air carrier. Agreements with the rental car companies are discussed under "—Major Sources of Airport Revenues—Rental Car Payments" below. The North Field also contains ten large aircraft hangars serving corporate and general aviation tenants and customers and a number of smaller hangars used to house general aviation aircraft.

Parking Facilities. The public parking facilities at the Airport can accommodate approximately 7,000 vehicles, in the Premier, Hourly, Daily and Economy parking lots. In addition to the public parking spaces, there are approximately 1,700 non-public parking spaces in various lots located at the Airport for use by Airport, airline, tenant, government and vendor/contractor staff. For discussion of parking revenues, see "—Major Sources of Airport Operating Revenues—Parking."

Other Factors.

Competition. The San Francisco Bay Area is served by three commercial airports – the Airport, SFO and SJC. According to the FAA Passenger Boarding (Enplanement) and All-Cargo Data for U.S. Airports, the three Bay Area airports together served approximately 28.7 million enplaned passengers in Fiscal Year 2011.

The Airport's predominately origin-destination nature means that activity levels at the Airport are closely linked to the underlying economic strength of the geographic area served by the Airport. However, the Airport's high percentage of origin-destination passengers does not insulate it from the impact of competition from other Bay Area airports. Historically, the Airport and SJC have served primarily nonstop travel to short-and medium-haul markets, and provided connecting service to long-haul markets, while international traffic and nonstop travel to major long-haul markets from the Bay Area have been served primarily by SFO. In recent years, however, SFO has served a growing percentage of short-haul traffic as low cost carriers have increased their presence at SFO, as described below. According to U.S. DOT O&D Survey data, between Fiscal Year 2007 and Fiscal Year 2011, the

Airport's share of Bay Area domestic originating passenger traffic declined from 30% to 19%, while SFO's market share grew from 47% to 62% and SJC's market share declined from 22% to 18%.

The Airport primarily serves the East Bay counties of Alameda and Contra Costa (collectively, approximately 69% of the Airport's enplanements in Fiscal Year 2011) and also serves the City and County of San Francisco (approximately 7% of the Airport's enplanements in Fiscal Year 2011), and the North Bay Counties of Marin, Sonoma, Napa and Solano (collectively approximately 8% of the Airport's enplanements in Fiscal Year 2011). The three Bay Area airports serve overlapping markets, and passengers frequently consider more than one Bay Area airport in deciding which to use for their trips. A passenger's airport selection of a Bay Area airport depends on various factors, including but not limited to availability of flights, air fares, proximity of passengers' residence to the airport, airport accessibility and overall reliability.

Airlines may shift their operations among the Bay Area airports based on factors such as cost and value proposition, facility and equipment capacity, market conditions, alliances, or the competitive environment among the Bay Area airports. For example, Virgin America's entry into the Bay Area market with the opening of its new service hub at SFO in 2007 led Southwest Airlines and jetBlue Airways to establish new stations at SFO and to move a portion of their operations from the Airport to SFO. This resulted in a significant shift of intra-California and other service from the Airport to SFO.

In addition to competition among the three Bay Area airports discussed above, the activity levels at the Airport are also subject to general economic conditions and the economics of the aviation industry. See "INVESTOR CONSIDERATIONS—Uncertainties of the Aviation Industry" and "—Competitive Considerations at the Airport."

Security. In the aftermath of September 11, 2001, the FAA mandated stringent new safety and security requirements, which have been implemented by the Port and by the airlines serving the Airport. Additionally, Congress passed the Federal Aviation and Transportation Security Act (the "Aviation Security Act"), which imposed additional safety and security measures and created the Transportation Security Administration ("TSA"). Pursuant to the Aviation Security Act, TSA regulates airport and airline security activities and is responsible for screening (or in some cases, overseeing the screening) of airline passengers, carry-on baggage, checked baggage, and air cargo. The Port believes it is in material compliance with the requirements of the Aviation Security Act, as well as TSA regulations and other security requirements.

The Airport has two passenger screening checkpoints. TSA employees screen airline passengers using a variety of electronic equipment and physical screening methods (e.g., pat down) designed to detect prohibited items and explosives. TSA has deployed five Advanced Imaging Technology ("AIT") backscatter x-ray machines at the two passenger checkpoints. TSA screens carry-on baggage using x-ray machines (including advanced technology x-ray machines), electronic trace detection equipment, and physical inspections as needed. Checked baggage (and other cargo in the belly of the airplane) is screened using a variety of methods, including Explosives Detection Systems, electronic trace detection equipment, and physical inspections as needed.

The Airport has a federal inspection services area that is staffed by Department of Homeland Security Customs and Border Protection officers on an as-needed basis to process/clear airline passengers arriving from international points of origin.

Major Sources of Airport Operating Revenues. In Fiscal Year 2011, which is the most recent Fiscal Year for which audited financial information is available, the Airport generated total operating revenues of approximately $135.2 million, derived from the sources shown in Table 9.

TABLE 9

PORT OF OAKLAND
OAKLAND INTERNATIONAL AIRPORT
CATEGORIES OF OPERATING REVENUE
FISCAL YEAR 2011

Revenue Description	Amount
Airline terminal rental	$ 27,364,000
Airline landing fees (excludes cargo airlines)	19,626,426
Total airline revenues	46,990,426
Concession[(1)]	19,127,821
Parking & ground access	28,812,537
Lease rentals[(2)]	20,707,048
Landing fees-cargo airlines	8,673,223
Aviation fueling	3,560,980
Utility sales	4,427,134
Other[(3)]	2,873,178
Total revenues	$135,172,347

(1) Includes in-terminal concessions and rental car concession payments.
(2) Includes rental payments made under leases by rental car companies, air cargo carriers and others.
(3) Includes non-airline terminal revenues, miscellaneous revenues and other airfield revenue.

The single largest source of Aviation-related revenues in Fiscal Year 2011 was Southwest Airlines, which was responsible for approximately 24% of the Aviation Division's total operating revenues in Fiscal Year 2011. The top ten sources of Aviation operating revenue in Fiscal Year 2011 are presented in the following table.

TABLE 10

PORT OF OAKLAND
OAKLAND INTERNATIONAL AIRPORT
TOP TEN SOURCES OF AVIATION OPERATING REVENUE
FISCAL YEAR 2011

Rank	Source	Revenue
1	Southwest Airlines	$32,634,840
2	On-Airport public parking[(1)]	23,714,316
3	FedEx	12,401,707
4	Avis Rent-A-Car Systems Inc.	5,558,343
5	Hertz Corporation	4,740,814
6	HMS Host Corp.	4,641,064
7	United Parcel Service	3,314,080
8	Alaska Airlines	3,129,648
9	DTG Operations, Inc.	3,096,723
10	jetBlue Airways	3,065,958

(1) Operated by Ampco PPM Oakland Airport Management, LLC.

Airline Payments. Approximately $47.0 million, or 35%, of the Aviation Division's operating revenues were derived from passenger airline payments of landing fees and terminal space rentals in Fiscal Year 2011. The methodology for determining the amounts payable by the airlines is described under "—Airline Agreements and Rate Setting" below. Airlines are also responsible for collecting passenger facility charges ("PFCs") from passengers and remitting them to the Port. PFCs are used to finance eligible airport projects approved by the FAA and are discussed under "CAPITAL PLANNING AND CAPITAL PROJECTS—Funding for Capital Projects in the CNA—Aviation Funding Sources—Passenger Facility Charges." Pledged Revenues do not include PFC revenues, which are restricted Passenger Facility Charges as described under the Senior Lien Master Trust Indenture.

Parking. Parking and ground access revenues were approximately $28.8 million in Fiscal Year 2011, of which approximately $23.7 million was from on-Airport public parking. The parking facilities at the Airport are currently operated by Ampco PPM Oakland Airport Management, LLC ("Ampco") pursuant to a management contract that expires December 31, 2012. On September 6, 2012, the Board approved the award of the parking management contract to a new parking operator, LAZ Parking California LLC ("LAZ"). The Port expects to execute an agreement with LAZ during the second quarter of Fiscal Year 2013. The management contract with Ampco provides that the Port receives all parking revenues, except for a fixed management fee and a possible additional incentive fee that could be earned based on meeting certain parking volume thresholds. This fee framework is expected to continue in a new management agreement, except that the incentive fee under the new contract is expected to be based on revenue threshholds rather than volume threshholds. As of July 2012, there were approximately 5,700 off-Airport parking spaces operated by private companies that serve passengers using the Airport. Competition from off-Airport parking has a significant impact on on-Airport parking demand and revenue. Because there remains a high supply of off-Airport parking available compared to on-Airport parking, the Airport's ability to increase parking rates and revenue is limited. Revenues derived from public parking and ground access are not included in the calculation of Airline Rates and Charges.

Rental Car Payments. In July 2007, the Port entered into space use permits for non-exclusive rental car concessions with the six on-Airport rental car companies operating at the Airport (representing nine company brands), providing for payments to the Port of rent at the greater of approximately $13 million or 10% of the companies' aggregate gross receipts from vehicle rentals at the Airport ("concession rent"). Each agreement expires in July 2014, unless the Port exercises its options to extend the agreements for three additional one-year periods, extending the expiration dates to July 2017. The Port also receives an annual rent of approximately $2.7 million from the lease to the rental car companies of ready-return lots and rental counter facilities owned by the Port (approximately 15 acres plus additional land). The annual rent for ready-return lots and rental counter facilities are subject to periodic adjustment. In addition, the Port has leased six rental car maintenance facilities to rental car companies under long-term ground leases on the North Field that are expected to generate annual rental revenues of approximately $1.6 million until approximately 2018. Concession rent from the space use permits is included in the calculation of the Airline Rates and Charges to be paid by the airlines under the Airline Operating Agreement, and as a result, reduce such Airline Rates and Charges. Revenues derived from land and facility rents, which are collected under the space use permits for the lease of ready-return lots and rental counter facilities and the leases of maintenance facilities, are not included in the calculation of Airline Rates and Charges.

In addition, the on-Airport rental car companies must collect a $10-per-transaction customer facility charge (a "CFC") from their rental customers, and the off-Airport rental car companies that use the common transportation system must collect a $7-per-transaction CFC. CFCs remitted to the Port totaled approximately $4.8 million in Fiscal Year 2011. California law limits the use of CFCs to the financing of consolidated airport car rental facilities and the common use transportation systems that move passengers between airport terminals and those consolidated car rental facilities. CFCs remitted to the Port are used to reimburse costs incurred for operating a common busing system between the terminals and the consolidated rental car facility at North Field, as well as the purchase of new buses. Pledged Revenues do not include CFC revenues, which are restricted Customer Facility Charges as described under the Senior Lien Master Trust Indenture.

In-Terminal Concessions. In 2006, Host International, Inc. ("Host") was awarded a contract for most of the in-terminal retail concession privileges (food, beverage, retail and duty free) within the passenger terminal buildings at the Airport, providing the Port a minimum annual guaranty of approximately $3.5 million. The minimum annual guaranty may be adjusted from time to time. Host either directly or through its subtenants operates fourteen retail stores, one duty free store and 19 food and beverage outlets (two of which contain more than one restaurant). The Port has three independently-operated concessions: Andale Restaurant, Firewood Café, and Vino Volo, a wine and tasting room. All concession contracts, including Host's, expire in 2018. In-terminal advertising is provided through Clear Channel Airports, which pays the Airport the greater of a minimum annual guaranty of $850,000 or 60% of gross receipts. This contract also expires in 2018. Revenues derived from these in-terminal concessions and the advertising program are included in the calculation of the Airline Rates and Charges to be paid by the airlines under the Airline Operating Agreement, and as a result, reduce such Airline Rates and Charges.

Non-Diversion of Airport Revenues. In general, a U.S. airport operator that receives any federal assistance through the Airport Improvement Program ("AIP"), as the Port does, is required to give the DOT assurances that all airport-generated revenues will be expended only for the capital and operating costs of the airport, the local airport system, or other local facilities owned and operated by the airport sponsor that are directly and substantially related to the air transportation of passengers or cargo. This rule is established by federal statute and further documented in a policy statement promulgated by the DOT on February 16, 1999 (the "Revenue Retention Policy"). However, the applicable statutes and the Revenue Retention Policy also provide that the revenues from any of the airport owner and operator's facilities may be used to support the general debt obligations or other facilities of the airport owner or operator if such uses are (1) provided for in a law enacted on or before September 2, 1982 that controls financing by the airport owner or operator or (2) required under a covenant or an assurance in a debt obligation issued by the Airport sponsor on or before September 2, 1982. Airport sponsors that are covered by this provision are called "grandfathered" airport sponsors. The Port sought confirmation from the FAA, and the FAA confirmed, that the Port is a grandfathered airport sponsor and may use its airport revenues for general debt obligations or for Port facilities.

Airline Agreements and Rate Setting.

Agreements with the Airlines. All commercial air carriers, both passenger and cargo, currently providing scheduled service to the Airport operate under separate individual Airline Operating Agreements with the Port, all of which expire on September 30, 2013. Each air carrier that is party to an Airline Operating Agreement and occupies space in the Airport terminals is also party to a Space/Use Permit with the Port, which expires on September 30, 2013. The Airline Operating Agreement and the Space/Use Permit together are referred to herein as the "Airline Operating Agreement." The Airline Operating Agreement with any airline may be canceled by either the airline or the Port upon 30 days' written notice. The Airline Operating Agreement does not require the Port to obtain approval of any airlines in order to undertake capital projects or to incur debt. The Airline Operating Agreement requires that the airlines pay landing fees, terminal space rentals (for air carriers occupying space in the terminals) and other charges for their use of the Airport's facilities and collect passenger facility charges from their passengers on behalf of the Port. Airline Rates and Charges under these agreements generally are established annually on a Fiscal Year basis in accordance with the Board's rate-setting ordinance as discussed in the following paragraphs. Airlines that are not party to an Airline Operating Agreement pay Airline Rates and Charges in accordance with the Board ordinance described below under "—Rate Setting."

Cost Centers. The Airport has a number of separate cost centers. The passenger terminal areas, the airfield, and contract fueling activities are airline-supported cost centers. Airline Rates and Charges are established separately for each of these three cost centers so that the Airport's net expenses for operating those cost centers are paid by the airlines. For example, the airlines are required to pay a landing fee (based on aircraft landed weight) for use of the Airport's airfield areas and to pay terminal rentals (based on square feet leased or passenger volume) for use of the Airport's passenger terminal space, including ticketing counters, hold rooms, offices, baggage claim areas, baggage make-up areas and concession storage areas. The passenger airlines have no responsibility for the Airport's other cost centers (such as the North Field, parking and ground access, cargo areas, and certain leased properties).

Rate Setting. Rates for the airline-supported cost centers described above are adjusted annually by the Board at the beginning of each Fiscal Year based on budgeted expenses in the upcoming Fiscal Year. To determine rates, the Port summarizes the direct and indirect expenses allocable to each of the airline-supported cost centers for the Fiscal Year. The following are included in the calculation of expenses: (i) operating and maintenance expenses; (ii) to the extent the proceeds of any Senior Lien Bonds, Intermediate Lien Bonds or CP Notes were spent on such facilities, an allocated capital cost equal to 1.25 times debt service on the applicable Senior Lien Bonds and 1.10 times debt service on the applicable Intermediate Lien Bonds and certain CP Notes; and (iii) an amortization charge for the Port's internally-generated capital invested in the Airport with an interest component equal to the average interest rate on the Port's outstanding bonds.

Terminal rental rates are determined after subtracting concession and other general terminal revenues (including certain car rental revenues as described under "—Rental Car Payments") from expenses. Airfield rates, or landing fees, are derived after subtracting plane storage, apron rental, in-flight catering, ground-handling and other airfield revenues from estimated expenses.

Airline rates are generally set annually by Board ordinance. Rates may be adjusted more frequently, and such interim adjustments of airline rates have occasionally occurred in the past. Since 2007, Airline Rates and Charges have been based on the adopted Port budget. There is a review to determine actual annual expenses incurred in the affected terminal and airfield cost centers following the end of each Fiscal Year. Shortfalls or surpluses realized in a given Fiscal Year are reflected in the calculation of Airline Rates and Charges two years after the fact or later. Hence, if the airlines pay too much or too little from actual operations during Fiscal Year 2011, that variance would be reflected in the calculation of Airline Rates and Charges in subsequent years starting in Fiscal Year 2013. This process repeats each Fiscal Year. Rate setting by ordinance gives the Port flexibility with respect to Airport operations and rate-setting. The Port could revise or amend the ordinance and change its rate-setting policies in the future.

If at any time no Airline Operating Agreement is in place, the Port can continue to set Airline Rates and Charges and collect them from air carriers using the Airport. Air carriers using the Airport that are not party to an Airline Operating Agreement pay Airline Rates and Charges in accordance with the Board's Airline Rates and Charges ordinance. A surcharge, set forth by the same Rates and Charges ordinance, typically applies to air carriers that are not party to an Airline Operating Agreement.

The Oakland Fuel Facilities Corporation ("OFFC") is a consortium of a majority of commercial airlines at the Airport that manages all fueling facilities (e.g., tank farm, hydrant fuel system, fueling vehicles) and to dispense contract jet fuel at the Airport. Effective January 1, 2008, the Port entered into a 20-year lease with OFFC. OFFC does not pay rental based on fair market rental value of Port assets. However, OFFC pays monthly rent to the Port based on an annual budgeting process that includes the Port's anticipated annual expenses attributable to the OFFC plus a true-up of OFFC's prior year payments. For Fiscal Year 2011, the Port received payments from OFFC of approximately $2.4 million.

Federal statutes and FAA regulations require that an airport maintain a rate structure that is as "self-sustaining" as possible. Various federal statutes also require that the Airline Rates and Charges assessed by an airport operator for the use of its facilities by airlines and other aeronautical users be "reasonable" and not "unjustly discriminatory" and authorize the Secretary of Transportation to review Airline Rates and Charges complaints brought by air carriers. No assurance can be given that the applicable statutory standards will remain the same or that FAA regulations or policies will not be modified or replaced in the future. The impact on the Port of such a modification or replacement cannot be predicted. There is currently no dispute between the Port and any of the airlines serving the Airport over existing Airline Rates and Charges, but no assurance can be given that the airlines will not challenge the Port's rate-setting methods in the future.

Maritime Division

Overview. The Seaport is the fifth busiest container port in the United States as measured by the number of twenty-foot equivalent units ("TEUs") handled, according to the American Association of Port Authorities North America Container Traffic, 2011 Port Ranking by TEUs survey. The Seaport serves as the principal Northern California ocean gateway for international containerized cargo shipments (particularly to and from the Pacific Basin). The Seaport is one of five major gateways for such shipments on the West Coast of North America. In calendar year 2011, the Seaport handled approximately 1.8 million loaded TEUs. The Seaport handles cargo that serves a large local and regional population. The Seaport competes with other ports primarily for discretionary intermodal rail cargo, which is cargo originating at or bound for inland destinations that could be shipped through any one of several ports. Currently, and in recent years, the Seaport's discretionary container traffic represents approximately 20% of the total cargo handled at the Seaport.

In Fiscal Year 2011, the Port's Maritime Division generated approximately 51% of the Port's total operating revenues. The Port generates revenues from the Seaport by leasing its maritime facilities primarily to maritime terminal operators and also to other maritime-related businesses. As a result, the Maritime Division's operating revenues are derived primarily from contractual payments made by tenants at the Seaport under a variety of agreements that vary in length and type, rather than directly from fees generated from cargo activity.

Approximately 77% of the Maritime Division's operating revenue in Fiscal Year 2011 was derived from minimum annual guarantees ("MAGs") or other fixed payments under long-term agreements. Approximately 13% of the Maritime Division's operating revenue in Fiscal Year 2011 was derived from variable revenue under long-term agreements with terminal operators, primarily variable revenue for traffic above MAGs. Approximately 8% of the Maritime Division's operating revenue was derived from other tenants that are typically under short-term agreements for ancillary support services, and the balance of Maritime Division's operating revenues were derived primarily from utility sales.

In general, there is not a direct correlation between overall maritime activity at the Port and the Maritime Division's revenues because a large percentage of such revenues come from MAGs and other fixed payments which, except in limited circumstances, are required to be paid regardless of cargo activity levels. However, cargo activity levels do affect the long-term demand for the Port's facilities and the financial condition of the Port's marine terminal operators and other tenants, and therefore of the Port. In addition, shifts in activity from one terminal to another can affect variable revenue, either negatively or positively, even if overall cargo activity levels at the Seaport in aggregate are unchanged. For example, if cargo moved from a terminal at which cargo activity is above the MAG, and the tenant is therefore paying the Port both the MAG and additional variable revenue, to a terminal that is operating below its MAG and at which the tenant is only paying the MAG, the total cargo volume would be unchanged but the revenues to the Port would decrease.

The agreements under which the Port leases its maritime facilities set forth various terms including the basis on which fixed and variable revenues are calculated and paid to the Port. These agreements vary in length, and are subject to change upon expiration or renegotiation of a current lease prior to its expiration.

For more information about the Maritime Division's revenues and expenses, see "—Major Sources of Maritime Operating Revenue," and "—Port Operating and Use Agreements and Port Tariffs" below. For additional information about factors that may affect the Maritime Division, see "—Other Factors—Competition," "INVESTOR CONSIDERATIONS—Uncertainties of the Maritime Industry," "—Competitive Considerations at the Seaport," and "—Maintenance of Channel and Berth Depth."

Activity at the Seaport.

Major Ocean Carriers Serving the Port. All major ocean carriers currently serve the Port, including: APL, China Shipping, CMA-CGM, COSCO, Evergreen, Hamburg Sud, Hanjin, Hapag-Lloyd, Horizon, Hyundai, K-Line, Maersk, Matson Navigation, Mediterranean Shipping, Mitsui, NYK, OOCL and Yang Ming. All but two of the shipping lines calling at the Seaport currently participate in a strategic alliance with other shipping lines. Membership in alliances shifts from time to time. Should a shift in alliance membership result in a transfer of cargo from one terminal to another, revenues received by the Port could be negatively impacted.

Containerized Cargo Activity. The Seaport handles a diverse range of containerized import and export commodities. During calendar year 2011, export (outbound) and import (inbound) cargo constituted 55% and 45% of the total cargo handled at the Port (loaded and empty TEUs, respectively. The Seaport has one of the largest percentages of export cargo (relative to its total throughput) on the West Coast because of its close proximity to one of the most productive growing regions in the United States (the California Central Valley) and because it is generally the last port of call in California, which shortens the transit time to Asian markets. Principal exports moving through the Port are edible fruit and nuts, meat, machinery, beverages, inorganic chemicals/rare earth, vehicles, cereals and miscellaneous chemical products. Principal imports are machinery, furniture and bedding, beverages, knit apparel, woven apparel, vehicles, toys and sports equipment, plastic and coffee.

The Port's containerized cargo activity increased from approximately 1.3 million loaded TEUs in calendar year 2002 to approximately 1.8 million loaded TEUs in calendar year 2011, an annual compounded growth rate of 3.8%. Total loaded containerized cargo increased 1.9% in calendar year 2011 as compared to calendar year 2010. In calendar year 2011, containerized cargo represented more than 99.9% of the total cargo tonnage handled by the Port (excluding one privately-owned bulk facility and vessel fueling operations). Occasionally, breakbulk cargo (primarily automobiles and commercial vehicles), dry bulk cargo (primarily scrap steel), and liquid bulk cargo (primarily bunker fuels for carriers serving the Seaport) move through the Seaport's container terminals or the Seaport area.

For calendar year 2011, approximately 88% of the Seaport's trade was with international trading partners or regions and 12% was domestic. Pacific Rim countries continue to be the principal origination and destination points for cargo moving through the Port. Trade with Asia accounted for approximately 88% of the Port's international cargo tonnage and approximately 78% of the Port's total cargo tonnage in calendar year 2011. The Seaport's domestic trade consists primarily of traffic to/from Hawaii and other Pacific islands, including the U.S. territory of Guam and the Commonwealth of the Northern Marianas Islands.

The activity and growth in containerized cargo, measured in revenue tons and TEUs, through the Seaport for calendar years 2002 through 2011 are shown in Table 11 below.

TABLE 11

PORT OF OAKLAND
MARITIME DIVISION
CONTAINERIZED CARGO
CALENDAR YEARS 2002 THROUGH 2011
(000s)

Calendar Year	Revenue Tons	Loaded TEUs	Total TEUs(1)
2002	21,667	1,280	1,708
2003	23,623	1,399	1,923
2004	25,511	1,508	2,048
2005	28,803	1,683	2,274
2006	29,542	1,718	2,392
2007	30,602	1,780	2,388
2008	29,362	1,707	2,234
2009	28,940	1,668	2,045
2010	30,934	1,758	2,330
2011(2)	31,646	1,791	2,343
Compounded Annual Growth Rate			
2002- 2011	4.3%	3.8%	3.6%

(1) Includes loaded and empty TEUs.
(2) Preliminary; subject to final review.

Activity During the First Six Months of Calendar Year 2012. In the first six months of calendar year 2012, loaded and total TEUs were approximately 882,000 and 1.1 million respectively. This activity level is essentially flat as compared to the same time period in calendar year 2011. Exports and imports comprised 56% and 44%, respectively, of total cargo handled at the Seaport during the first six months of calendar year 2012. This is essentially unchanged from the same time period in calendar year 2011.

Maritime Facilities. The Port has approximately 1,300 acres of Seaport facilities, which generally consist of marine (container) terminal areas, a rail intermodal terminal facility, areas for truck staging, container storage and maritime support services operations, and a portion of the former Oakland Army Base property, which the Port anticipates developing as described below under "—Other Property." These facilities are supported by a transportation network, which includes intermodal rail facilities, a deep water navigation channel, and a network of roads, as discussed below.

The Seaport's four major marine terminal areas are comprised of eight terminals with eighteen deep-water berths (thirteen with depths of minus 50 feet mean lower low water ("mllw") and five with depths of minus 42 to minus 44 feet mllw). The berths are served by thirty-six container cranes (thirteen owned by tenants, rather than by the Port), of which fifteen are post-Panamax size and fifteen are super post-Panamax size. The four marine terminal areas are: the Outer Harbor Terminal Area, the 7th Street Terminal Area, the Middle Harbor Terminal Area and the Inner Harbor Terminal Area. The Seaport also has a rail intermodal terminal area, the former Oakland Army Base property, and the Roundhouse property. Agreements relating to these areas are discussed in "—Port Operating and Use Agreements and Port Tariffs" below.

The diagram on the next page shows the current layout of the Maritime Division's facilities, which are described in further detail on the following pages.

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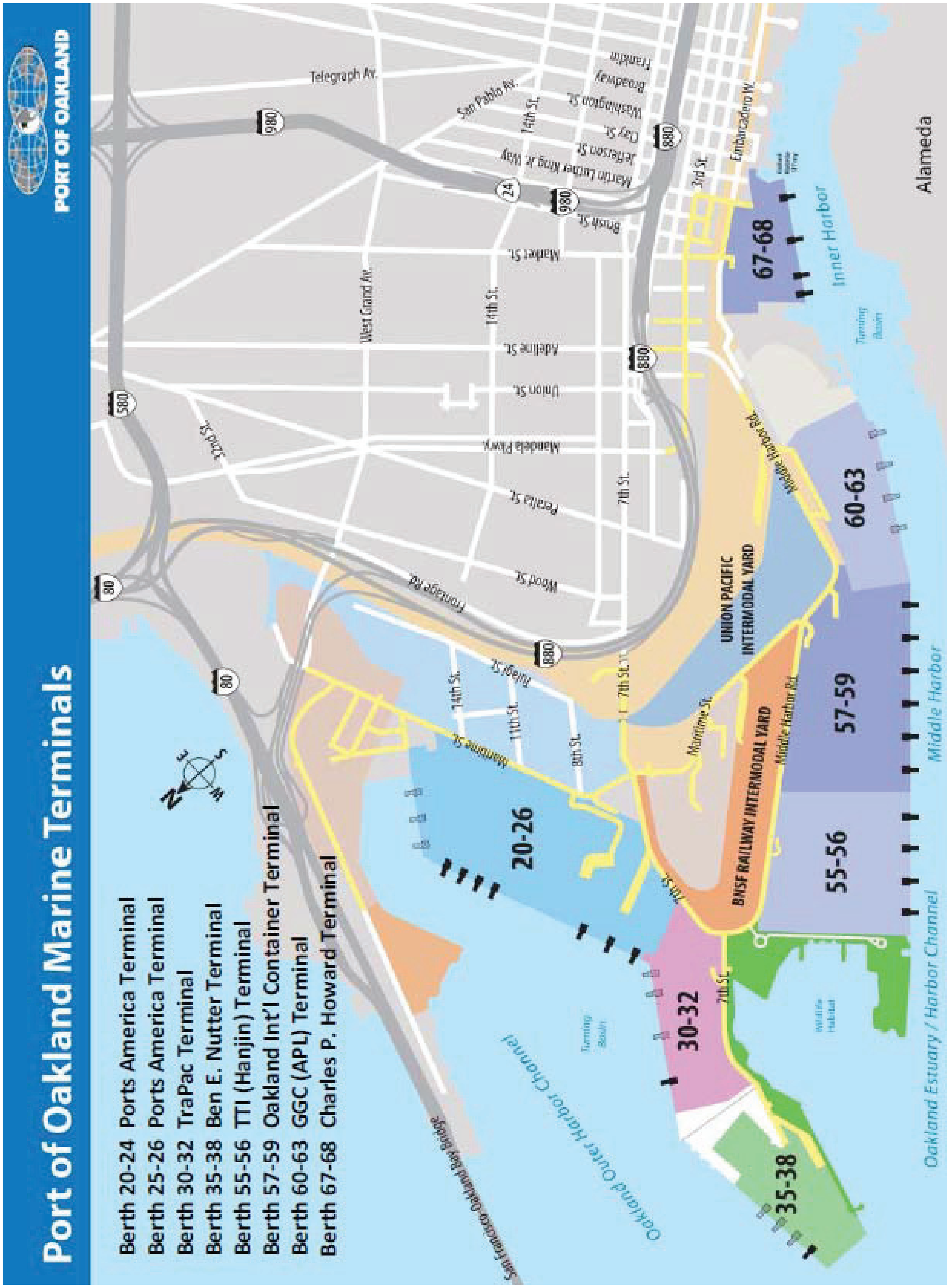
Port of Oakland Marine Terminals
PORT OF OAKLAND
Berth 20-24 Ports America Terminal
Berth 25-26 Ports America Terminal
Berth 30-32 TraPac Terminal
Berth 35-38 Ben E. Nutter Terminal
Berth 55-56 TTI (Hanjin) Terminal
Berth 57-59 Oakland Int'l Container Terminal
Berth 60-63 GGC (APL) Terminal
Berth 67-68 Charles P. Howard Terminal
20-26
30-32
35-38
55-56
57-59
60-63
67-68
UNION PACIFIC INTERMODAL YARD
BNSF RAILWAY INTERMODAL YARD
Oakland Outer Harbor Channel
Oakland Estuary / Harbor Channel
Middle Harbor
Inner Harbor
Alameda
San Francisco-Oakland Bay Bridge
Telegraph Av.
San Pablo Av.
West Grand Av.
14th St.
Market St.
Adeline St.
Union St.
Mandela Pkwy.
Peralta St.
Wood St.
Frontage Rd.
7th St.
Maritime St.
Middle Harbor Rd.
Embarcadero W.
3rd St.
Brush St.
Martin Luther King Jr. Way
Jefferson St.
Clay St.
Washington St.
Broadway
Franklin
32nd St.
11th St.
8th St.
580
980
880
80
24

Outer Harbor Terminal Area. The Outer Harbor Terminal Area is comprised of 210 acres located adjacent to the Outer Harbor deep-water channel, with rail and highway access. The Outer Harbor Terminal Area's two terminals are the Ports America Outer Harbor Terminal (Berths 20-24) and the Ports America Outer Harbor Terminal (Berths 25-26) (together, the "Ports America Outer Harbor Terminals"). The Ports America Outer Harbor Terminals consist of approximately 210 acres and are served by ten cranes, three of which are owned by Ports America Outer Harbor Terminal, LLC ("Ports America") and seven of which (including one super post-Panamax and six post-Panamax) are owned by the Port.

7th Street Terminal Area. The 7th Street Terminal Area is comprised of 168 acres located between two deep-water channels, with rail and highway access. The 7th Street Terminal Area includes two terminals, the TraPac Terminal (Berths 30-32) and the Ben E. Nutter Terminal (the "Nutter Terminal") (Berths 35-38), as well as Berths 33 and 34, portions of which are currently vacant. The TraPac Terminal (Berths 30-32) covers 65 acres, and is equipped with three post-Panamax cranes (owned by Trans Pacific Container Service Corporation) and one super post-Panamax crane (owned by the Port). The Nutter Terminal consists of 58 acres of container area, and is leased and operated by Everport Terminal Services Inc., a wholly-owned subsidiary of Evergreen Marine Corporation (Taiwan), Ltd. The Nutter Terminal is equipped with three super post-Panamax cranes (owned by the tenant) and one post-Panamax crane (owned by the Port). Evergreen Marine Corporation (Taiwan), Ltd. leases approximately 15 acres of Berth 34 backlands next to the Nutter Terminal on a month-to-month basis.

Middle Harbor Terminal Area. The Middle Harbor Terminal Area is comprised of 351 acres adjacent to the Inner Harbor deep-water channel, with rail and highway access. The Middle Harbor Terminal Area includes the Global Gateway Central Terminal (the "GGC Terminal") (Berths 60-63), the Total Terminals International Terminal ("TTI Terminal") (Berths 55-56) and the Oakland International Container Terminal (the "OICT Terminal") (Berths 57-59). The 80-acre GGC Terminal is operated by Eagle Marine Services, LTD ("EMS") and is currently equipped with four tenant-owned post-Panamax container cranes. The TTI Terminal is a 120-acre facility equipped with four super post-Panamax cranes owned by the Port. The 151-acre OICT Terminal is operated by SSA Terminals (Oakland), LLC and is equipped with six super post-Panamax cranes owned by the Port.

Inner Harbor Terminal Area. The Inner Harbor Terminal Area includes the Charles P. Howard Container Terminal (the "Howard Terminal") (Berths 67-68). The Howard Terminal is a 50-acre terminal that is currently operated by SSA Terminals, LLC for its partner Matson Navigation. The facility is equipped with four container cranes owned by the Port, one of which is a post-Panamax crane. The Howard Terminal supports Matson's auto and containerized cargo shipments.

Rail Intermodal Terminal Areas. The two western transcontinental railroad companies, BNSF Railway ("BNSF") and Union Pacific Railroad ("UP"), serve the Seaport at two rail intermodal terminals that provide rail shipping service to various points throughout the United States. One rail intermodal terminal, the Oakland International Gateway ("OIG") (formerly known as the Joint Intermodal Terminal), is owned by the Port and consists of 85 acres of intermodal facilities. The Port leases the OIG to BNSF through 2013. The OIG has an annual operating capacity of approximately 360,000 container lifts (approximately 630,000 TEUs). The OIG was used at approximately 23% of its operational capacity in calendar year 2011. The other rail intermodal terminal, known as Railport-Oakland, consists of approximately 110 acres and is owned and operated by UP on its property adjacent to the Seaport. Railport-Oakland has an annual capacity of approximately 490,000 container lifts (approximately 857,000 TEUs). The combined capacity of the railyards is about 850,000 lifts or 1.5 million TEUs. UP is permitted to use the OIG to supplement the cargo capacity of its intermodal terminal.

Other Property. The Port owns approximately 280 acres of property adjacent to the marine and rail terminal facilities, as outlined below.

The Port owns approximately 241 acres of the former Oakland Army Base (the "OAB"). The Port currently leases portions of this property to various maritime-related tenants. The City of Oakland and the Port have completed a master plan to develop the former OAB into a state-of-the-art trade and logistics center, including a new intermodal rail terminal, rail served warehouses for maritime-related businesses, truck parking, and infrastructure improvements, including roadway and utility systems. The Port anticipates that this development will take ten years or more to complete. The Port's first project is anticipated to be a new railyard that can accommodate significant transloading activity, where cargo can be transferred between boxcars, hopper cars, and similar vehicles and containers transferring between container ships and trains. While the Port's Rail Intermodal Terminal Areas described above have sufficient capacity for increased intermodal rail activity, the Port currently lacks capacity for non-containerized rail shipments moving by other modes of transportation, which the planned OAB railyard project is intended to address. The initial phase of the railyard improvements is anticipated to be completed in 2015. Subsequent development will be based on market demand. The Port anticipates continuing to rent portions of the OAB property to various maritime-related businesses prior to and during the construction of the anticipated development. See "CAPITAL PLANNING AND CAPITAL PROJECTS—Capital Projects in the CNA—Maritime Projects in the CNA—Site Preparation and Redevelopment of the Former Oakland Army Base."

In addition, the Port owns 39 acres located next to the GGC Terminal, referred to as the "Roundhouse" property. This area is paved and available for maritime-related uses. Portions of the property are leased to maritime tenants as needed on a short- to medium-term basis, but the Port anticipates that in the long-term it may be consolidated with the GGC Terminal.

The Port's navigational channel is at minus 50 feet mllw and can accommodate the latest generation of container vessels capable of transporting up to approximately 14,000 TEUs. Most of the Port's berths, wharves and embankments have also been upgraded to accommodate vessels requiring minus 50-foot depth. The berths at the GGC Terminal described above under "—Middle Harbor Terminal Area" have been dredged to a depth of minus 42 feet mllw. In order to deepen the berths at the GGC Terminal to minus 50 feet mllw to accommodate larger ships, the wharf needs to be re-constructed. Some funding for preliminary planning of this work is included in the CNA. The berths at the Howard Terminal described above under "—Inner Harbor Terminal Area" below are also dredged to a depth of minus 42 feet mllw. There are no current plans to deepen the berths at this terminal because its current user, Matson Navigation, does not use ships at the Seaport that require a deeper berth.

The Seaport has access to an extensive freeway system, including the transcontinental highways (Interstate 80 and U.S. 50) and the north-south highways (Interstate 5, Interstate 880 and U.S. 101). For a discussion of some environmental issues associated with the trucking of cargo from the Port, see "—Other Factors—Air Quality," and "INVESTOR CONSIDERATIONS—Environmental Compliance and Impact."

Other Factors

Competition. Because the Seaport is the only deep water port in Northern California, it is the primary port for cargo that serves the local and regional population ("local cargo"). While the Port does face some competition from other U.S. West Coast ports for local cargo, the Port faces more significant competition for discretionary intermodal rail cargo. For this cargo, the Port primarily competes with other North American West Coast gateways, including the Southern California ports of Los Angeles and Long Beach, the Pacific Northwest ports of Seattle and Tacoma, Washington, the Canadian ports of Vancouver and Prince Rupert, and Manzanillo and Lazaro Cardenas on the Mexican West Coast. In addition, the Seaport competes with ports on the East Coast and Gulf Coast. The Seaport was the fifth busiest container port measured by cargo volume (measured by TEUs) in the United States in calendar year 2011, behind the Ports of Los Angeles, Long Beach, New York/New Jersey and Savannah.

Various factors influence a seaport's competitiveness with respect to attracting cargo, including but not limited to operational factors such as cost, efficiency, service reliability, and transit time. When choosing a port of call, ocean carriers also consider the quality of seaport facilities, such as water depth, berth accommodations, cranes (both number and size), terminal size, and transportation networks, including intermodal service. See "INVESTOR CONSIDERATIONS—Competitive Considerations at the Seaport." For further discussion of facility requirements with respect to increasingly large ships, see "INVESTOR CONSIDERATIONS—Uncertainties of the Maritime Industry."

Potential Action by International Longshore and Warehouse Union. The labor agreement between the International Longshore and Warehouse Union (the "ILWU"), the union representing most dockworkers at all United States West Coast ports, and the Pacific Maritime Association (the "PMA"), which represents companies engaged in shipping to or through ports on the West Coast of the United States, expires on July 1, 2014. The ILWU members are not employees of the Port. During the last contract negotiation between these parties in 2008, the contract had expired for 29 days before a tentative agreement was reached. The ILWU did not call for a strike authorization vote and kept working while both sides continued to negotiate an agreement. During the last two weeks of negotiations, however, the ILWU began taking coordinated unit breaks and engaging in slowdown tactics against the shipping companies. Drop-offs in productivity varied from terminal to terminal and ranged between 15% and 40%. During the previous contract negotiation between these parties in 2002, the ILWU staged a work slowdown and the PMA locked out workers for eleven days, resulting in the shutting down of port operations on the United States West Coast. The ILWU continues to engage periodically in work slowdowns and stoppages. Future slowdowns, lockouts or other labor activities, including strikes, could reduce the ability of the Port's maritime tenants to move cargo through the Seaport and therefore could have a materially adverse financial impact on the Port, particularly if such activities constrain or shut down Seaport maritime operations for extended periods. In most, but not all, cases, the terminal operators would be required to pay their MAGs, but the over-the MAG revenue would be affected if activity was impaired. In addition, past labor disruptions have affected the competitive position of West Coast ports, including the Seaport.

Security. The U.S. Coast Guard has indicated to the Port that the Port is in compliance with all relevant federal security requirements at its maritime facilities. Security measures at the Seaport include radiation portal monitors in all international terminals and a comprehensive intrusion detection and surveillance system. Additional security projects are included in the CNA as described under "CAPITAL PLANNING AND CAPITAL PROJECTS—Capital Projects in the CNA—Maritime Projects in the CNA." The Port is a member of the San Francisco Bay Area Maritime Security Committee (the "AMSC"). This committee meets quarterly and is chaired by the U.S. Coast Guard, with participants from all federal, state, and local maritime law enforcement agencies in the region as well as private maritime industry representatives. Through the AMSC, the major ports in the Bay Area including the Port, San Francisco, Stockton and Richmond collaborate to implement the 5-year Strategic Risk Mitigation and Trade Resumption/Resiliency Plan and manage the distribution of the federal Port Security Grant Program to eligible entities within the Bay Area.

The Port also collaborates with federal, state and local agencies in the development and participation in yearly maritime exercises that test the Port's preparation, response and recovery plans and procedures for disasters or incidents of national significance. Lessons learned from these exercises drive communications, command and control, coordination and equipment improvements.

Air Quality. The State of California Air Resources Board ("CARB") has adopted a comprehensive set of regulations to reduce emissions of air pollutants, including diesel particulate matter, from mobile sources associated with goods movement, including but not limited to cargo handling equipment, ships, and trucks. Related to this, in April 2009, the Board adopted its Maritime Air Quality Improvement Plan ("MAQIP"), which sets forth a goal of reducing the health risks from exposure to diesel particulate matter from Seaport sources by 85% by 2020.

Where appropriate and feasible, the Port may support its business partners, financially or otherwise, in complying with regulations or undertaking related air quality emission reduction projects. For example, in 2009 the Port provided $5 million for truck retrofits and/or replacements to help truckers comply with CARB regulations. The Port has also begun to implement its Shore Power Program, which involves the construction of new infrastructure so that ships can plug into the electric grid while at dock. This infrastructure will enable shipping lines to comply with CARB regulations that require reductions of ship emissions. This project is described in greater detail under "CAPITAL PLANNING AND CAPITAL PROJECTS—Projects in the CNA—Maritime Projects in the CNA—Shore Power Program." The Port's contribution to future regulatory compliance of its trucking and other business partners has not yet been determined. The Port can provide no assurance that upcoming regulatory deadlines affecting trucking and other business partners will not impact Seaport operations.

Major Sources of Maritime Operating Revenues. The Maritime Division generated total operating revenues of approximately $151.9 million in Fiscal Year 2011. These revenues were derived from five categories as detailed in Table 12 below. In Fiscal Year 2011, approximately 77% of the Maritime Division's operating revenues were derived from fixed revenue under long-term agreements. The terms of the Port's agreements with shipping lines and other users of the Seaport are such that an individual tenant or user may be required to make both fixed and variable payments as described in greater detail below under "—Port Operating and Use Agreements and Port Tariffs." The amounts the Port received from each revenue category in Fiscal Year 2011 are presented in Table 12.

TABLE 12

PORT OF OAKLAND
MARITIME DIVISION
CATEGORIES OF OPERATING REVENUE
FISCAL YEAR 2011

Revenue Sources	Fiscal Year 2011
Fixed revenue under long-term agreements	$ 116,580,042
Variable revenue under long-term agreements	19,180,519
Revenue under other agreements	11,427,993
Utility sales	4,238,391
Other(1)	427,446
Total	$ 151,854,391

(1) Adjustment(s) to bad debt revenue offset from the prior year.

Fixed revenue under long-term agreements includes all revenue collected from MAGs associated with Non-Exclusive Preferential Assignment Agreements, base rent associated with Lease and Concessions, and rent associated with certain Leases. Except under very limited circumstances, fixed revenues are required to be paid regardless of activity levels. Variable revenue under long-term agreements includes revenue collected above the MAG level in the Non-Exclusive Preferential Assignment Agreements, above the base rent set in Lease and Concessions, and above the rent associated with certain Leases. This variable revenue is dependent on activity levels. Revenue under other agreements includes revenue from short-term and medium-term agreements (both Space Assignments and Leases). These agreements are further described under "—Port Operating and Use Agreements and Port Tariffs."

In Fiscal Year 2011, activity levels under four of the seven Non-Exclusive Preferential Assignment Agreements exceeded MAG levels, and thus generated additional variable revenues for the Port. Preliminary financial results indicate that in Fiscal Year 2012, activity levels under two of the seven Non-Exclusive Preferential Assignment Agreements exceeded MAG levels.

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The following table sets forth the top ten individual sources of Maritime Division's operating revenue for Fiscal Year 2011. Together, the top two sources of operating revenue accounted for approximately 51% of the Maritime Division's operating revenue.

TABLE 13

PORT OF OAKLAND
MARITIME DIVISION
TOP TEN SOURCES OF MARITIME OPERATING REVENUE[(1)]
FISCAL YEAR 2011

BNSF Railway Company
Eagle Marine Services, Ltd.
Evergreen Marine Corporation (Taiwan) Ltd.[(2)]
International Transportation Service, Inc.
Ports America Outer Harbor Terminal, LLC
Shippers Transport Express, Inc.
SSA Terminals, LLC and SSA Terminals (Oakland), LLC (combined)
Total Terminals International, LLC
TraPac, Inc.
Truck Parking[(3)]

(1) Listing is alphabetical and does not necessarily reflect rank in terms of revenue.
(2) As of July 1, 2012, Evergreen Marine Corporation (Taiwan) Ltd. assigned its interest in its lease agreement to Everport Terminal Services Inc., a wholly-owned subsidiary of Evergreen Marine Corporation (Taiwan) Ltd.
(3) Operated by Ampco System Parking, Inc.

Port Operating and Use Agreements and Port Tariffs. The revenues from the operation and use of Seaport facilities are generated largely under the following types of operating and use agreements:

<u>Long-Term Agreements</u>. These agreements include Non-Exclusive Preferential Assignment Agreements, Lease and Concessions, and Leases, each as described below, and are typically associated with marine terminal or rail properties (the Port's principal maritime customers and tenants). Such agreements may be subject to change upon expiration or renegotiation prior to expiration.

Non-Exclusive Preferential Assignment Agreements assign an entire maritime terminal to a specific ocean carrier or terminal operator for its use. These assignment agreements tend to be long-term in nature and are structured to reward higher levels of cargo throughput and facility utilization by charging discounted tariff rates on vessel dockage, wharfage, wharf storage, wharf demurrage and container crane rental. The discounted tariff rates are structured as one or more all-inclusive rates that vary with cargo activity levels. See "—Port Tariffs" below. While allowing preferential assignees to operate and manage terminals for their primary use, the Non-Exclusive Preferential Assignment Agreements are non-exclusive and the Port reserves the right to assign "secondary" use of the facilities. MAGs are adjusted from time to time either through negotiations or pursuant to the provisions of individual Non-Exclusive Preferential Assignment Agreements. Revenues above the MAG level are variable and dependent on the activity levels at the various terminals. Except under limited circumstances including, but not limited to, various force majeure events and other occurrences specified in individual agreements, MAG revenue from Non-Exclusive Preferential Assignment Agreements is required to be paid regardless of activity levels.

The Port is party to a long-term 50-year lease and concession agreement with Ports America. Under this agreement, the Port leased Berths 20-24 to Ports America for a 50-year term that commenced on January 1, 2010. Under the agreement, the Port is to receive a guaranteed annual rent and Ports America is responsible for paying for all capital improvements during the 50-year term of the agreement. The agreement provides that, should Ports America exceed specified activity levels at Berths 20-24, additional rent will be due above the guaranteed annual rent.

The Port leases its intermodal terminal to BNSF under a long-term lease that is currently set to expire in December 2013. The revenues received by the Port from this lease consist of a MAG and additional variable revenue from activity over and above the MAG. In Fiscal Year 2011, BNSF exceed the MAG set forth in the lease agreement, generating additional variable revenue.

Other Agreements. In addition to the long-term agreements discussed above, the Port also has agreements that range from terms of 30 days to approximately ten years. Under these agreements, tenants are required to pay to the Port specific monthly, quarterly, or yearly rental payments in return for exclusive use of all or a portion of a facility or property. These agreements are typically for tenants that provide support or ancillary services to activity generated by marine and rail terminals.

The agreements that are month-to-month are usually referred to as Space Assignment Agreements. Space Assignment Agreements are renewable agreements for the rental of buildings and open acreage, and payments are based on applicable Port tariff charges. See "—Port Tariffs" below. Examples of a space assignment include a local taco or food truck or other maritime support business such as truck parking on the former Oakland Army Base. Space Assignment Agreements are generally terminable on relatively short notice.

Agreements for support or ancillary services that are not month-to-month are usually referred to as Leases. For example, the Maritime Support Services Area has several five- to seven-year lease agreements with maritime support businesses that rent Port land or buildings. Revenues from these agreements are not subject to tariff or activity variations. These agreements typically provide for some fixed revenue over a given period of time regardless of activity levels, except under limited circumstances.

Port Tariffs. The Port sets its tariffs by ordinance. Tariffs cover agreements for use of Seaport facilities as well as rates and provisions for vessel dockage, wharfage, wharf storage, wharf demurrage, container crane rental and other miscellaneous terminal tariff charges necessary for the orderly movement of cargo. Changes in tariff rates affect payments to the Port under the various agreements described above. However, each agreement could be affected differently by changes in the tariff, because the compensation terms (for example, timing and nature of a MAG or land value increase) of each agreement are unique.

Although all California public ports, including the Port, control their respective seaport tariff structures, such ports cooperate in setting tariff rates through membership in the California Association of Port Authorities ("CAPA"). CAPA strives to establish and maintain reasonable and, as far as practicable, uniform terminal rates, charges, classifications, rules and regulations for the handling and movement of domestic and foreign waterborne cargo. CAPA also endeavors to permit California ports to obtain adequate returns on investment to facilitate the maintenance, expansion and improvement of their marine facilities. CAPA is exempt from federal antitrust laws in connection with its cooperative rate setting. In the event CAPA declines to approve any CAPA member's rates, such CAPA member may still independently act with regard to its specific tariff structures by giving a 10-day written notice to CAPA. Upon such notice, CAPA may consult the other CAPA members and make recommendations. Such recommendations by CAPA are purely advisory and non-binding on its members.

Other. Federal, state and local governmental entities may have the ability to impose additional charges on various port activities. For a discussion of potential impact of additional charges, see "INVESTOR CONSIDERATIONS—Competition from Other Ports."

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Major Agreements. Table 14 lists the Port's major agreements with Seaport tenants and certain terms of each agreement. These agreements vary in length and are subject to change upon expiration or renegotiation prior to expiration.

TABLE 14

PORT OF OAKLAND
MARITIME DIVISION
MAJOR AGREEMENTS
FISCAL YEAR 2011

Lessee, Assignee or Terminal Operator	MAG or Other Fixed Payment	Initial Term of Contract	Expiration Calendar Year
SSA Terminals (Oakland), LLC (1) (Berths 57-59)	$25,904,999	15 Years	2017
SSA Terminals, LLC (1) (Berths 67-68)	$9,927,246	15 Years	2017
Total Terminals International, LLC (2) (Berths 55-56)	$23,634,720	15 Years	2016
Ports America Outer Harbor Terminal, LLC (Berths 20-24)	$20,823,760	50 Years	2059
Evergreen Marine Corporation (Taiwan) LTD (3) (Berths 35-38)	$6,658,101	15 Years	2018
Eagle Marine Services, LTD (4) (Berths 60-63)	$10,552,907	15 Years	2016
Ports America Outer Harbor Terminal, LLC(5) (Berths 25-26)	$8,410,344	10 Years	2013
TraPac, Inc. (6) (Berths 30-32)	$8,953,493	20 years	2024
BNSF (Oakland Intermodal Gateway (OIG))	$500,000	10 years	2013
Maritime Support Services Area (GSC/Shippers Transport)(7)	$3,503,803	5 years	2013

(1) The tenant has two five-year options to extend beyond the initial term of the agreement.
(2) The tenant has two five-year options to extend beyond the initial term of the agreement.
(3) The tenant has one five-year option to extend beyond the initial term of the agreement. As of July 1, 2012, Evergreen Marine Corporation (Taiwan) Ltd. assigned its interest in its lease agreement to Everport Terminal Services Inc., a wholly-owned subsidiary of Evergreen Marine Corporation (Taiwan) Ltd.
(4) The tenant has two five-year options to extend beyond the initial term of the agreement, but the tenant has indicated to the Port that it does not intend to exercise its renewal options. See "INVESTOR CONSIDERATIONS—Competitive Considerations at the Seaport Competition for Tenants."
(5) Ports America assumed the ITS agreement (Berths 25, 26) as of October 1, 2010. The tenant has two five-year options to extend beyond the initial term of the agreement.
(6) The tenant has one five-year option to extend beyond the initial term of the agreement.
(7) Shippers Transport has one five-year option to extend beyond the initial term of the agreement. GSC has no option to extend the term of its agreement.

Commercial Real Estate Division

The Commercial Real Estate Division oversees the Port's commercial real estate, which includes all Port properties not used or intended to be used for maritime or aviation purposes. The major properties managed by the Commercial Real Estate Division are categorized into four distinct geographic areas – Jack London Square, Embarcadero Cove, the Oakland Airport Business Park/Distribution Center and Oak-to-Ninth. Over the last ten years, the Commercial Real Estate Division has leased most of its properties to developers or tenants under long-term ground leases, under which the developer or tenant is responsible for the development, subleasing, operation and maintenance of the improvements on the properties. As a result, the Commercial Real Estate Division's role has changed from property management, or day-to-day management of properties, to an asset management role for the majority of the Division's portfolio of properties. One significant exception is the Port headquarters building at 530 Water Street, which the Commercial Real Estate Division still actively manages on a day-to-day basis, providing the full range of typical property management services for that building. As an asset manager for the rest of the portfolio, the Commercial Real Estate Division oversees the billing and revenue collection from these agreements, monitors compliance with these agreements, and negotiates amendments or new agreements for this portfolio.

The Commercial Real Estate Division generated approximately $11.0 million or 4% of the Port's total operating revenues in Fiscal Year 2011. In Fiscal Year 2011, approximately 70% of the operating revenue generated by the Commercial Real Estate Division was derived from minimum base rents, followed by approximately 19% from parking revenues and approximately 11% from participation or variable rent. Approximately 66% of the Commercial Real Estate Division's revenue comes from minimum base rents on properties leased under long-term ground leases that provide that the lessees are responsible for maintaining the buildings and leasing out individual spaces to occupational tenants. The Division's operating revenues declined approximately 6% between Fiscal Year 2010 and Fiscal Year 2011 primarily due to the impacts of the economic downturn on percentage rents (which are based on tenants' sales revenues) and on parking revenues. The Port's revenues categorized by property location are set forth in the following table. These areas are described in greater detail under "—Commercial Real Estate Division Properties" below.

TABLE 15

PORT OF OAKLAND
COMMERCIAL REAL ESTATE DIVISION
MAJOR SOURCES OF OPERATING REVENUE
FISCAL YEAR 2011

Source	Revenue
Jack London Square	$ 5,790,571
Embarcadero Cove	1,464,149
Oakland Airport Business Park	562,368
Distribution Center	257,325
Other Areas[1]	2,767,564
Utilities	114,233
Totals	$10,956,210

(1) Includes Oak-to-Ninth District.

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The top ten individual sources of operating revenue for the Commercial Real Estate Division in Fiscal Year 2011 are presented in Table 16.

TABLE 16

PORT OF OAKLAND
COMMERCIAL REAL ESTATE DIVISION
TOP TEN SOURCES OF COMMERCIAL REAL ESTATE OPERATING REVENUE
FISCAL YEAR 2011

Source	Revenue
1. Jack London Square Port public parking[1]	$ 1,986,279
2. Jack London Ventures, LLC	1,146,752
3. CBS Outdoor, Inc.	559,821
4. Yoshi's Restaurant	507,198
5. Oakland Airport Hilton	481,523
6. Beverages & More	469,099
7. Waterfront Investors	465,682
8. Clear Channel Outdoor	336,061
9. Scott's Restaurant	332,784
10. Embarcadero Business Park	317,001

(1) Operated by Ampco System Parking, Inc.

Commercial Real Estate Division Properties. The following table lists the Port's commercial real estate properties, categorized by location.

TABLE 17

PORT OF OAKLAND
COMMERCIAL REAL ESTATE DIVISION PROPERTIES

Properties	Approximate Acreage	Number of Agreements	Types of Uses
Jack London Square	41	39	Office, Retail, Hotel, Restaurant, Parking, Entertainment, Marinas
Embarcadero Cove	29	18	Office, Retail, Hotel, Industrial, Marinas, Restaurant
Oakland Airport Business Park	697[1]	10	Office, Retail, Hotel, Industrial
Distribution Center	21	1	Distribution Terminal
Other Areas[2]	77	38	Industrial, Billboards and Antennae
Totals	865	106	

(1) Approximately 637 acres of this land are leased at nominal rent to the East Bay Regional Park District.
(2) Includes Oak-to-Ninth District.

The major properties managed by the Commercial Real Estate Division are shown on the diagram on the next page and described in the following pages. All of the properties managed by the Commercial Real Estate Division are subject to the tidelands trust restriction described under "THE PORT'S FINANCES AND OPERATIONS—Tidelands Trust Properties."

Commercial Real Estate Division Properties

Jack London Square. Jack London Square is a mixed-use waterfront commercial development, located along the Oakland Estuary at the foot of Broadway, approximately one-half mile from the Oakland City Center. This area includes office, retail, hotel, restaurant, parking and entertainment facilities and significant amounts of public access and events space. The Port owns the majority of the land in Jack London Square. Between 2002 and 2007, the Port sold four buildings in Jack London Square, leased the land under those buildings and additional sites of vacant, developable land under long-term (66-year) leases, and sold two sites of vacant, developable land to Jack London Square Partners, LLC (together with its affiliates, "JLS Partners"), a private developer. Rent under all of these ground leases is based on a fixed amount as specified in the applicable ground leases plus a percentage of net cash flow generated from the operations of the buildings on the land. Most of the Port's current and projected revenues under these leases come from fixed ground rent.

In March 2008, JLS Partners completed construction of a 32,000 square foot retail/office building, a 170,000 square foot marketplace planned for food and culinary businesses and offices, called Jack London Market, and a 1,100-stall parking garage. The 170,000 square foot marketplace has signed lease commitments with respect to almost all of the office space in the building, although the two lower floors have not yet been leased and remain vacant. The 1,100-stall garage was opened to the public in late 2010. JLS Partners also completed a major renovation of one of the buildings it purchased from the Port, made substantial exterior and interior finish improvements to a second office building it purchased from the Port, and constructed new areas and made significant upgrades to existing public access and common area improvements in Jack London Square.

In December 2010, JLS Partners assigned all of the ground leases to Jack London Square Ventures LLC ("JLS Ventures"), an entity indirectly owned by real estate investment funds managed by Divco West, a real estate investment firm. Ellis Partners, a commercial real estate developer and an original owner of JLS Partners, has a small ownership interest in JLS Ventures and is its administrative member.

In Jack London Square, the Port retains the building that houses its administrative offices (encompassing approximately 162,400 square feet), two parking garages, three surface parking lots, several freestanding restaurants, and the public common areas. As of July 1, 2012, the office space in Jack London Square owned by the Port (other than that used for the Port's administrative offices) and the available retail space owned by the Port in Jack London Square was 100% leased.

The Port also owns the Jack London Marina, which contains 142 berths and a fuel dock, and is operated and managed by a third party under the terms of a 50-year lease and operating agreement.

Embarcadero Cove. Embarcadero Cove is comprised of properties located along the Embarcadero roadway that runs along the waterfront of the Oakland Estuary, extending from 10th Avenue to 23rd Avenue. The Embarcadero Cove properties include four recreational marinas with a total of 357 berths, a public fishing pier, shops, offices, three hotels, several restaurants and Union Point Park.

The majority of these properties are leased by the Port to various tenants under long-term agreements. Under these leases, the tenant is responsible for the development, maintenance and operating costs of its facilities (except in limited circumstances where the Port has retained minor maintenance obligations) and must provide for minimum annual guaranteed payments to the Port. In some instances, the Port also receives a participation or variable rent payment derived from a portion of the tenants' gross revenues in addition to the minimum annual guaranteed amounts.

Oakland Airport Business Park/Distribution Center. The Port currently owns approximately 718 acres of the Oakland Airport Business Park/Distribution Center, of which approximately 637 acres are leased at nominal rent to the East Bay Regional Park District. Of the approximately 81 acres remaining, as of July 1, 2012 approximately 75 acres were ground leased to seven Port tenants and approximately six acres were vacant and available for lease. Most of the current lease agreements are long-term in nature and contain predominantly warehouse-distribution type tenants and one hotel.

Other Areas. The greater Oak-to-Ninth District, consisting of approximately 64 acres of Port-owned property, contains the City's largest remaining waterfront development site. In 2003, the Port entered into an option agreement with Oakland Harbor Partners, LLC ("Oakland Harbor Partners") with respect to such property. The option agreement, as modified since 2003, provides for the sale of half of the site, consisting of developable land, to Oakland Harbor Partners and for the lease or ultimate transfer to the City of the other half of the site, consisting of open space. Oakland Harbor Partners has an approved set of land use entitlements from the City that permits a variety of land uses on the site. If Oakland Harbor Partners exercises its option, it would be contractually obligated to pay to the Port $4.5 million at close of escrow, which is scheduled to occur by January 31, 2013, plus an additional annual payment to the Port of not less than $750,000 until June 1, 2015, when a final $13.5 million payment would be due to the Port. In addition, Oakland Harbor Partners is obligated to expend not less than $16 million on remediation obligations in addition to paying for certain environmental insurance policies or funding environmental escrows. The Port is not required by the agreements to contribute any additional money towards the environmental remediation or any other aspects of the property development or maintenance. The Port currently has several short-term rental agreements permitting various industrial uses of the Oak-to-Ninth site, which currently generate rental income for the Port and will continue to do so until the close of escrow. Between the close of escrow and the final payment date of June 1, 2015, the only revenue the Port will receive from the property will be the annual payments from Oakland Harbor Partners. The Port will receive no further revenues from the property after the final payment from Oakland Harbor Partners is made in June 2015. Oakland Harbor Partners's obligations to make the final payment, make the annual payments, and fulfill certain environmental insurance obligations are secured by a deed of trust on the Oak-to-Ninth property in favor of the Port. If these obligations are not met, the Port can reclaim the Oak-to-Ninth property.

The Commercial Real Estate Division also manages, and collects revenue from, several stand-alone tower and pole facilities and properties consisting of radio towers, billboards and cellular communications poles, most of which are located in the Maritime area.

Utilities Department

The Port provides utility services (electrical, gas, water, and sewer service) to Port facilities (both tenant-operated and Port-operated) in support of Aviation, Maritime, and Commercial Real Estate operations. In Fiscal Year 2011, utility sales generated approximately $8.8 million in revenue, with cost of sales at approximately $4.3 million. Approximately 92% of the Port's utility revenues and 97% of the cost of sales were related to the sale of electricity. Revenues and expenses associated with utility services are allocated to the Aviation, Maritime and Commercial Real Estate Divisions, and capital projects related to utilities are included in the Port's current five-year CNA related to these divisions (see "CAPITAL PLANNING AND CAPITAL PROJECTS").

The Port provides and sells natural gas on a very limited, pass-through basis from the local investor-owned utility, Pacific Gas and Electric ("PG&E"), which serves the Northern California region. The Port provides water distribution and sewer collection infrastructure, through which the East Bay Municipal Utility District ("EBMUD"), a California public utility, provides water commodity and sewer treatment services. For the provision of electricity service, the Port acts as a municipal utility for the Airport and portions of the Seaport. At Seaport facilities not served by the Port acting as a municipal utility, electricity is provided by PG&E, either directly to the tenant or through the Port's distribution infrastructure at PG&E rates. The Port's Commercial Real Estate area is served entirely by PG&E.

As a municipal electric utility, the Port purchases power from the wholesale market and uses the California Independent System Operator ("CAISO"), the largest electric grid manager in California, and PG&E transmission infrastructure to deliver the electricity to the tenants through the Port's distribution infrastructure. The Port's electricity distribution and utility labor costs that are related to providing electricity to tenants are currently recovered through the Port's electric rate ordinances set by the Board of Port Commissioners, although the Port's rate-setting methodology could change in the future. The Port's authority to impose and collect rates and charges for electric power and energy sold and delivered is not subject to the regulatory jurisdiction of the California Public Utilities Commission ("CPUC") and presently neither CPUC nor any other regulatory authority of the State of California nor the Federal Energy Regulatory Commission ("FERC") approval is required for such rates and charges.

Although the Port is not subject to the same regulatory oversight as investor-owned utilities with respect to rates and charges, the Port is under the jurisdiction of regulatory bodies including but not limited to the FERC, Western Electricity Coordinating Council ("WECC") and North American Electric Reliability Corporation

("NERC"), which are federal and regional regulatory agencies. The Port continues to implement and comply with the regulations and may be exposed to higher cost to do so. The Port is unable to predict the impact of complying with any future legislation or regulatory proposals of the electric utility industry. See "INVESTOR CONSIDERATIONS—Future Regulation of the Electric Utility Industry."

In Fiscal Year 2012, the Port purchased approximately 28% of its electricity needs through long-term agreements and 72% of its electricity needs from the wholesale market (including spot and forward purchases) through power trading companies. The Port currently has two long-term power purchase agreements with the Western Area Power Administration ("WAPA") and SunEdison, LLC. The WAPA take or pay contract expires in 2024 and the SunEdison take and pay contract expires in 2027. With the SunEdison contract, the Port only pays for the energy delivered while the Port pays WAPA regardless of the amount of energy the project produces. The Port continues to look for and evaluate other similarly structured electricity generation projects. See "INVESTOR CONSIDERATIONS—Risks Associated with Power Purchase Agreements."

As of July 1, 2012, the Port had an outstanding commitment of approximately $3.7 million in forward power purchases through Fiscal Year 2015. The Port's outstanding commitment is valued at approximately $2.8 million based on indicative market prices on July 9, 2012. The value of the Port's outstanding commitment changes daily based on a variety of market factors that are beyond the Port's control. The Port's current forward power contracts and long-term power purchase contracts are expected to provide approximately 61% of the Port's power requirements for all areas through June 30, 2015, not including the power needed to support the Port's new shore power system. See "CAPITAL PLANNING AND CAPITAL PROJECTS—Capital Projects in the CNA—Maritime Projects in the CNA—Shore Power Program" for further discussion. The Port will continue to make forward power purchases to cover between 80% and 85% of its forthcoming two Fiscal Years' power needs, including the new shore power system needs. Additionally, the Port ladders its forward power contracts in order to mitigate price risk and diversifies its forward power contracts by transacting with several counterparties in order to reduce its counterparty risk. To supplement the long-term power purchase contracts and forward power contracts, the Port has a continuous supply agreement with NCPA to purchase power for the Port on an as-needed basis and for emergencies and to sell any excess power if needed. The Port does not expect a power interruption at its facilities, but no assurances can be given that such an interruption will not occur. In addition, no assurances can be given that an interruption will not occur due to congestion on the power grid.

As a municipal utility company, the Port must meet certain regulatory requirements including, but not limited to, Local Resource Adequacy ("LRA") capacity requirements, California's Greenhouse Gas Cap and Trade Program and the Renewable Portfolio Standard ("RPS") of the California Renewable Portfolio Resources Act. In 2011, the Board adopted RPS policies to comply with the California Renewable Energy Resources Act, which, in part, requires California electricity providers to obtain at least 33% of their energy from renewable resources by the year 2020. The new RPS requires the Port to purchase electricity for retail sales from renewable sources at the following percentages: 20% by 2013, 25% by 2016, and 33% by 2020.

The Port is actively working to procure eligible renewable sources of electricity and is currently negotiating with several counterparties on power purchase agreements for the purchase of eligible renewable sources of electricity. The Port is working towards meeting the RPS requirement, but no assurances can be given at this time that the Port will be able to fully comply with RPS requirements. The Port may be exposed to higher costs in order to comply with the new RPS requirement. See "INVESTOR CONSIDERATIONS—Future Regulation of the Electric Utility Industry."

The Port, as the owner of sewer collection infrastructure, must comply with certain regulatory requirements of agencies including, but not limited to, the San Francisco Regional Water Control Board and the State Water Resources Control Board, U.S. Environmental Protection Agency ("EPA"), EBMUD, and the City of Oakland. The Port may be exposed to higher costs in order to comply with all of the regulatory requirements such as the Sanitary Sewer Management Plan, the administrative order issued by the EPA to the City of Oakland in 2009, Private Sewer Lateral Program and various others. No assurances can be given at this time that the Port will be able to fully comply with all applicable regulatory requirements in the future.

INVESTOR CONSIDERATIONS

The factors discussed below, among others, should be considered in evaluating the ability of the Board to provide for the payment of the 2012 Senior Lien Bonds and for other required payments. The considerations discussed below are not meant to be an exhaustive list of considerations associated with the purchase of the 2012 Senior Lien Bonds, and the discussion below does not necessarily reflect the relative importance of the various considerations. Potential investors are advised to consider the following factors, among others, and to review the other information in this Official Statement. Any one or more of the considerations discussed, and others, could lead to a decrease in the market value and/or the liquidity of the 2012 Senior Lien Bonds. There can be no assurance that other factors and considerations will not become material in the future.

Uncertainties of the Aviation Industry

The ability of the Port to generate revenues from its Airport operations depends upon demand for Port facilities which, in part, depends upon the financial health of the aviation industry. The aviation industry is economically volatile and has undergone significant changes, including mergers, acquisitions, bankruptcies and closures, in recent years. The aviation industry and demand for and utilization of Port facilities are sensitive to a variety of factors, including, but not limited to, (i) the cost and availability of labor, fuel, aircraft and insurance, (ii) general economic conditions, (iii) international trade, (iv) currency values, (v) competitive considerations, including the effects of airline ticket pricing, (vi) traffic and airport capacity constraints, (vii) governmental regulation, including security regulations and taxes imposed on airlines and passengers, and maintenance and environmental requirements, (viii) passenger demand for air travel, and (ix) disruption caused by airline accidents, natural disasters, criminal incidents and acts of war or terrorism, such as the events of September 11, 2001. The aviation industry is also vulnerable to strikes and other union activities.

Some airlines operating at the Airport have filed for bankruptcy in the past and others may do so in the future. In 2008, three airlines operating at the Airport, ATA, Aloha and Skybus, filed for bankruptcy and ceased operations. In 2010, Mexicana, which also served the Airport, filed for bankruptcy and ceased operations. Other airlines serving the Airport have filed for bankruptcy in recent years but have continued to operate. The potential impacts of a bankruptcy are discussed under "—Tenant/Customer Bankruptcy." Airlines may also cease providing service at the Airport for reasons other than bankruptcy, such as when United ceased service at the Airport in June 2012. Any such cessation of service by a carrier at the Airport, particularly if the carrier is a major tenant, could have a material impact on Port operations and revenues.

Uncertainties of the Maritime Industry

The Port's ability to generate revenues from its Seaport depends on demand for maritime facilities, which in turn depends, in part, upon the financial health of the maritime industry. The maritime industry and the demand for and utilization of Seaport facilities are sensitive to a variety of factors, including, but not limited to, (i) the cost and availability of labor, fuel and insurance, (ii) general economic conditions, (iii) international trade, (iv) currency values, (v) competitive considerations, (vi) governmental regulation and (vii) disruption caused by natural disasters, criminal incidents and acts of war or terrorism. The maritime industry is also vulnerable to strikes and other union activities. See "THE PORT OF OAKLAND—Maritime Division—Other Factors—Potential Action by International Longshore and Warehouse Union." Seaport tenants and customers may file for bankruptcy. The impacts of a bankruptcy are discussed under "—Tenant/Customer Bankruptcy."

The Port's ability to generate revenues from its Seaport also depends on the Port's ability to provide facilities that can accommodate and respond to changing needs of the shipping lines that call the Seaport and the marine terminal operators that lease property from the Port to serve those shipping lines. For example, a rapidly developing trend is the deployment of significantly larger container vessels by the ocean carriers. The current average vessel size in the trans-Pacific trade is approximately 5,800 TEUs, and is increasing as larger capacity vessels are put into service. Many of the new container vessel orders through 2017 are for vessels with capacities of 8,000 TEUs or more, representing more than 70% of new capacity coming online. Some of these larger vessels are already calling the Seaport. Though the Port cannot predict with certainty how ocean carriers will ultimately allocate their fleets among global trade routes, the Port expects that these larger vessels will continue to call the Seaport with greater frequency. Larger vessels generally require deep water, land-side cranes with sufficient vertical and horizontal reach, longer berths, and larger marine terminals, in order to handle higher cargo volumes more efficiently. While the Seaport currently has 50 feet of water depth and both post and super post-Panamax cranes, certain Seaport facilities may need to be modified to accommodate a growing number of these larger vessels. These modifications could require significant capital investment and time to complete and could affect Port revenues and expenses.

Renewal Risk.

The loss of a major Seaport tenant could adversely affect the Port's financial condition, particularly if not replaced promptly by a new tenant that is willing to lease the former tenant's space on the same or better terms for the Port. The top two Seaport sources of revenue accounted for approximately 51% of the Maritime Division's operating revenue in Fiscal Year 2011. See "THE PORT OF OAKLAND—Maritime Division—Major Sources of Maritime Operating Revenue." It is likely that the Port would experience a significant reduction in revenues, possibly for a significant time period, if one of its major tenants were to leave the Seaport and were not replaced.

As reflected in Table 14, several of the Port's major agreements at the Seaport are scheduled to expire in 2017 or earlier. These agreements collectively represented approximately 67% of the Maritime Division's operating revenues and approximately 34% of the Port's operating revenues in Fiscal Year 2011. Although most of these agreements include options for the tenant to extend the agreement term, no assurances can be given that any tenant will exercise its option. EMS, the tenant at the GGC Terminal (Berths 60-63), has already indicated to the Port that it is unlikely to exercise its extension option upon the expiration of its lease in 2016. The Port cannot provide assurances that a new tenant for the GGC Terminal, or any other terminal, would be willing to lease the facilities on the same terms as the prior tenant.

Competitive Considerations at the Airport

Other Airports, Rail, and Market Share Concentration.

SFO and SJC compete with the Airport for air carrier routes and service, passengers, and air cargo traffic, as described above under the heading "THE PORT OF OAKLAND—Aviation Division—Activity at the Airport—Competition." Competition from these airports could affect passenger and cargo demand and airline operations at the Airport.

In addition to facing competition from other Bay Area airports, the Airport could also face competition for passengers from passenger high-speed rail service or other newly-developed mass transit alternatives in the future. In 2008, the voters of the State authorized the issuance of bonds to finance construction of high-speed train service linking Southern California, the Sacramento San Joaquin Valley and the Bay Area. On July 6, 2012, the California State Legislature passed Senate Bill 1029, which appropriates federal grant funds and Proposition 1A funds for California high-speed rail service, furthering implementation of the high-speed rail project. The Port is unable to predict the effect high-speed rail, if and when completed, will have on total passenger traffic and revenues of the Airport or whether that impact would be material.

If a major air carrier at the Airport were to shift a material portion of its operations to SFO or SJC, or were otherwise to reduce its activity at the Airport substantially, the loss of that air carrier could adversely affect the Port's financial condition. Southwest is by far the most active carrier at the Airport, accounting for approximately 71% of the Airport's total enplanements in Fiscal Year 2012. See "THE PORT OF OAKLAND—Aviation Division—Activity at the Airport—Airlines Serving the Airport." It is likely that the Port would experience a significant reduction in revenues, possibly for a significant time period, if Southwest or FedEx, another major revenue-generating tenant of the Airport, were to cease or significantly reduce operations at the Airport. The Port cannot provide assurances that demand for the facilities currently used by major carriers and tenants will continue to exist, nor can it guarantee that another air carrier would assume the traffic previously handled by the departing carrier, or that another lessee tenant would be willing to pay the same rent and other charges as the prior tenant, in the event of a loss of a major air carrier or other tenant.

Competition for Parking Revenues.

On-Airport public parking revenue is one of the Airport's biggest sources of revenue, which is typical for many medium and large hub airports in the United States. Since parking revenue is not used to offset costs in the Airline Rates and Charges calculation, this revenue source is especially important to the Port's overall financial health. Airport parking demand and revenue trends are affected by several factors, including but not limited to origin-destination air passenger demand, trip purpose (i.e., business versus leisure), parking rates, terminal proximity, and competition from off-Airport parking facilities.

The Airport competes with off-Airport public parking facilities, and the extent of such competition depends on factors such as parking capacity and rates, service and facility quality, and visibility and proximity to the Airport. Increased off-Airport parking competition places downward pressure on market rates, thus limiting the Airport's ability to increase on-Airport parking rates and to grow revenue. Since 2004, the Airport has experienced a high level of off-Airport competition, when a new large facility opened near the Airport. Since that time, and until recently, the off-Airport parking supply exceeded the on-Airport parking supply, creating downward pressure on parking rates for both on- and off-Airport facilities. Rates were driven to still lower levels after 2008 when airline service and passenger demand declined significantly. Both the Airport and off-Airport operators responded to this change by reducing their parking facilities. As of July 2012, for the first time since 2004, the Airport provides more parking spaces than the off-Airport operators. However, the availability of off-Airport parking will continue to provide competition for on-Airport parking and may impact the Port's revenues.

Competitive Considerations at the Seaport

As discussed above under the heading "THE PORT OF OAKLAND—Maritime Division," the Seaport serves a large local and regional population, and local cargo is the majority of the cargo handled at the Seaport. While the Port does face some competition for this local cargo from other U.S. West Coast ports, the Port faces the greatest competition for discretionary intermodal rail cargo.

The Port competes for market share with respect to discretionary intermodal rail cargo with other U.S. West Coast ports, as well as with ports in other parts of the United States and in Canada and Mexico. Factors affecting the competitive position of West Coast ports in general, including the Seaport, could be outside of the Seaport's control. For example, future developments such as the anticipated completion of the widening of the Panama Canal in 2014, which will allow larger ships to traverse the canal, could result in greater diversion of Asian imports from West Coast ports to East Coast and Gulf Coast ports. Expansion of other ports on the U.S. West Coast or elsewhere in North America could also cause a decrease in the Seaport's market share. Although the revenues of the Port may be adversely impacted by increased competition from other ports, the Port cannot predict the scope of any such impact at this time.

The availability of intermodal rail facilities is also a factor that shippers consider when selecting a port of call for discretionary cargo. The two rail intermodal yards that serve the Seaport currently have capacity to accommodate additional intermodal rail cargo. However, the Port is currently limited in its ability to increase its share of intermodal rail cargo and, in turn, its revenues because of factors such as the absence of on-dock rail, near-dock railyards that cannot readily accommodate the longer trains desired by railroad companies to maximize economies of scale, and factors outside of the Port's control such as congestion or physical restrictions on rail segments outside the Port Area. Due to the complexity of rail corridors, improvements to address these types of constraints can take many years to plan and construct.

In addition to these competitive factors, the potential imposition of fees that apply only to the Seaport or only to a subset of ports including the Seaport (such as fees that only apply at California ports), may increase the ocean carriers' cost to use the Seaport or may require the Port to reduce the tariffs or other charges applicable to its ocean carriers to moderate some or all of the impact of such fees. The Port cannot predict whether any such fees will be imposed, the amount of such fees or the impact thereof on Port revenues.

For further discussion about factors affecting the Seaport's competitive position, see "THE PORT OF OAKLAND—Maritime Division—Other Factors—Competition."

Maintenance of Channel and Berth Depth

Due to natural sedimentation, annual dredging is required to maintain the navigation channel that serves the Seaport at minus 50 feet mllw. The channel is maintained by the U.S. Army Corps of Engineers. A bathymetric survey conducted in April 2012 indicated that there were areas in the channel where the depth is less than minus 50 feet mllw, which are in the process of being maintained back to minus 50 feet mllw. The U.S. Army Corps of Engineers included $14.9 million in its federal fiscal year 2012 civil works work plan for maintaining the depth of the channel at minus 50 feet mllw. The President's proposed federal fiscal year 2013 budget contains $17.2 million for maintaining the channel; these funds have not yet been appropriated by Congress, and the Port cannot predict when or if the appropriation will occur. Due in part to an increase in dredging costs, including costs associated with the use of more distant disposal sites and sites with special operational requirements (for example, sites intended to create wetlands), the adequacy of funding for future maintenance dredging of the channel cannot be assured. If funding is not available, portions of the channel could revert to a depth of less than minus 50 feet mllw over time.

The Port is responsible for dredging the berths that serve the Seaport's marine terminals. As the cost of dredging goes up, dredging activities may consume an increasingly significant portion of the Port's capital and operating budgets, and the Port may have unanticipated expenditures that could result in an adverse impact on projected expenses. Limitations on Port funding could cause portions of berths, or entire berths, to revert to a depth of less than minus 50 feet mllw over time.

Ocean carriers that call the Seaport with newer, larger vessels may be able to navigate depths of less than minus 50 feet mllw in the channel or berths by implementing operational changes. However, if operational changes to mitigate channel and berth depth limitations are insufficient, ocean carrier service to the Seaport may be reduced. The Port is working closely with the U.S. Army Corps of Engineers and national and state port authority associations, as well as with local, state and federal government representatives and agencies, to secure stable funding for future maintenance dredging of the channel and to address the costs of berth dredging.

Potential Labor Activity

The Port's MOUs with WCE and SEIU expired on June 30, 2011. The Port's MOU with IBEW expired on December 31, 2011 and its MOU with IFPTE expired on June 30, 2012.

In May 2012, after eight months of negotiations with SEIU with no resolution, the Port declared impasse. In response, SEIU received authorization to strike from the Alameda Central Labor Council. Mandatory non-binding mediation took place on July 30, 2012 as part of the impasse proceedings. The mediation did not result in an agreement between the Port and SEIU. Following the mediation, SEIU requested non-binding fact finding before a mutually-selected fact finder or panel. The Port anticipates the fact finding process will be completed before the end of calendar year 2012.

Negotiations with WCE, IBEW, and IFPTE are underway. The Port mutually agreed with each of these unions to honor the current provisions of the respective expired MOUs on a month-to-month basis until new MOUs are in effect or until impasse in negotiations is declared. The MOUs with the IBEW, IFPTE and WCE each contain a no strike clause in which the union agrees not to strike or engage in a job action (for example, a strike or a work slowdown due to a "work to rule" strategy or "sick out") to interfere with any Port operations during the term of the applicable MOU. However, if impasse is declared, WCE, IBEW and IFPTE could engage in a job action at the Port. In addition, strikes and/or pickets at the Seaport, if honored by the ILWU, the union representing most dockworkers at the Seaport, could cause additional disruption in Seaport operations.

It is not possible to predict whether any job action or other labor disruption will occur, or how long such a disruption may last. A labor disruption could have a significant adverse impact on Port operations and revenues.

Tenant/Customer Bankruptcy

A bankruptcy of a tenant or customer of the Port, including a tenant or customer at the Airport, the Seaport or at properties managed by the Commercial Real Estate Division, could result in delays, additional expense and/or reductions in payments, or even nonpayment, to the Port and thus a reduction in Pledged Revenues.

The effect of the bankruptcy of a tenant or customer on the Port's receipt of funds from the tenant or customer depends on the nature of the contractual relations between the parties. Briefly, the tenants and customers of the Port may acquire the ownership or use of assets either through an executory contract or lease, or through unsecured or secured debt to the Port (any such debt, a "financing device"). Bankruptcy law in the United States requires substantially different treatment for a relationship that is a financing device from the treatment given an executory contract or lease.

Leases and Executory Contracts and the Assumption/Rejection Process. If a bankruptcy court determines that an agreement with the Port is an executory contract (such as a license) or an unexpired lease of non-residential real property pursuant to Section 365 of the United States Bankruptcy Code (the "Bankruptcy Code"), the tenant/customer or its bankruptcy trustee may elect (within a limited period if it is an unexpired lease of non-residential real property) to either assume or reject the agreement. If such agreement were assumed, the affected tenant or customer would be required to cure or provide for cure of any prior defaults and, if there is a default, to provide "adequate assurance" of future performance. Even if all amounts due under such an agreement were ultimately paid, the Port could experience long delays in collecting such amounts. What constitutes "adequate assurance" is up to the Bankruptcy Court to decide and may not meet the Port's expectations.

If such an agreement were rejected by the tenant/customer, the required action by the tenant or customer and its rights will vary depending on the type of agreement. In the case of an unexpired lease of non-residential real property, the tenant or customer would be required to vacate the property and the Port would have an unsecured claim for damages, the amount of which would be limited to the amounts unpaid prior to the bankruptcy plus the greater of (a) one year of rent or (b) 15% of the total remaining lease payments, not to exceed three years. In any case, the amount ultimately received on a claim in the event of rejection of an unexpired lease or executory contract could be considerably less than the notional or face value of the claim.

Financing Leases and Other Financing Contracts. Although the Port believes that most of its arrangements with tenants and customers are executory contracts or leases, a bankruptcy court could determine that a contract or lease is a financing device. If an agreement with a tenant or customer is treated as a financing device, the tenant or customer may keep and use the asset, but debt service may be suspended in whole or in part during the course of the bankruptcy; the amount of debt and payment level also may be ultimately subject to reduction or extension through a reorganization plan. The determination of the nature of a transaction is, in many cases, a fact-intensive matter not guided by form alone. Further, as a result of the disparate treatment of these common business structures, a tenant or customer in bankruptcy may vigorously contend that a "lease" or other agreement is not a true lease but a disguised financing device, so that it can decline to make periodic rental payments pending the bankruptcy court's determination of that issue.

Automatic Stay and Preference Claims. On the filing of a bankruptcy proceeding, Section 362 of the Bankruptcy Code stays virtually all creditor actions to litigate to judgment or collect on a debt, or to remove a non-paying tenant from possession. This can result in lengthy delays in the ability of a creditor to exercise its rights. Further, any payments made to the creditor within the 90 days (one year for "insiders") before bankruptcy are subject to recovery as preferential payments.

In general, therefore, risks associated with bankruptcy include risks of substantial delay in payment or of non-payment, the risk that the Port may not be able to enforce any of its remedies with respect to a bankrupt tenant or customer, the risk that the Port may have to disgorge amounts paid during the bankruptcy preference period and the risk of substantial costs of pursuing amounts in bankruptcy court.

With respect to a tenant in bankruptcy proceedings in a foreign country, the Port is unable to predict what types of orders and/or relief could be issued by foreign bankruptcy tribunals, or the extent to which any such orders would be enforceable in the United States.

Port or City Bankruptcy

The Port or the City could file for bankruptcy relief under Chapter 9 of Title 11 of the Bankruptcy Code. Should either the Port or the City become a debtor in a bankruptcy case, the lien on Pledged Revenues held by the holders of the Senior Lien Bonds (including the 2012 Senior Lien Bonds) will not apply to Pledged Revenues received by the Port after the commencement of the bankruptcy case unless a bankruptcy court determines that such Pledged Revenues are either (1) the product or proceeds of pre-petition collateral, or (2) "special revenues" within the meaning of the Bankruptcy Code. In addition, in the event that only the City, and not the Port, becomes a debtor in a bankruptcy case, the lien on Pledged Revenues held by the holders of the Senior Lien Bonds (including the 2012 Senior Lien Bonds) should be unaffected by the City's bankruptcy if a bankruptcy court determines that the Pledged Revenues are not property of the City, but instead are property of the Port.

"Special revenues" are defined to include receipts from the ownership, operation, or disposition of projects or systems that are primarily used or intended to be used primarily to provide transportation, utility or other services, as well as other revenues or receipts derived from particular functions of the debtor. Although the Port believes that Pledged Revenues should be treated as "special revenues" and that Pledged Revenues are not the property of the City, the Port cannot guarantee that a bankruptcy court would make such findings. If Pledged Revenues are not "special revenues," or, in the case of a City bankruptcy, are determined to be property of the City, there could be delays or reductions in payments or nonpayment on the 2012 Senior Lien Bonds. Even if a court determines that Pledged Revenues are "special revenues," under the provisions of the Bankruptcy Code governing "special revenues," a bankruptcy court could permit the City or the Port to use Pledged Revenues to pay operating and maintenance costs of the Port rather than first using such amounts to make payments on the 2012 Senior Lien Bonds and other indebtedness, notwithstanding any provision of the Charter or the Senior Lien Indenture to the contrary.

In addition, the City is in possession of the Pledged Revenues and customarily invests the Pledged Revenues held in the Port Revenue Fund as part of the City's investment program as described under "THE PORT'S FINANCES AND OPERATIONS—Investments." Should the City initiate a case for bankruptcy protection, a court could hold that the holders of the 2012 Senior Lien Bonds and other Senior Lien Bonds do not have a valid lien on the portion of the Pledged Revenues invested as part of the City's investment program unless the holders could trace the invested Pledged Revenues. In such case, if the invested Pledged Revenues could not be traced, the holders of the 2012 Senior Lien Bonds would be unsecured creditors of the City with respect to such Pledged Revenues. In addition, even if the holders of the 2012 Senior Lien Bonds ultimately received the Pledged Revenues, receipt might be only after a significant delay and expense. Conversely, in the case of a bankruptcy proceeding of the Port, as a result of the joint investment of Pledged Revenues with other funds of the City, if the invested Pledged Revenues could not be traced, a court could hold that the jointly invested Pledged Revenues are not property of the Port.

It is also possible that a bankruptcy court could determine that the Port and the City constitute a single entity for bankruptcy purposes, such that a bankruptcy of the City would also constitute a bankruptcy of the Port. If the Port were considered bankrupt as a result of a City bankruptcy, the holders of the Senior Lien Bonds (including the 2012 Senior Lien Bonds) would still be entitled to the benefit of their lien on Pledged Revenues received by the Port prior to the commencement of the City's bankruptcy case, and would also be entitled to the benefit of their lien on Pledged Revenues received by the Port after the commencement of the City's bankruptcy case as long as such Pledged Revenues were determined by the bankruptcy court to be "special revenues." Although the Port believes that Pledged Revenues should be treated as "special revenues," the Port cannot guarantee that a bankruptcy court would make such findings.

A bankruptcy of the Port or the City would trigger events of default under certain agreements of the Port, including the Intermediate Lien Indenture (in the case of a Port bankruptcy), the CP Indentures and the reimbursement agreements relating to the CP Letters of Credit. A Port or City bankruptcy is also an Event of Default under the Senior Lien Indenture.

In summary, a Port or City bankruptcy may result in nonpayment or delay, uncertainty, reductions and/or other effects on the payments due to holders of the 2012 Senior Lien Bonds, which cannot be predicted.

Environmental Compliance and Impact

The Port is required to comply with a number of federal, state and local laws and regulations designed to protect the human and natural environment, human health and safety, and to inform the public of important environmental issues. The Port is also directly or indirectly impacted by certain laws, including, without limitation, air quality regulations. These laws are discussed under "THE PORT'S FINANCES AND OPERATIONS—Environmental Compliance."

The standards for required environmental impact review and for compliance under several state and federal laws and regulations are becoming more rigorous and complex. Permits issued to the Port under such laws and regulations may be frequently amended, often resulting in more stringent and more costly requirements and uncertainty about the scope of the Port's future obligations and associated costs. For example, the scope of the Port's obligations related to the discharge of storm water associated with municipal activities is still being established and, therefore, the Port cannot predict with certainty the scope of the Port's obligations and associated costs.

These types of changes may significantly delay or affect the Port's efforts to maintain and repair existing infrastructure or to construct additional revenue-generating infrastructure. Additionally, the costs to mitigate environmental impacts, obtain regulatory approvals, and manage potential legal or procedural challenges for such projects may result in substantial increases to total project costs and delays in completing the projects. Also, air quality regulations that directly or indirectly impact the Port may result in the Port having to expend funds to assist the Port's business partners in complying with various regulations. The Port may also incur costs to implement other air quality improvement projects consistent with its MAQIP.

Costs associated with these compliance and related activities may consume an increasingly significant portion of the Port's capital and operating budgets, and the Port may have unanticipated capital or operating expenditures. Such expenditures could be necessary even if the Port does not undertake any new revenue-generating capital improvements. In addition, for projects with forecasted costs, the Port cannot provide assurances that the actual cost of the required measures will not exceed the forecasted amount. The Port also cannot provide assurances that the cost of compliance and related activities required of the Port and/or its business partners will not negatively impact Port operations (for example, Seaport and Airport activity levels) and, therefore, Port revenues or expenses.

Additional environmental laws and regulations may be enacted and adopted in the future that could apply to the Port or its business partners, which could result in an adverse impact on projected revenues or expenses. The Port is not able to predict with certainty what those laws and regulations may be or the impacts to the Port or its business partners of compliance with such laws and regulations.

Also, certain individuals or organizations may seek other legal remedies to compel the Port to take further actions to mitigate perceived or identified environmental impacts and/or health hazards or to seek damages in connection with the potential environmental impacts of the Port's Seaport, Airport, and Commercial Real Estate activities. The Port has undertaken a number of initiatives over the years to address potential concerns, including without limitation adoption of the MAQIP. For further discussion of the MAQIP, see "THE PORT OF OAKLAND—Maritime Division—Other Factors—Air Quality." Nonetheless, there is a risk that, despite the Port's adopted environmental plans, mitigation programs, and policies, legal action challenging the Port could ensue. Such legal action could be costly to defend, could result in substantial damage awards against the Port, and could curtail certain Port developments or operations.

Future Regulation of the Electric Utility Industry

The electric utility industry is subject to continuing legislative and administrative reform. States, including the State of California, routinely consider changes to the way in which they regulate the electric industry. A number of bills affecting the electric utility industry have been introduced or enacted by the California Legislature. In general, these bills are aimed at reducing greenhouse gas emissions. The bills set targets for environmentally-friendly generation alternatives through more stringent renewable resource portfolio standards and incentivize greater investment in energy-efficient technology. Recently, both further deregulation and forms of additional regulation have been proposed for the industry, which has been highly regulated throughout its history. The Port is unable to predict whether the industry will become more or less regulated, whether any regulatory changes will apply to the Port, or the impact of complying with any future legislation or regulatory proposals on the operations and finances of the Port.

Contingent Payment Obligations

The Port has entered into, and may in the future enter into, contracts and agreements in the course of its business that include an obligation on the part of the Port to make payments or post collateral contingent upon the occurrence or nonoccurrence of certain future events, including events that are beyond the direct control of the Port. Such contracts and agreements may include power purchase agreements, including those with "mark to market" collateral posting requirements; commodities futures contracts with respect to the delivery of electric energy or capacity; investment agreements, including for the future delivery of specified securities; energy price swap and similar agreements; other financial and energy hedging transactions; interest rate swap and other similar agreements; and other such contracts and agreements. The purposes for such contracts and agreements may include management of the Port's exposure to future changes in interest rates and market energy prices, management of the Port's load/resource balance, and other purposes. Such contingent payments or the required posting of collateral may be conditioned upon the future credit ratings of the Port and/or other parties to the agreements, maintenance by the Port of specified financial ratios, future changes in electric energy or related prices, and other factors.

Risks Associated with Power Purchase Agreements

With any power purchase agreement, there are counterparty risks, including the risk that the counterparty will default on the terms of the agreement. The results of such defaults generally result in the Port purchasing power from the spot market when the Port does not receive its expected electricity. In cases where the Port enters into joint agreements as one of several participants, there is the possibility that, if a participant defaults, the non-defaulting participants, including the Port, would be generally liable for a percentage share of the obligations of the defaulting participant(s). Whether the Port purchases a long-term power purchase agreement or a shorter-term forward contract, the Port is exposed to the risk that the price of the agreement is over-valued or in the case of a counterparty default, the market price for replacement power could be higher.

Seismic Activity

During the past 150 years, the Bay Area has experienced several major and numerous minor earthquakes. The most recent major earthquake in the Bay Area was the October 17, 1989 Loma Prieta earthquake with a magnitude of 7.1 on the Richter scale and an epicenter near Santa Cruz, approximately 60 miles south of the City. The San Andreas Fault, at its closest, is about 12 miles to the west of the Port; the Hayward fault, at its closest, is about five miles to the east of the Port. A significant earthquake along these or other faults is possible during the period the 2012 Senior Lien Bonds will be outstanding.

It is possible that the Port could sustain significant damage to its facilities as a result of a major seismic event from ground motion and liquefaction of underlying soils or from a tsunami generated by local or distant seismic activity. The Port currently does not (and Port tenants likely do not) maintain commercial insurance coverage for property damage resulting from earthquakes other than insurance covering portions of the Port-owned marine terminal container cranes, the Port's headquarters building, certain electronic data systems throughout Port facilities, parking shuttle buses, and AirBART buses. The Port currently has no plans to obtain additional earthquake insurance, and may reduce or eliminate coverage in the future. The Port has limited insurance coverage for floods, including tsunamis.

In addition, the Port's revenues could be adversely affected by seismic (or other) damage to Bay Area infrastructure outside the Port Area, such as bridges, freeways, public transportation and rail lines.

Force Majeure Events

The Port's facilities and the Port's ability to generate revenues are at risk from events of force majeure, such as terrorism, strikes and lockouts, extreme weather events and other natural occurrences, fires and explosions, spills of hazardous substances, technology attacks, sabotage, wars, blockades and riots. While the Board has attempted to address the risk of loss from some of these occurrences through the purchase of commercial property and casualty insurance, certain of these events may not be covered. Further, even for events that are covered by insurance, the Board cannot guarantee that insurers will pay claims in a timely manner. From time to time, the Port may change the types and limits on the insurance coverage that it carries.

In 2011, Seaport operations were disrupted by protestors generally affiliated with the Occupy Oakland movement, causing temporary shut down or slowdown of marine terminal operations. The protest activities did not result in any personal injuries or security breaches at the Seaport. While the Port has developed and implemented various security and related plans to anticipate and respond to these kinds of disruptive activities, the Port cannot predict whether or when additional Occupy Oakland or similar protests may occur in the future or the impact such events may have on Seaport operations, or on Port revenues and expenses.

While security measures at the Airport and the Port's maritime facilities have increased substantially since the September 11, 2001 terrorist attacks, additional acts of terrorism are possible. Terrorist acts could result in damage to Port facilities, in reduced traffic at the Airport and the Port's maritime facilities, in costly increased security measures and in reductions in Port revenues.

Sea-Level Rise

In May 2009, the California Climate Change Center released a final paper, for informational purposes only, which was funded by the California Energy Commission, the California Environmental Protection Agency, the Metropolitan Transportation Commission, the California Department of Transportation and the California Ocean Protection Council. The title of the paper is "The Impacts of Sea-Level Rise on the California Coast." While noting that, among other things, sea-level rise can reduce bridge clearance, reduce efficiency of port operations or flood transportation corridors to and from ports, the report states that impacts of sea-level rise are highly site-specific and somewhat speculative. The paper indicates that the Airport is vulnerable to flooding with a 1.4-meter sea level rise, and the paper's assessment of future flood risk based on sea-level rise shows that significant flooding is possible at California's major ports, including the Seaport.

The Bay Conservation and Development Commission ("BCDC"), a State of California agency with regulatory jurisdiction over development activities within San Francisco Bay and a 100-foot shoreline band, amended its Bay Plan in October 2011 to address the potential effects of projected sea-level rise. As a result, development activities at the Port within BCDC's jurisdiction are anticipated to take longer and be more costly to undertake.

The Port is unable to predict whether sea-level rise or other impacts of climate change will occur while the Series 2012 Senior Lien Bonds are outstanding, or if any such events would have an adverse impact, material or otherwise, on Port revenues.

Enforceability of Remedies

The remedies available to the owners of the 2012 Senior Lien Bonds upon an Event of Default under the Senior Lien Indenture and the remedies available to the Port upon a default by one of its tenants or customers are in many respects dependent upon regulatory and judicial actions that are in many instances subject to discretion and delay. Under existing laws and judicial decisions, the remedies provided for in the Senior Lien Indenture or under the Port's agreements with its tenants or customers may not be readily available or may be limited. Legal opinions to be delivered concurrently with the delivery of the 2012 Senior Lien Bonds will be qualified to the extent that the enforceability of certain legal rights related to the 2012 Senior Lien Bonds and the Senior Lien Indenture is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the enforcement of creditors' rights generally and by equitable remedies and proceedings generally.

Potential Change in Law

The Port is subject to State, federal and local laws that restrict its operations. Such laws may be amended at any time. No assurance can be given that the State electorate will not at some future time adopt initiatives or that the State Legislature will not enact legislation that will amend the laws or the Constitution of the State of California in a manner that results in an increase in Port expenses or a decrease in Port revenues, and, consequently, has an adverse effect on the security for the 2012 Senior Lien Bonds. No assurance can be given that the City Council will not at some future time adopt or revise applicable ordinances, or that the City electorate will not adopt an initiative or Charter amendment, that results in an increase in Port expenses or a decrease in Port revenues and, consequently, has an adverse effect on the security for the 2012 Senior Lien Bonds.

THE PORT'S FINANCES AND OPERATIONS

The Port's audited basic financial statements for the Fiscal Years ended June 30, 2011 and 2010 are attached to this Official Statement as APPENDIX A. The Port's independent auditors have notified the Port that, in connection with the audit of the Port's financial statements for the year ended June 30, 2011, the auditors identified a material weakness in the Port's internal controls related to the implementation of the Port's new enterprise resource planning software. The auditors determined that several weaknesses related to the Port's conversion to the enterprise resource planning software - including insufficient training of Port staff with respect to the system and lack of certain controls with respect to the procurement process - collectively resulted in a material weakness. The auditors opined that the financial statements presented fairly the financial position of the Port at June 30, 2011.

Although the Port anticipates that it might take several years before all Port departments and staff are fully adapted to the enterprise resource planning system, the Port has begun to implement procedures to address the material weakness, including introducing a targeted training program with respect to portions of the enterprise resource planning software. The Port intends to continue to take steps to address the weaknesses identified by the independent auditor in the coming months and years.

Table 18 presents the Port's historical operating results for Fiscal Years 2007 through 2011 and is based on the Port's audited financial statements. Table 19 presents the Port's operating results for Fiscal Years 2011 (audited) and 2012 (unaudited), and adopted budgets for Fiscal Years 2012 and 2013. The unaudited results for Fiscal Year 2012 are subject to year-end adjustments, including allocation of certain expenses and revenues to the Aviation, Maritime and Commercial Real Estate Divisions. Budget numbers are based on the Port's expectations at the time the budget was adopted and may not be indicative of actual results.

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TABLE 18

PORT OF OAKLAND
HISTORICAL OPERATING RESULTS
FISCAL YEARS 2007 THROUGH 2011
($000)

Operating Revenues [2]	2007	2008	2009	2010[1]	2011[1]
Aviation	$ 139,491	$ 159,086	$ 130,443	$ 130,284	$ 135,173
Maritime	127,141	128,351	140,739	143,344	151,854
Commercial Real Estate	10,742	12,446	12,108	11,597	10,956
	277,374	299,883	283,290	285,225	297,983
Operating Expenses					
Aviation	108,517	120,954	115,067	104,265	103,887
Maritime	34,768	38,611	43,330	36,775	36,034
Commercial Real Estate	9,806	9,802	8,910	8,859	8,081
	153,091	169,367	167,307	149,899	148,002
Depreciation and Amortization					
Aviation	35,652	41,345	46,475	47,834	48,199
Maritime	40,802	43,653	46,699	47,229	47,349
Commercial Real Estate	4,334	3,909	3,764	3,747	3,268
	80,788	88,907	96,938	98,810	98,816
Operating Income	43,495	41,609	19,045	36,516	51,165
Non-operating Revenues (Expenses)					
Interest Income	10,457	13,145	9,655	4,741	2,876
Interest Expense	(65,261)	(76,796)	(78,415)	(74,624)	(71,678)
Loss on Debt Defeasance	---	---	---	(4,158)	--
Customer Facility Charges	7,430	6,999	5,235	4,530	4,764
Passenger Facility Charges	30,221	27,033	19,391	19,702	19,106
Other Income	10,419	2,452	(5,072)	292	1,438
Abandoned Projects and Impaired Assets	(2,761)	(14,985)	(435)	(6,562)	---
Total Unrestricted Non-Operating (Expenses)	(9,495)	(42,152)	(49,641)	(56,079)	(43,494)
Change in Assets Before Capital Contributions	34,000	(543)	(30,596)	(19,563)	7,671
Capital Contributions					
Grants from Government Agencies	14,094	27,092	11,896	21,343	27,343
Land Conveyed to Port	21,573	---	---	---	---
Total Capital Contributions	35,667	27,092	11,896	21,343	27,343
Change in net assets	69,667	26,549	(18,700)	1,780	35,014
Net assets, beginning of year	827,582	897,249	914,586	889,206	890,986
Prior period adjustments [3]	---	(9,212)	(6,680)	---	---
Net assets, beginning of the year, as restated	827,582	888,037	907,906	889,206	890,986
Net assets, end of year	$ 897,249	$ 914,586	$ 889,206	$ 890,986	$ 926,000

(1) See APPENDIX A for Port of Oakland Consolidated Financial Statements.
(2) Operating Revenues include revenues from utilities.
(3) Beginning Net Assets of June 30, 2008 has been restated by $9,212 due to the correction of accruing excess minimum annual guarantee to a maritime tenant and cost reimbursement related to maritime terminal improvements. Beginning Net Assets of June 30, 2009 has been restated by $6,680 to account for existing pollution remediation liabilities from prior periods, as allowed by GASB 49.

TABLE 19

PORT OF OAKLAND
AUDITED OPERATING RESULTS FOR FISCAL YEAR 2011, UNAUDITED OPERATING RESULTS FOR FISCAL YEAR 2012 AND ADOPTED BUDGETS FOR FISCAL YEARS 2012 AND 2013
($000)

Division	Audited FY 2011	Budget FY 2012	Unaudited FY 2012(1)	Variance Unaudited FY 2012 versus Audited FY 2011	Budget FY 2013(4)
Operating Revenue					
Aviation	$ 131,439	$ 135,699	$ 136,507	$ 5,068	$ 145,709
Maritime	147,189	141,864	148,444	1,255	145,780
Commercial Real Estate	11,294	11,398	12,406	1,112	11,457
Utilities	8,780	8,035	8,235	(545)	8,993
Bad Debt Reserve	(719)	(426)	545	1,264	(421)
Total Operating Revenue	297,983	296,570	306,138	8,154	311,518
Operating Expenses					
Administration	(8)	(258)	(144)	(136)	--(2)
Aviation	(70,859)	(74,954)	(73,805)	(2,946)	(81,220)
Maritime	(16,574)	(17,576)	(16,226)	348	(18,569)
Commercial Real Estate	(5,767)	(6,291)	(5,440)	327	(6,184)
Corporate Administrative Services	(2,322)	(3,114)	(2,710)	(388)	(2,925)
Information Technology	(3,456)	(3,560)	(3,450)	6	(4,511)
Engineering	(8,596)	(10,479)	(8,744)	(148)	(11,746)
Environmental Programs & Planning	(2,456)	(2,758)	(2,517)	(61)	(2,747)
Utilities Cost of Sales	(4,269)	(4,482)	(3,675)	594	(4,722)
Social Responsibility	(1,693)	(1,814)	(1,257)	436	(1,759)
External Affairs	(1,495)	(2,350)	(2,082)	(587)	(2,345)
Executive Office	(692)	(732)	(661)	31	(1,589)
Labor Relations	(143)	(475)	(594)	(451)	--(2)
Board of Port Commissioners	(478)	(540)	(522)	(44)	(542)
Office of Audit Services	(1,177)	(1,268)	(1,114)	63	(1,202)
Port Attorney's Office	(3,795)	(4,371)	(3,696)	99	(4,786)
Financial Services	(4,382)	(5,150)	(4,671)	(289)	(5,379)
Non-Departmental Expenses	(29,900)	(26,103)	(32,611)	(2,711)	(29,742)
Absorption of Labor & Overhead to Capital Assets(3)	10,060	11,585	13,142	3,082	10,730
Depreciation & Amortization	(98,816)	(99,323)	(98,032)	784	(98,094)
Total Operating Expenses	(246,818)	(254,014)	(248,810)	(1,991)	(267,330)
Operating Income (A)	51,165	42,556	57,329	6,164	44,188
Non-Operating Items					
Interest Income	2,876	2,488	1,755	(1,121)	1,280
Interest Expense	(71,678)	(70,458)	(65,710)	5,968	(64,381)
Passenger Facility Charges (PFCs)	19,106	19.934	19,758	653	20,229
Customer Facility Charges (CFCs)	4,764	4,764	5,184	420	5,130
Abandoned Capital Assets	0	(300)	(2,276)	(2,276)	(300)
Other Income (Expenses)	1,438	8,629	(1,809)	(3,247)	8,134
(B)	**(43,494)**	**(34,943)**	**(43,098)**	**398**	**(29,908)**
Capital Contributions					
Grants from Government Agencies	27,343	25,891	23,217	(4,126)	27,933
(C)	**27,343**	**25,891**	**23,217**	**(4,126)**	**27,933**
Change in Net Assets					
(A+B+C)	**$ 35,014**	**$ 33,504**	**$ 37,448**	**$ 2,435**	**$ 42,212**

(1) Preliminary; results for FY 2012 are derived from unaudited financial information and are subject to year-end adjustments. Utility revenues and certain expenses will be allocated to the Aviation, Maritime and Commercial Real Estate Divisions.
(2) Included as part of Executive Office in FY 2013 budget.
(3) Labor and overhead costs that are capitalized.
(4) Budget numbers are based on the Port's expectations at the time the budget was adopted and may not be indicative of actual results.
Totals may not add due to rounding.

Fiscal Year 2012 Unaudited Results

Comparison to Fiscal Year 2011 Audited Results. Comparing Fiscal Year 2012 to Fiscal Year 2011, Port operating revenues for Fiscal Year 2012 are approximately $8.2 million (2.7%) higher, principally due to higher Aviation revenues of approximately $5.1 million associated with contractual rent increases for cargo operators and higher terminal rent and parking revenue. The Maritime and CRE Divisions accounted for the majority of the remaining positive variance. Operating expenses are higher (worse) by approximately $2.0 million. Non-operating items are $0.4 million lower (better) primarily due to lower interest expense. Change in net assets is higher by $2.4 million.

Comparison to Fiscal Year 2012 Budget. Fiscal Year 2012 operating revenues are approximately $9.6 million (3.2%) higher than budgeted, principally due to additional Maritime revenues of approximately $6.6 million. These additional Maritime revenues resulted primarily from higher variable revenue under long term agreements, higher revenue under space assignments, and delayed implementation of an intermodal rail cargo incentive program. Total operating expenses are approximately $5.2 million (2.0%) lower (better) than budget. Total operating expenses before depreciation and amortization are about $3.9 million (2.5%) lower (better) than budget, principally due to savings of $4.4 million on contractual services. Non-operating items are approximately $8.2 million higher (worse) than budget primarily due to the delay of the sale of the Oak-to-Ninth property, lower interest income, and higher than anticipated losses on abandoned/demolished assets, all of which are partially offset by lower interest expense and higher CFC collections. Change in net assets is a positive $3.9 million compared to budget.

Port Operating Budget

The Port's operating budget is an essential and major component in the Port's overall planning and management process. The operating budget is a plan for each division's operating revenue and expenses and for Port-wide non-operating income and expenses during a Fiscal Year.

Preliminary budget policies are determined by executive management early in the budget cycle. Preliminary budget meetings provide the opportunity for discussion and review of new programs and proposed changes in revenues and expenses, as well as operational needs. Budget instructions, forms and worksheets based upon the outcome of these planning meetings are distributed in early April to all divisions and departments responsible for budget preparation. The primary responsibility for initial budget preparation rests with the division directors and each division is responsible for presenting a seasonally-adjusted proposed budget.

A three-year operating budget is presented to the Board, which adopts the upcoming Fiscal Year's budget by resolution. The two subsequent years of the operating budget are informational and presented in concept only. Copies of the adopted and informational budgets are provided to the City. During the Fiscal Year, monthly variance reports are produced comparing actual monthly results to monthly budgets. The operating budget may be amended only by another resolution of the Board.

In conjunction with the development of its operating budget, the Port also engages in a capital planning process, which includes development of a capital budget for Board adoption. See "CAPITAL PLANNING AND CAPITAL PROJECTS" for further discussion of the capital planning process and for a description of the projects included in the current CNA.

Highlights of the Fiscal Year 2013 Operating Budget

General. Operating revenues for Aviation, Maritime, Commercial Real Estate, and Utilities are based on divisional input incorporating known market and competitive factors, analysis of existing contracts, and the execution of anticipated future contracts. Fiscal Year 2013 operating expenses incorporate known and anticipated cost increases and decreases, with an emphasis on controlling expenses, while addressing core operational needs and ensuring adequate funding for key activities necessary to the maintenance and enhancement of the Port's competitiveness. The Fiscal Year 2012 unaudited financial results are subject to change.

Fiscal Year 2013 Operating Revenue Highlights and Assumptions. Budgeted revenues reflect continued pressure and uncertainty due to the overall economic climate and competitive environment of the Port's business lines. Generally, modest activity growth and downward pressure on revenue are mitigated by scheduled rent increases and Airline Rates and Charges recovery. Budgeted Port-wide operating revenue is $311.5 million, which is approximately $14.9 million (5%) higher than Fiscal Year 2012 budget and $5.4 million (1.8%) higher than Fiscal Year 2012 unaudited results. Budgeted Fiscal Year 2013 operating revenues reflect 1.5% passenger enplanement growth at the Airport, 2.0% growth in cargo (loaded TEUs) activity at the Seaport, and flat to modest growth in activity in commercial real estate, compared to Fiscal Year 2012 activity levels.

Fiscal Year 2013 Operating Expense Highlights and Assumptions. Port-wide operating expense before depreciation and amortization are higher by $14.5 million (9.4%) compared to Fiscal Year 2012 budget and by $18.5 million (12.2%) compared to Fiscal Year 2012 unaudited results. Budgeted operating expense assumes approximately $3.6 million of labor-related savings from all employees (see "THE PORT OF OAKLAND—Employees and Labor Relations"). However, this assumed adjustment does not fully offset higher operating expenses resulting from the addition of personnel; higher pension and health care premiums; and rising security, regulatory, maintenance, insurance, and electricity (primarily renewable energy) costs.

Non-operating items in Fiscal Year 2013 are budgeted at negative $29.9 million, which is $5.0 million (14.4%) lower (better) than Fiscal Year 2012 budget, primarily due to lower interest expense. Compared to Fiscal Year 2012 unaudited results, non-operating items is $13.2 million (30.6%) lower (better), primarily due to the anticipated sale of the Oak-to-Ninth property and lower loss on demolished/abandoned capital assets.

The Port's change in net assets is calculated as the sum of Operating Income, Non-Operating Items, and Capital Contributions. The projected change in net assets for Fiscal Year 2013 is positive $42.2 million, an increase of $8.7 million (26.0%) compared to Fiscal Year 2012 budget and $4.8 million (12.7%) compared to Fiscal Year 2012 unaudited results.

Staffing Summary. The Fiscal Year 2013 budget reflects 492 FTEs. This staffing level is significantly lower than Fiscal Year 2008, when the staffing level was approximately 600 FTEs. Since 2008, in response to the economic downturn and to meet operating budget objectives, the Port has reduced its workforce, primarily through layoffs and an early retirement incentive program.

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Historical Debt Service Coverage

The following table shows historical debt service coverage on the Senior Lien Bonds then outstanding for Fiscal Years 2007 through 2012 and combined coverage on the Senior Lien Bonds, DBW Loan and Intermediate Lien Bonds then outstanding for the same years. Net revenues are calculated in accordance with generally accepted accounting principles and based on the accrual basis of accounting, wherein revenues are recognized when they are earned, not when received, and expenses are recognized when they are incurred, not when paid. As a result, the Port's debt service coverage ratios do not reflect the Port's cash position.

TABLE 20

PORT OF OAKLAND
HISTORICAL BOND DEBT SERVICE COVERAGE
FISCAL YEARS 2007 THROUGH 2012
($000)

	2007	2008	2009	2010	2011	2012(1)
Net Revenues(2)	$138,458	$144,931	$130,173	$147,860	$155,502	$161,254
Senior Lien Bond Debt Service	$82,649	$71,230	$64,465	$84,218	$66,641	$69,173
Senior Lien Bond Debt Service Coverage(2)	1.68	2.03	2.02	1.76	2.33	2.33
Senior Lien Bond, DBW Loan and Intermediate Lien Bond Debt Service	$83,107	$84,458	$94,045	$113,303	$105,645	$108,175
Senior Lien Bond, DBW Loan and Intermediate Lien Bond Debt Service Coverage(3)	n/a	1.72	1.38	1.42(4)	1.47	1.50(5)

(1) Preliminary; results for FY 2012 are derived from unaudited financial information and are subject to year-end adjustments.
(2) Calculated in accordance with the rate covenant described in clause (i) of the first paragraph under "SECURITY AND SOURCES OF PAYMENT FOR THE 2012 SENIOR LIEN BONDS—Rate Covenants" and APPENDIX B—"SUMMARIES OF THE SENIOR LIEN MASTER TRUST INDENTURE AND THE FIFTEENTH SUPPLEMENTAL TRUST INDENTURE."
(3) Senior Lien Bond, DBW Loan and Intermediate Lien Bond Debt Service Coverage was not calculated until the issuance of Intermediate Lien Bonds during Fiscal Year 2008. Does not include amounts on deposit in the Port Bond Reserve Fund or the Capital Reserve Fund as permitted under the Intermediate Lien Indenture through June 30, 2012.
(4) Reflects $9.5 million of funds released from the Series F, Series K, Series L and Series N bond reserve funds being applied to debt service payment.
(5) Reflects $0.6 million of Series M unspent bond proceeds being applied to debt service payment.

Projected Debt Service Coverage

Table 21 presents the budgeted debt service coverage for Fiscal Year 2013 and the projected debt service coverage for Fiscal Years 2014 and 2015. The projections were developed by the Port as part of the development of the Port's operating budget for Fiscal Year 2013, and the projected operating budgets for Fiscal Years 2014 and 2015 have been presented to the Board in concept only.

The projections in Table 21 take into account the Port's Senior Lien Bonds, DBW Loan and Intermediate Lien Bonds outstanding as of the date of this Official Statement, but do not reflect issuance of the 2012 Senior Lien Bonds or any Additional Senior Lien Bonds or additional Intermediate Lien Bonds, nor do they reflect the redemption of any Senior Lien Bonds or Intermediate Lien Bonds outstanding as of the date of this Official Statement. The issuance of the 2012 Senior Lien Bonds and the redemption of the Refunded Senior Lien Bonds will reduce the amount of debt service due beginning in Fiscal Year 2013. The projections in Table 21 do not take into account outstanding principal or interest payable on the CP Notes or other costs associated with the Port's CP Notes, such as ongoing dealer or liquidity costs. Net revenues are calculated in accordance with generally accepted accounting principles and based on the accrual basis of accounting, wherein revenues are recognized when they are earned, not when received, and expenses are recognized when they are incurred, not when paid. As a result, the Port's debt service coverage ratios do not reflect the Port's cash position.

Projection Assumptions. The projections contained in Table 21 below are subject to a number of assumptions, including the availability of additional funding sources when needed and the completion of the CNA according to the current schedule. The projections also reflect further assumptions with respect to the Port's future operating revenues and operating expenses, and numerous other assumptions related to future activity in the Aviation, Maritime and Commercial Real Estate Divisions. Operating revenues are assumed to grow at a compounded annual growth rate of 1.9% from Fiscal Year 2012 (unaudited results) through Fiscal Year 2015, reflecting enplanement and cargo activity growth in the range of 1.5% to 2.5%, and flat to modest growth in commercial real estate activity. Over the same time period, operating expenses (before depreciation and amortization) are assumed to grow at a compounded annual growth rate of 5.5%, primarily due to rising pension, health care, security, and regulatory costs. The projected growth in operating expenses assumes savings from labor adjustments by all employees. The projections have not been revised or updated since the date of the adoption of the Port's Fiscal Year 2013 Budget, which was June 21, 2012.

No assurances can be given that the projections and future results discussed in this Section will be achieved, or that the issuance of the 2012 Senior Lien Bonds and the redemption of the Refunded Senior Lien Bonds will result in debt service ratios greater than those reflected in Table 21. Future results, for example, could be adversely impacted by such factors as (i) unanticipated increases in expenditures or decreases in revenues, (ii) the unavailability of assumed funding sources when needed (particularly grants and other funding that may be subject to future governmental authorization or appropriation), (iii) construction delays or cost overruns, or (iv) other adverse and unforeseen events or conditions affecting the Port. Actual results may differ materially from the forecasts described herein.

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TABLE 21

PORT OF OAKLAND
PROJECTED BOND DEBT SERVICE COVERAGE
FISCAL YEARS 2013 THROUGH 2015
($000s)

	2013[1]	2014[2]	2015[2]
Net Revenues[3]	$149,906	$153,300	$155,861
Senior Lien Bond Debt Service	69,133	58,016	60,093
Senior Lien Bond, Debt Service Coverage[3]	2.17	2.64	2.59
Senior Lien Bond, DBW Loan and Intermediate Lien Bond Debt Service	108,139	108,137	108,138
Senior Lien Bond, DBW Loan and Intermediate Lien Bond Debt Service Coverage	1.39	1.42	1.44

(1) Budgeted; does not reflect refunding.
(2) Projected; does not reflect refunding.
(3) Calculated in accordance with the rate covenant described in clause (i) of the first paragraph under "SECURITY AND SOURCES OF PAYMENT FOR THE 2012 SENIOR LIEN BONDS—Rate Covenants" and APPENDIX B—"SUMMARIES OF THE SENIOR LIEN MASTER TRUST INDENTURE AND THE FIFTEENTH SUPPLEMENTAL TRUST INDENTURE."

Other Reserve Funds

The funds described below were established by the Board and are not held by the Trustee. They are internal funds of the Port funded with Port revenues (not bond proceeds) and are separate from the debt service reserve funds (including the 2011 Common Reserve Fund) established under the Senior Lien Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2012 SENIOR LIEN BONDS—Common Reserve Fund." The Board is not obligated under the Senior Lien Indenture to maintain these funds and they may be revised or eliminated at any time.

Port Bond Reserve Fund. In 1989, the Board adopted a resolution establishing various financial management reserve policies, including establishing a Port Bond Reserve Fund (the "Port Bond Reserve Fund"). The current Port Bond Reserve Fund policy provides that such fund is to be used, first, to ensure timely payment of debt service on all outstanding indebtedness of the Port, and, second, to fund emergency capital expenditures or extraordinary operating and maintenance expenses. Funds may be released from the Port Bond Reserve Fund only upon the recommendation of the Port's Chief Financial Officer and the approval of the Board. The current Port Bond Reserve Fund policy provides that the amount in the Port Bond Reserve Fund shall be equal to $30 million. Since its inception, the Port has not drawn on the funds in the Port Bond Reserve Fund to make debt service payments or to make any other expenditures. The Board is not obligated under the Senior Lien Indenture to maintain the Port Bond Reserve Fund.

Operating Reserve Fund. The Board has established an operating reserve fund (the "Operating Reserve Fund"), which current Board policy requires to be funded in an amount equal to 12.5% of the Port's approved annual operating expense budget (the "Operating Reserve Requirement"). The Port's Chief Financial Officer may withdraw funds from the Operating Reserve Fund for unanticipated working capital requirements of the Port, subject, in each case, to any other applicable requirements of the Board. The balance of the Operating Reserve Fund as of July 1, 2012 was approximately $21.2 million and satisfied the Operating Reserve Requirement. The Board is not obligated under the Senior Lien Indenture to maintain the Operating Reserve Fund.

Capital Reserve Fund. The Board has established a Capital Reserve Fund which current Board policy requires to be funded in an amount equal to $15 million. The Port's Chief Financial Officer may withdraw funds from the Capital Reserve Fund for the following purposes: (i) to pay principal of and interest on indebtedness of the Port in the event that debt service reserve funds and revenues of the Port are insufficient to pay such principal and interest then due and owning by the Port, (ii) for extraordinary capital improvements following approval of a project or a contract by the Board, and (iii) for extraordinary operating and/or maintenance expenditures of the Port as approved by the Board. The Board is not obligated under the Senior Lien Indenture to maintain the Capital Reserve Fund.

Port Payments to the City

The Port makes the following types of payments to the City pursuant to several memoranda of understanding: (i) Special Services, which include certain police services in the Maritime area and Jack London Square and other administrative services provided by the City; (ii) special services of ARFF (as defined below) at the Airport; (iii) General Services, which include police, fire, street and traffic maintenance in the Port Area; and (iv) Lake Merritt maintenance costs. In addition, the Port pays City Treasury management fees to the City and makes certain payments to the City's Landscaping and Lighting Assessment District. The Port also leases various parcels of land to the City for a *de minimis* amount.

Special Services Payments. Payments for Special Services are treated as a cost of Port operations pursuant to City Charter Section 717(3) Third Purpose and have priority over certain other expenditures of Port revenues. These payments are included as "Operating Expenses" in the Port's budget. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2012 SENIOR LIEN BONDS—Flow of Funds Under the City Charter." As of June 30, 2011, the Port accrued as a current liability for Special Services approximately $6.0 million, which represents Special Services for Fiscal Years 2002 through 2011. Since June 30, 2011, the Port has only made a partial payment to the City for Special Services for those years because the Port has not received sufficient supporting documentation for some of these services. The Port budgeted approximately $0.9 million for Special Services payments in each of Fiscal Years 2012 and 2013.

ARFF Payments. Payments for aircraft reserve firefighting services ("ARFF") are treated as a cost of Port operations pursuant to City Charter Section 717(3) Third Purpose and have priority over certain other expenditures of Port revenues. The Port budgeted approximately $4.8 million for ARFF in Fiscal Year 2013.

General Services and Lake Merritt Payments. General Services are those services that are provided throughout the City, including the Port Area. Services that are provided specifically to the Port and not throughout the City are considered Special Services and not included in the methodology for calculating General Service payments. In general, the General Service payments are calculated based on a proration of the cost of each General Service that is provided on unleased Port property in the Port Area to the total land area on which the General Service is provided. Certain areas of the Port Area, such as portions of the Airport, are excluded from the calculation to better reflect the proportion of services provided on unleased Port property. Lake Merritt payments reimburse the City for maintenance expenditures made from City funds for Lake Merritt tidelands trust purposes. General Services payments and Lake Merritt payments are made only to the extent the Port determines that surplus moneys are available for such payments. In June 2012, the Port declared a surplus of funds and paid $7.9 million to the City for General Services and Lake Merritt expenditures, which represents amounts for Fiscal Years 2008 through 2011. The Port budgeted approximately $1.2 million for General Services and $1.0 million for Lake Merritt for Fiscal Year 2012. For Fiscal Year 2013, the Port budgeted approximately $1.1 million for General Services and approximately $1.0 million for Lake Merritt. Budgeted amounts for General Services and Lake Merritt payments that are not paid in a given year carry forward, without interest, to future years until paid from available Port surplus.

Treasury Management Expenses. The City charges the Port approximately $0.3 million per year for Treasury management of the Port Revenue Fund. In prior years the Port has disputed certain charges requested by the City for these services. The Port has been in discussions with the City to formalize an agreement as to these charges for future years. The Port does not believe that any final agreement with the City on this issue would have a significant impact on the Port's operations.

Landscaping and Lighting Assessment District. The Port budgeted Landscaping and Lighting Assessment District ("LLAD") payments to the City attributable to the Maritime and Commercial Real Estate Divisions in the combined amount of approximately $0.7 million in Fiscal Year 2013. In addition, the City has requested LLAD assessment payments in the aggregate amount of $2.5 million, which have been imposed on the Airport for Fiscal Years 1997 through 2012. The Port has not received sufficient information from the City to conclude that payments for such assessments are permissible by the Port under the FAA's Policy and Procedures Concerning the Use of Airport Revenue regarding non-diversion of Airport revenues. See "THE PORT OF OAKLAND—Aviation Division—Major Sources of Airport Operating Revenues—Non-Diversion of Airport Revenues." This amount has not been accrued in the Port's accounting system. The Port is still in discussions with the City regarding the payment of the LLAD assessments attributable to the Airport.

Future Payments. Any new payment to the City by the Port for any services provided by the City, or for other purposes, must comply with the State's requirements regarding the use of the State's tidelands trust revenues, the Charter's requirements regarding the use of all but surplus revenues for Port purposes, and federal legal requirements restricting the use of airport revenues. Any new or additional payments to the City, whether for services or for other purposes, will decrease the internally-generated funds available to the Port for capital projects and may increase the amount the Port must borrow to fund capital projects or cause the Port to reduce the projects in the capital budget. The Port cannot predict what additional payments, if any, it may be required to make to the City in the future.

Audits and Compliance Reviews

At all times, including the date of this Official Statement, there are audits and compliance reviews that arise in the normal course of the Port's activities. Such audits and compliance reviews may relate to any activity at the Port, and may be conducted by persons within or outside the Port, including but not limited to the Port's internal Office of Audit Services, granting agencies (such as the FAA), and a variety of other federal, state and local governmental agencies. The Port is not aware of any pending audit or review concerning matters that are likely to have a material adverse effect on its ability to pay the principal of, premium, if any, and interest on the 2012 Senior Lien Bonds when due.

Port Auditors

Prior to Fiscal Year 2002, the City and the Port used separate external auditors. The Port and the City then agreed to hire the same accounting firm to conduct both audits, as long as the independence of the auditor for the Port's financial statements is maintained. For Fiscal Years 2003-2011, the Port and City used the accounting firm of Macias, Gini and O'Connell LLP to conduct the annual audit reviews. The Port's and the City's audit contracts with Macias, Gini and O'Connell LLP have been extended through Fiscal Year 2014. Macias, Gini and O'Connell LLP has subcontracted with Kevin W. Harper, CPA and Associates.

Investments

Moneys held by the Trustee under the Senior Lien Indenture, including moneys in the Debt Service Funds (and the accounts therein) and the Reserve Funds (including the 2011 Common Reserve Fund), may be invested at the direction of the Port in Permitted Investments pursuant to the Senior Lien Indenture.

The Charter requires that all moneys held in the Port Revenue Fund (including moneys in the Port Bond Reserve Fund described under "THE PORT'S FINANCES AND OPERATIONS—Other Reserve Funds—Port Bond Reserve Fund") be deposited in the City Treasury. Currently, the Treasury Manager of the City (the "City Treasurer") has the authority to invest such funds in accordance with the City's investment program. Approximately $189 million consisting of moneys in the Port Revenue Fund, PFC funds and other restricted and unrestricted cash were invested as part of the City's investment program as of June 30, 2011, comprising approximately 49% of the pooled moneys invested by the City Treasurer. The weighted average maturity of all investments held by the City Treasurer, including the Port Revenue Fund, as of June 30, 2011 was 293 days.

The City's investment program is governed by an investment policy (the "Investment Policy") prepared annually by the Treasury Division of the City's Finance and Management Agency and generally adopted by the City

Council in late July. The current Investment Policy was adopted on July 17, 2012. The Investment Policy provides the permitted investments, credit standards, investment objectives, oversight, trading policies and mandatory standards, and other specific constraints for the City's investment program. The Investment Policy may be modified from time to time.

The City is in possession of Pledged Revenues (or portions thereof), and is expected to invest Pledged Revenues held in the Port Revenue Fund as part of the City's investment program.

Qualified Interest Rate Swaps and Other Financial Derivative Products

The Port may, from time to time, enter into qualified interest rate swaps and other financial derivative contracts (collectively, the "Derivative Transactions") in accordance with the Port's derivative policy (the "Derivative Policy"). The Port has not entered into any Derivative Transactions and has no current plans to enter into any such transactions, although it may do so in the future.

The Derivative Policy requires that the Port evaluate each proposed Derivative Transaction on a case-by-case basis, taking into account the requirements under the Charter, any applicable state and federal law and the Port's then-existing financing documents (including the Senior Lien Indenture). The Port may use Derivative Transactions only to achieve specific financial objectives consistent with the Port's overall financial policy and strategy. Such financial objectives may include, but are not limited to, one or more of the following: (i) to reduce the overall cost of borrowing; (ii) to manage interest rate risk; or (iii) to provide greater financial flexibility. Furthermore, the Derivative Policy requires that the Port take certain risk mitigating factors into consideration when assessing any potential Derivative Transaction, such as the counterparty's credit rating and the overall risk level associated with the Derivative Transactions then in effect.

Risk Management and Insurance

Contractual Requirements. The Port imposes certain risk transfer requirements on Port tenants, vendors and contractors. Generally, the Port requires that entities doing business with the Port must defend and indemnify the Port from losses arising out of that entity's activities and/or products. The Risk Management Department establishes insurance provisions in contracts that require tenants, vendors and contractors to maintain specified levels of insurance coverage in order to ensure the entities are financially responsible and generally able to honor the obligations assumed in the indemnity/hold harmless provisions of their agreements with the Port.

Insurance. The Port purchases commercial insurance policies to cover catastrophic and other losses that cannot prudently be assumed by the Port. These policies include specialty commercial general liability, excess liability, airport liability, general property including terrorism and business interruption, automobile liability (and additionally, insurance covering physical damage to Airport buses and shuttles), public officials' errors and omissions including employment practices liability, fiduciary liability, fidelity bond, crane physical damage including earthquake and terrorism, earthquake damage at the Port's administration building, excess worker's compensation and environmental liability. From time to time, the Port may change the types and limits of insurance coverage that it carries based on a variety of factors, including commercial availability. However, the Senior Lien Master Trust Indenture requires that the Board maintain insurance (which may include self-insurance) with respect to the Port's facilities and maintain public liability insurance, in each case in such amounts and against such risks as are, in the judgment of the Board, prudent and reasonable taking into account, but not being controlled by, the amounts and types of insurance provided by similar ports. The Port does not carry insurance protecting against earthquake damage to facilities, other than the Port-owned container cranes, the Port's headquarters building, certain electronic data systems throughout Port facilities, parking shuttle buses, and AirBART buses. The limits of such insurance for earthquake damage are lower than the total replacement value of the assets covered. See "INVESTOR CONSIDERATIONS—Seismic Activity." In addition, the insurance policies maintained by the Port generally contain deductibles or self-insured retention and specified coverage limits and may not cover the total cost of damage produced by all events that may occur.

OCIP. The Port has established an Owner-Controlled Insurance Program ("OCIP") to manage the insurance risk of public works projects at the Port. The OCIP, which expires in July 2014, provides general liability, employers' liability and statutory workers compensation insurance to contractors working on capital projects involving construction at the Port. The OCIP is an alternative to the Port relying on insurance provided by the contractors. The Port estimates that the OCIP program (not including supplemental coverages) will cost in the range of $6.9 million (assuming no losses) to $10.9 million (assuming maximum losses) during the period beginning July 1, 2007 through the expiration of the OCIP. The Port pays deductible losses when presented, but does not fund a reserve for OCIP-related losses. Upon expiration of the current OCIP in 2014, the Port will either authorize another OCIP (by extending the current program or starting a new program) or return to the traditional method of transferring the construction risks to the contractors' insurance. The decision will be based on factors such as contractual obligations and available insurance rates and policies at such time.

In addition, the Port carries the following policies to supplement the OCIP: contractors pollution legal liability; project-specific professional liability; and owner's protective professional indemnity providing an extra layer of protection to the Port for losses arising out of professional services in excess of the project-specific professional liability coverage or the contractor's own professional liability insurance. The Port currently requires that its contractors provide their own builder's risk insurance. The Port may change the policies it carries to supplement the OCIP in the future.

Tidelands Trust Properties

Most of the property on which the Airport, the marine terminals and other facilities are located is owned by the City and, pursuant to the Charter, is controlled and managed by the Port, subject to a trust imposed pursuant to more than a dozen tideland grants from the State. These grants date back as far as 1852. Property acquired by the Port subsequent to these grants with trust funds is also encumbered by the Tidelands Trust (the "Trust").

Certain requirements and restrictions are imposed by the grants. Generally, the use of lands subject to the Trust is limited under the terms of the grants to Statewide public purposes, including commerce, navigation, fisheries and other recognized uses. The Port may not sell any of the granted lands, nor lease them for periods of more than 66 years. There are also certain limitations on the use of funds generated from the Trust lands and Trust assets. Trust-generated funds may be transferred to the City's General Fund only for Trust purposes as opposed to general municipal purposes. All amounts in the Port Revenue Fund in effect constitute funds subject to the Trust. None of the various restrictions on Trust funds is expected to adversely affect the operations or finances of the Port.

These tidelands grants and Trust assets may be subject to amendment or revocation by the State legislature, as grantor of the Trust and as representative of the beneficiaries (the people of the State). Under applicable law, any such amendment or revocation may not impair the accomplishment of Trust purposes, or impair the existing covenants and agreements between the Board and the Board's bondholders.

Environmental Compliance

The Port is required to comply with a number of federal, state and local laws, regulations, permits, orders and other requirements, which are referred to collectively as "environmental requirements" designed to protect the human and natural environment, human health and safety and to inform the public of important environmental issues. The basic environmental assessment laws are the federal National Environmental Policy Act ("NEPA") and the California Environmental Quality Act ("CEQA"). NEPA requires consideration and disclosure of the environmental impacts of development projects that are approved, funded or carried out by federal agencies, while CEQA establishes similar requirements for projects that are approved, funded or carried out by State or local agencies, including the Port.

Other federal environmental requirements applicable to the Port include, without limitation, those requirements that govern hazardous waste and materials, toxic substances, water quality (including, without limitation, storm water), dredged material, air quality, and endangered species. The federal agencies that enforce these laws include, without limitation, the U.S. EPA and the United States Army Corps of Engineers. The Port is also required to comply with a number of State environmental requirements, including, without limitation, those requirements that govern hazardous waste and materials, storage tanks, development along the shoreline, water quality, air quality, and climate change. The State has delegated enforcement authority to the Alameda County Health Care Services Agency, Department of Environmental Health in a number of situations relating to underground storage tank clean-up and other matters. However, the City is the Certified Unified Program Agency for the purpose of regulating certain hazardous materials issues within the City, including the Port Area. Where the State has not delegated authority, various State agencies enforce these laws, including without limitation, the California Environmental Protection Agency, Department of Toxic Substances Control; the State Water Resources Control Board; the Bay Area Air Quality Management District; the San Francisco Bay Conservation and Development Commission; the Regional Water Quality Control Board, San Francisco Bay Region; and the State Department of Industrial Relations, Division of Occupational Safety and Health.

In order to comply with these environmental requirements, the Port has instituted a number of environmental compliance programs and procedures. Some of these are ongoing, while other compliance activities are carried out on an intermittent basis or as necessary. In the area of worker safety, the Port has developed an Illness and Injury Prevention Program as mandated by the California Occupational Safety and Health Administration for companies with more than 15 employees.

In addition to complying with applicable environmental requirements directly applicable to the Port, the Port monitors laws and regulations that may impact Port tenants, customers, and other users of the Port (collectively, "business partners") to determine if the costs of compliance could impact the Port's levels of activity and therefore its revenues or expenses. For example, in recent years, a number of regulations have been promulgated, primarily by the California Air Resources Board, to address emissions of air pollutants from mobile sources associated with goods movement, including, but not limited to, cargo handling equipment, ships, and trucks. While these regulations may not directly apply to the Port or require the Port to take actions to ensure compliance, these regulations may affect the Port. Practical considerations may require the Port to work closely with its business partners to ensure that compliance is achieved. As a result of these regulations and activities, the Port may have unanticipated capital or operating expenditures not reflected in the CNA.

A significant portion of the Port's property has been used in the past for a variety of industrial and commercial purposes. Some of these former uses have left behind environmental contamination. The Port's financial statements include accrued liabilities, which are established, reviewed and adjusted periodically, based on new information, in accordance with applicable accounting standards, for the estimated costs of compliance with environmental requirements and remediation of known contamination. As of June 30, 2011, the Port estimated that its contingent environmental liabilities amounted to approximately $20.7 million, which was an estimation pursuant to GASB 49. The Port does not set aside funds to pay for such liabilities. The Port may discover additional environmental liabilities in the future, which would be reflected in adjustments to liabilities on the Port's financial statements in accordance with GASB 49 and would increase Port operating expenses.

Retirement Plans

California Public Employees' Retirements System Plan. All full time and certain other qualifying employees of the Port are eligible to participate in the Public Employees' Retirement Fund, which is a multiple-employer defined benefit retirement plan administered by the State of California's Public Employees Retirement System ("CalPERS"). The obligation of the Port to make payments to CalPERS to fund retirement benefits for Port employees constitutes a significant financial obligation. Retirement-related costs have increased in recent years and are expected to increase significantly in the foreseeable future. The amount of such increases will depend on a variety of factors, including but not limited to investment returns and actuarial assumptions.

Port employees participate with other departments of the City of Oakland in the Miscellaneous Plan of the City of Oakland (the "Miscellaneous Plan") administered by CalPERS. The Miscellaneous Plan provides retirement, disability and death benefits based on the employee's years of service, age and compensation. The Miscellaneous Plan is a contributory plan deriving funds from employer contributions as well as from employee contributions and earnings from investments. The Port is only responsible for the portion of the Miscellaneous Plan allocable to its employees.

CalPERS prepares annually an actuarial valuation of the Miscellaneous Plan as of June 30th of the Fiscal Year ended approximately 15 months before the actuarial valuation is prepared (thus, the actuarial valuation delivered to the Port in October 2011 was as of June 30, 2010). Included in the actuarial valuation are the employer contribution rates as a percentage of payroll reported to CalPERS for the Fiscal Year immediately following the Fiscal Year in which the actuarial valuation is prepared (thus, the employer contribution rates based on the actuarial valuation as of June 30, 2010, which was prepared in Fiscal Year 2012, are for the Fiscal Year 2013). CalPERS rules require the Port to implement the actuary's recommended rates.

The annual employer contribution rate is calculated based on many assumptions, including a discount rate of 7.75% (compounded annually and net of expenses), an inflation rate of 3% (compounded annually), overall payroll growth of 3.25% (compounded annually) and salary increases of 3.55% to 14.45% depending on employee age and service time. As described below under "—Prospects," after the date of the last actuarial valuation, the assumed discount rate has been reduced from 7.75% to 7.50%.

In addition to the employer contribution rate, Port employees have an obligation to contribute 8% of their annual CalPERS-eligible earnings to the Miscellaneous Plan, although except for certain employees hired after October 1, 2009, the Port pays the 8% employee contribution rate pursuant to its collective bargaining agreements with its employee unions. In addition, senior management hired before October 1, 2009 are now contributing 5% of the 8% employee contribution rate, and the Port pays the remaining 3%. The amounts paid by the Port for its employees are referred to as "employer-paid member contributions."

The Port makes additional replacement benefit contributions to CalPERS on behalf of certain high-earning employees who have retired. The Port also makes fixed payments as a result of reclassifications of certain employees as described in Note 8 to the financial statements attached as Appendix A.

In the actuarial valuation for the Miscellaneous Plan as of June 30, 2010, the required employer contribution rate for Fiscal Year 2013 is 25.115% of payroll reported to CalPERS, which results in a budgeted contribution by the Port to CalPERS of $12.7 million for Fiscal Year 2013. The Port has also budgeted to pay an estimated $2.5 million in employer-paid member contributions for Fiscal Year 2013. The FY 2013 budget assumes that certain labor cost reductions will be implemented, thus reducing the Port's employer-paid member contribution. In addition, the Port has budgeted to pay approximately $1.1 million as a result of reclassifications of certain employees and for additional CalPERS replacement benefits for certain high-earning employees who have retired. This results in total Port contributions to CalPERS budgeted for Fiscal Year 2013 to be $16.3 million (approximately 10% of total budgeted operating expenses excluding depreciation and amortization). In Fiscal Year 2011, the Port paid in aggregate $13.2 million.

Additional information regarding CalPERS can be found at www.calpers.ca.gov. No information contained on or that can be accessed through the CalPERS website is incorporated by reference into this document.

Funding Status. As of June 30, 2010, the date of the most recent actuarial valuation report, the actuarial value of assets in the Miscellaneous Plan, in which the Port and other departments of the City participate, was approximately $1.6 billion, the market value of the assets ("MVA") was $1.2 billion and the actuarial accrued liability was approximately $1.9 billion (as compared to approximately $1.5 billion, $1.1 billion and $1.9 billion, respectively, as of June 30, 2009). The Miscellaneous Plan was approximately 64.0% funded (on an MVA basis) as of June 30, 2010, as compared to approximately 58.4% as of June 30, 2009. The unfunded actuarial accrued liability of the Miscellaneous Plan (on an MVA basis) was approximately $690.1 million as of June 30, 2010, as compared to approximately $781.1 million as of June 30, 2009. As of June 30, 2010, approximately 23% of the accrued liability of the Miscellaneous Plan is allocable to Port employees, and is therefore the responsibility of the Port. The Port is not required to, and does not, include this liability on its balance sheet. Pursuant to Statement No. 68 described below under "—Prospects," the Port's long-term obligation for pension benefits will be reflected as a liability on the Port's balance sheet beginning in Fiscal Year 2015.

Prospects. In the June 30, 2010 actuarial valuation, it is projected that the Port's employer contribution rate under the Miscellaneous Plan for Fiscal Years 2014 and 2015 would be 25.5% and 25.9%, respectively. Although there have been no projections beyond Fiscal Year 2015, the Port believes that its contribution rate in later years may again increase.

At a March 14, 2012 meeting, the CalPERS Board of Administrators approved a recommendation to lower the CalPERS discount rate assumption, or the rate of investment return the pension fund assumes, from 7.75% to 7.50%. This change is expected to increase public agency employer rates for Fiscal Year 2014 and thereafter.

Based on information provided by CalPERS, the increase in the employer contribution rate resulting from the change in discount rate will be phased in over a period of two years.

In June 2012, the Governmental Accounting Standard Board ("GASB") issued Statement No. 68, Accounting and Financial Reporting for Pensions, which revises and establishes new financial reporting requirements for most governmental entities that provide employees with defined pension benefits. Statement No. 68 requires governmental entities to recognize their long-term obligations for pension benefits as a liability for the first time and to more comprehensively and comparably measure the annual costs of pension benefits. Statement No. 68 also enhances accountability and transparency through review and new notes disclosure and required supplementary information. The provisions in Statement No. 68 are effective for fiscal years beginning after June 15, 2014. The Port is evaluating the impact of Statement No. 68 on its financial statements.

Pension Reform. On August 31, 2012, the California Legislature passed AB 340, the California Public Employees' Pension Reform Act of 2013. The bill, among other things, provides for greater cost-sharing of pension costs by employees, increases the retirement age for new employees, prohibits pension spiking, caps pensionable income for new employees, further restricts the ability of retirees to work for an employer in the same retirement system, eliminates retroactive benefit increases, prohibits the purchase of unqualified service credit, prohibits pension holidays and requires forfeiture of pension benefits upon certain felony convictions. The Port is currently evaluating the bill and its potential impacts.

Other Post-Employment Benefits. The Port provides certain lifetime medical, dental and vision coverage for eligible retirees and their dependents ("OPEB Benefits"). In accordance with the provisions of GASB Statement No. 45, the Port is required to quantify and disclose its obligations to pay OPEB to current and future retirees. GASB Statement No. 45 does not impose any requirement on the Port to pre-fund its OPEB Benefit actuarial accrued liability; however the Port funded its annual required contribution for Fiscal Years 2008, 2011 and 2012 by depositing funds to CalPERS' California Employer's Retiree Benefit Trust Fund (the "CalPERS Trust"). According to information provided by the CalPERS Trust, the CalPERS Trust is an investment vehicle that can be used by all California public employers to prefund future retiree health and OPEB costs. According to the CalPERS Trust, total assets under management in the CalPERS Trust were approximately $2.1 billion as of June 30, 2012.

Based on the most recent valuation of these benefits and as summarized in the most recent actuarial report that the Port has received with respect to its OPEB Benefits, as of June 30, 2011, the actuarial accrued liability of the Port was approximately $128.9 million, the actuarial value of plan assets was approximately $19.1 million and the unfunded actuarial accrued liability was approximately $109.8 million. The actuarial report is based on several assumptions regarding demographic and economic matters, including assumptions regarding increases in health care costs and an assumed discount rate of 7.61%. The Port anticipates that the assumed discount rate in future years will be lower, based on changes being implemented by CalPERS.

For Fiscal Year 2012, the Port estimated its costs for OPEB Benefits at approximately $11.0 million, of which approximately $4.5 million was contributed to the CalPERS Trust. The Port has budgeted approximately $11.2 million for OPEB Benefits for Fiscal Year 2013.

Social Responsibility

The Port has developed a number of programs designed to make the Port's activities socially responsible to the communities served by the Port.

Local Business Utilization Policy. The Board adopted a Non-Discrimination and Small/Local Business Utilization Policy ("NDSLBUP") in 1997 to enable local and small local businesses to compete more effectively for participation in Port public works, consulting, and procurement contracts. To achieve this goal, the Port allocates preference points to Port-certified small and local businesses in the award of contracts. In addition, the NDSLBUP provides for the establishment of small local business support programs, which may include technical assistance programs, bonding programs, prompt payment programs, and advisory or training programs.

The NDSLBUP is designed to facilitate opportunities for local business participation as prime contractors, consultants, subcontractors and subconsultants on Port capital improvement projects. A component of the

NDSLBUP is the alternative project delivery approach, which includes design-build, construction manager-at-risk, and prime-builder. The policy is intended to maximize small local business participation without negatively affecting schedules or budgets on proposed projects. The Port does not believe that the NDSLBUP has significantly increased contracting costs for the Port to date.

Disadvantaged Business Enterprise Program in Public Works and Concessions. The Port is committed to ensuring the participation of Disadvantaged Business Enterprises ("DBEs") in Port federally funded contracting opportunities in accordance with 49 Code of Federal Regulations Part 26, effective March 4, 1999, as may be amended. It is the policy of the Port to ensure nondiscrimination on the basis of race, color, sex, or national origin in the award and administration of the U.S. Department of Transportation assisted contracts. It is the intention of the Port to create a level playing field where DBEs can compete fairly for federally-funded construction and professional services contracts.

Furthermore, the Port encourages, supports and promotes the participation of Airport Concession Disadvantaged Business Enterprises ("ACDBEs") in concession-related opportunities at the Oakland International Airport in accordance with 49 Code of Federal Regulations Part 23, effective April 2005, as may be amended. Similar to the DBE program, it is the policy of the Port to ensure that ACDBEs have an equal opportunity to receive and participate in concession opportunities.

Living Wage and Labor Standards. On March 5, 2002, the voters in the City of Oakland passed Measure I, adding to the City Charter Section 728 ("§728") entitled "Living Wage and Labor Standards at Port-assisted Businesses." §728 requires Port Aviation and Maritime businesses that meet specified minimum threshold requirements to pay all nonexempt employees a "Living Wage" rate established by City Ordinance and adjusted annually based on the Consumer Price Index for the San Francisco, Oakland and San Jose area. Specifically, §728 applies to Port contractors and financial assistance recipients with the Aviation or Maritime divisions that have contracts worth more than $50,000 and that employ more than 20 employees who spend more than 25% of their time on Port-related work. The Board has adopted a resolution extending coverage of Section §728 to Aviation and Maritime Division tenants that have month-to-month tenancy.

The Living Wage rate as of July 1, 2012 is at least $11.70 per hour with credit given to the employer for the provision to covered employees of health benefits, and $13.45 without credit for the provision of health benefits. §728 provides covered employers with incentives to provide health benefits to employees, establishes a worker retention policy, requires covered employers to submit quarterly payroll reports to the Port and requires covered employers to allow Port representatives access to payroll records in order to monitor compliance and to allow labor organization representatives access to workforces during non-work time and on non-work sites.

Project Labor Agreement. As discussed under "CAPITAL PLANNING AND CAPITAL PROJECTS—Other Issues Affecting the Port's Capital Projects—Project Labor Agreements," Davillier-Sloan Inc., on behalf of themselves and the Port, and certain labor unions, entered into Maritime and Aviation Project Labor Agreement ("MAPLA").

CAPITAL PLANNING AND CAPITAL PROJECTS

Capital Planning

The Port maintains a 5-Year Capital Needs Assessment ("CNA"), which consists of anticipated expenditures and funding sources for capital projects the Port plans to undertake over the next five years. The Port generally updates the CNA annually as part of the overall annual Port budgeting process. The CNA was most recently updated in connection with development of the Port's Fiscal Year 2013 budget, for the period covering Fiscal Years 2013 through 2017.

Each year, the Board adopts a one-year capital budget for the upcoming Fiscal Year. In June 2012, the Board authorized a Fiscal Year 2013 capital budget in the amount of approximately $111.6 million. The capital budget comprises projects for which the Port already has a contractual obligation, as well as a limited amount for pre-development work and miscellaneous facility replacement projects. Additional capital project expenditures not included in these categories are authorized on a project-by-project basis during the course of the Fiscal Year. It is anticipated that up to an additional $30.8 million of such authorization will be sought in Fiscal Year 2013, resulting in up to $142.4 million of capital expenditures in Fiscal Year 2013.

Since 2008, the Port's capital program has been reduced due to budgetary and staffing constraints, and reduced activity levels at Port facilities. Capital improvements included in the Port's current CNA have been limited to the highest priority items, primarily those focused on regulatory compliance, life and safety-related improvements, and revenue maintenance. The CNA does not include significant capacity expansion projects and therefore is not expected to generate significant new revenues.

As a result of the Port's reduced capital program, some improvements have been deferred and will likely need to be addressed in the future. Also, because the Port operates and manages capital intensive business lines, it is probable that the Port will need to undertake significant capital projects that are not included in the current CNA in order to support the Port's operations. Examples of such improvements that have been deferred or may otherwise be necessary include upgrade or reconstruction of electrical, water and sewer utility infrastructure, which is aged and in need of repair at numerous points in the system; repair or renovation of various aged North Field facilities; and grade separation improvements to reduce rail/roadway conflicts at the Seaport associated with intermodal activities. If funds are not available to make such expenditures, Port operations may be impacted and Port revenues may be reduced.

Projects in the CNA

The CNA has a total estimated cost of approximately $638.2 million, which includes estimated construction, engineering and overhead costs, and estimated allowances for cost escalation in connection with each project. The total estimated cost of the CNA exclusive of financing costs is allocated among Aviation, Maritime, Commercial Real Estate and Support Division projects as follows:

TABLE 22

PORT OF OAKLAND
CAPITAL NEEDS ASSESSMENT
ESTIMATED COSTS BY DIVISION
FISCAL YEARS 2013 - 2017
(000S)

Aviation	$ 469,257
Maritime	152,950
Commercial Real Estate	6,691
Support Projects	9,262
Total	$ 638,160

The amounts shown in Table 22 represent estimated costs for numerous individual projects. Some projects in the CNA are in the preliminary planning stage, and therefore the scope, cost, and schedule for such projects are subject to change. The scope, cost and timing of other projects that are underway may be revised through the normal course of project implementation and project management. In addition, projects may be added to or removed from the CNA as the needs of the Port evolve. The current CNA covers the period from Fiscal Year 2013 through Fiscal Year 2017. The Port expects it will undertake significant capital projects after that time, but such projects are currently too speculative to include in the Port's current capital planning process. The cost of the CNA is subject to change, and the variance from the cost estimates shown above could be material. An increase in the overall cost of the CNA may require the Port to issue a larger amount of additional indebtedness, including Senior Lien Bonds, than it currently anticipates. Moreover, failure to complete certain projects included in the CNA could significantly impact projected Port revenues.

Aviation Projects in the CNA. Aviation projects in the CNA total approximately $469.3 million. Major Aviation projects included in the CNA are described below.

- Terminal 1 Improvements. The Port is in the process of making improvements to Terminal 1 to replace outdated infrastructure, improve passenger service and prolong service life. Completed improvements include seismic retrofitting of the Terminal 1 concourse, replacement flooring, replacement restrooms, ADA compliant airline podiums, and enhanced meeter/greeter space. A new central utility plant serving Terminal 1 is under construction and expected to be completed in approximately two years. Other ongoing improvements scheduled for completion in Fiscal Year 2013 include a new substation, upgrades to the communication systems, and fire suppression/fire alarm installations. Design of life and safety improvements, including seismic retrofit of the security checkpoint lobby, is currently scheduled for completion in Fiscal Year 2013, with construction activities anticipated to begin in late Fiscal Year 2013. The CNA includes $195.1 million for Terminal 1 improvements.

- Runway Safety Area Improvement Project. The FAA requires that commercial airports have standard Runway Safety Areas ("RSAs") where possible. RSAs enhance the safety of airplanes that undershoot, overrun or veer off of the runway. Enhancing and improving RSAs is a high-priority program of the FAA. Most of the RSAs at the Airport do not meet current FAA airport design standards. The FAA has reviewed and accepted the Port's proposed improvements for Runways 11/29, 9L/27R and 9R/27L. Design and environmental review (including mitigation plans) are currently underway, and construction is anticipated to begin in February 2013 and be completed by December 2015. Approximately $103.1 million is included in the CNA for this project.

- Airport Perimeter Dike ("APD") Improvements. The perimeter dike separates the South Field airfield from San Francisco Bay waters. Improvements are planned to protect the Airport against flood risk from severe storms, seismic events and sea-level rise, and to meet Federal Emergency Management Agency ("FEMA") flood control standards. FEMA has indicated that the dike is no longer accredited as providing 100-year flood protection, and the Port is planning to implement perimeter dike improvements to address this issue. FEMA is currently reviewing its methodology for revising the Flood Insurance Rate Maps ("FIRMs"). If the Port's improvements are not completed before FEMA's FIRM update, the Airport will be shown within a Special Flood Hazard Area on the FIRM. During the time that the Airport is within a Special Flood Hazard Area, the Port may be required to adopt minimum floodplain management standards, which would include significant building design restrictions. Such restrictions could lead to delays in implementing certain Airport projects and could increase costs, including the cost of flood insurance, to the Port and some Airport tenants and users. When the Port completes its improvements and documents that it has met FEMA standards, FEMA has indicated that it will issue a letter of map revision removing the Airport from the Special Flood Hazard Area. The Port is currently engaged in technical discussions with the two pipeline companies that own active and inactive fuel lines within the dike, and is also evaluating project design alternatives. Approximately $47.0 million is included in the CNA for this project.

- BART – Oakland Airport Connector. This project consists of an automated people mover system, which will replace the current AirBART shuttle bus and improve access between the Airport and the regional rail transit system (the Bay Area Rapid Transit, or "BART"). The project is being implemented by BART and construction began in calendar year 2011. Service is expected to begin in late calendar year 2014. The Port's total negotiated contribution to this project is approximately $45.4 million. The CNA includes approximately $23.5 million for this project.

- Runway 11/29 Rehabilitation. The CNA includes approximately $25 million for the rehabilitation of Runway 11/29 (primarily pavement improvements).

Maritime Projects in the CNA. Maritime projects in the CNA total approximately $153.0 million. Major Maritime projects included in the CNA are described below.

- Shore Power Program. California law requires container vessels berthed at the Seaport to reduce emissions associated with the auxiliary engines that power the vessels while in port ("at-berth"). In coordination with its tenants and customers, the Port determined that the most effective compliance option is for vessels to be retrofitted to receive electric power supply from the shore, reducing vessel auxiliary engine use while at-berth. The Port's Shore Power Program consists of the development of significant new electrical power infrastructure to 11 of the berths at the Port. Construction is being phased and began in Spring 2011. The Shore Power Program is expected to cost approximately $70 million and completion is anticipated by the end of calendar year 2013. The CNA includes $43.1 million to complete the Shore Power Program.

- Site Preparation and Redevelopment of the Former Oakland Army Base. Between calendar years 2003 and 2007, the Port received 241 acres of property that were formerly part of the OAB. Since that time, the Port has been demolishing Army buildings, investigating and remediating environmental contamination, and planning for the ultimate redevelopment of the property. A master plan for the overall redevelopment (both City and Port-owned OAB properties) was completed in Fiscal Year 2012. The Port improvements are anticipated to include an intermodal rail terminal and transloading and warehousing facilities. Construction of the first phase of the rail terminal is anticipated to start in late Fiscal Year 2013, subject to funding, and be completed in 2015. Future phases of construction, including expansion of the rail terminal and new warehouses, are expected to be implemented based on market demand. The CNA includes $81.6 million for OAB improvements.

- Maritime Security Initiatives. The Maritime Division has eight on-going security initiatives reflected in the CNA. The most significant are: a security fiber optic network, geospatial mapping, a radio frequency identification-based truck tracking program, and a Transportation Worker Identification Card infrastructure project. Approximately $14.7 million is included in the CNA for Maritime security initiatives.

Commercial Real Estate Projects in the CNA. Commercial Real Estate projects in the CNA total approximately $6.7 million. Projects include the Port's contribution toward environmental remediation of certain properties leased to JLS Ventures, funds to facilitate development plans for the Oak-to-Ninth area and funding for improvements related to revenue maintenance and enhancements.

Support Projects in the CNA. Support projects in the CNA total approximately $9.3 million. Support projects include continued implementation and enhancement of the Port's enterprise resource planning system, other upgrades to IT infrastructure, and asset management software for Port-wide utility systems.

Funding for Projects in the CNA

The Port expects that the CNA will be funded from a variety of sources, including AIP grants, maritime grants, PFC proceeds, internally-generated Port funds and CP Note proceeds. The following table shows the amounts projected by the Port to be derived from each funding source available to the Port.

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TABLE 23

PORT OF OAKLAND
CAPITAL NEEDS ASSESSMENT
PROPOSED FUNDING SOURCES
(000s)

AIP Grants	$ 110,039
Maritime Grants	100,966
PFCs Pay-Go	109,561
Other Grants	1,220
Internally-Generated Port Funds(1)	171,953
CP Note Proceeds(2)	144,421
	$638,160

(1) Includes interest earnings on deposits pending expenditure.
(2) Includes approximately $102.9 million of commercial paper for PFC-eligible project costs assumed to be repaid with PFC revenues when collected in future years.

The Port has not yet secured all the funding for the projects in the CNA. Further, the Port can provide no assurance that anticipated grants will be received in full, that reimbursable Port costs will be reimbursed in a timely manner, or that changes in project circumstances will not preclude award or receipt of grant funds. The amount projected to be available from each funding source is based on the estimated cost of certain projects and various other assumptions. Such estimates and assumptions are subject to change. Any such changes could have an impact on the Port's plans for funding the CNA, and such changes could be material. If grants, PFCs, and/or cash are not available as anticipated, the Port will need to use other sources of funds for these projects, such as additional CP Note proceeds, additional Intermediate Lien Bonds, Additional Senior Lien Bonds, or increased Airline Rates and Charges, or the Port will not undertake or complete these projects.

Aviation Project Funding Sources. The Port has identified four funding sources that it expects to use to fund its Aviation Division CNA expenditures: AIP grants, other Aviation grants, PFCs, internally-generated Port funds and CP Notes.

Passenger Facility Charges. Under the Federal Aviation Safety and Capacity Expansion Act of 1990, as amended and recodified, and together with the regulations promulgated thereunder (the "Federal Act"), the FAA may authorize a public agency that controls an airport to impose a PFC of $1.00, $2.00, $3.00, $4.00 or $4.50 (the current maximum level) for each air carrier passenger (subject to certain exceptions) enplaned at an airport controlled by such public agency. PFC revenues are to be used to finance airport projects approved by the FAA, including debt service and other financing costs on bonds or CP Notes issued to finance such specific projects. The eligibility of such projects is subject to certain restrictions, including limitation on the authorized uses. The authority to collect a PFC expires once collections reach a maximum amount prescribed by the FAA. The maximum collection amount may be unilaterally increased by up to 25% by the public agency charging the PFC or otherwise increased upon approval of the FAA.

Under the Federal Act, all passenger air carriers serving an airport for which the FAA has authorized the collection of a PFC must collect such PFC at the time they sell an airline ticket to a passenger to be enplaned at the airport. The air carriers collecting a PFC on behalf of a public agency must remit the proceeds of the PFC to the public agency on a monthly basis, less any interest accrued on the investment of the proceeds of the PFC revenues they collect and $0.11 of each PFC collected as administrative compensation.

The Port is currently collecting a PFC of $4.50 per enplaned passenger. PFC revenue from commercial airlines during Fiscal Year 2011 was $19.1 million. While PFC collections reflect enplaning passenger activity, the timing of collections do not always coincide with enplanement data.

The Port anticipates that approximately $212.4 million in PFC revenues will fund the costs of certain projects currently in the CNA, of which approximately $109.6 million is PFC revenues used on a pay-as-you-go basis and approximately $102.9 million is supported by commercial paper. All projects in the CNA have current

FAA PFC imposition and use authority approval; however, additional FAA approvals for certain projects may be needed depending on project cost.

AIP Grants. The FAA AIP provides both entitlement and discretionary grants. Entitlement grants are based on two criteria: the number of enplaning passengers and the amount of landed cargo weight. The Port anticipates funding approximately $110.0 million of Aviation projects in the CNA with AIP grants.

Other Aviation Grants. The Port may from time to time apply for other grants to fund certain Aviation projects. These grants may come from local, state, or federal entities and may vary in amount and terms.

Maritime Project Funding Sources. The Port has identified three funding sources that it expects to use to fund its Maritime Division CNA expenditures: Local, state, and federal discretionary grants, internally-generated Port funds, and CP Notes.

Maritime Grants. The Port may from time to time apply for grants to fund certain Maritime projects, including without limitation security, dredging and air quality projects. The Port expects to receive approximately $101.0 million in such grants in the CNA.

Commercial Real Estate and Support Project Funding Sources. The Port expects to use internally-generated Port funds for the Commercial Real Estate CNA expenditures and internally-generated Port funds, grants and CP Notes for the Support CNA expenditures.

Other Issues Affecting the Port's Capital Projects

Project Labor Agreements. The MAPLA was entered into in 2000 by Davillier-Sloan Inc./Parsons Constructors, Inc., on behalf of themselves and the Port, and the Building and Construction Trades Department of the AFL-CIO and the Building and Construction Trades Council of Alameda County (collectively, the "Unions"). MAPLA currently covers most capital projects undertaken by the Aviation and Maritime Divisions and certain capital projects undertaken by Port tenants. It is effective through June 2015. Key elements of MAPLA include an expedited dispute resolution system, uniform work rules among all project contractors, and a prohibition against strikes and walkouts by all signatories to these two agreements. Additionally, the Unions have agreed to "social justice" programs, allowing access to union membership to all workers and development of training and employment programs for area residents. These social justice programs are designed to ensure a skilled work force for these projects while assisting the Port in employing area residents and using area businesses in the execution of the CNA. MAPLA also provides for a labor-community-contractor monitoring committee to ensure that the objectives of the "social justice" program are met. Bidding is not restricted to union contractors or union workers.

OCIP. The Port has established an Owner-Controlled Insurance Program ("OCIP") to manage the risk of capital improvement projects involving construction at the Port. This program is described under "THE PORT'S FINANCES AND OPERATIONS—Risk Management and Insurance."

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met subsequent to the issuance and delivery of the 2012 Senior Lien Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the 2012 Senior Lien Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the 2012 Senior Lien Bonds. Pursuant to the Senior Lien Indenture and the tax certificate executed by the Board in connection with the issuance of the 2012 Senior Lien Bonds (the "Tax Certificate"), the Board has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the 2012 Senior Lien Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Board has made certain representations and certifications in the Senior Lien Indenture and the Tax Certificate. Special Tax Counsel will also assume the accuracy of the opinion of O'Melveny & Myers LLP, Bond Counsel, relating to the validity of the 2012 Senior Lien Bonds. Special Tax

Counsel will not independently verify the accuracy of those representations and certifications of the Board or the opinion of Bond Counsel.

In the opinion of Nixon Peabody LLP, Special Tax Counsel, under existing law and assuming compliance with the aforementioned covenants, and the accuracy of certain representations and certifications made by the Board and of the opinion of Bond Counsel described above, interest on the 2012 Senior Lien Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code, except that no opinion is expressed as to the exclusion of interest on the 2012 Series P Senior Lien Bonds from gross income for any period during which such 2012 Series P Senior Lien Bonds are held by a person who is a "substantial user" of the facilities refinanced with proceeds of the 2012 Series P Senior Lien Bonds or a "related person" to such a substantial user, within the meaning of Section 147(a) of the Code. Special Tax Counsel is further of the opinion that interest on the 2012 Series P Senior Lien Bonds is treated as an item of tax preference for purposes of calculating the federal alternative minimum tax that may be imposed on individuals and corporations. Special Tax Counsel is also of the opinion that interest on the 2012 Series Q Senior Lien Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the 2012 Series Q Senior Lien Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

State Taxes

Special Tax Counsel is also of the opinion that interest on the 2012 Senior Lien Bonds is exempt from personal income taxes of the State of California under present state law. Special Tax Counsel expresses no opinion as to other State of California or local tax consequences arising with respect to the 2012 Senior Lien Bonds nor as to the taxability of the 2012 Senior Lien Bonds or the income therefrom under the laws of any state other than the State of California.

Original Issue Discount

Special Tax Counsel is further of the opinion that the difference between the principal amount of the 2012 Senior Lien Bonds issued at a discount (collectively the "Discount Bonds") and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Discount Bonds of the same maturity was sold constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the 2012 Senior Lien Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment. Owners of the Discount Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Bonds.

Original Issue Premium

The 2012 Senior Lien Bonds issued at a premium (collectively, the "Premium Bonds") are being offered at prices in excess of their principal amounts. An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

Ancillary Tax Matters

Ownership of the 2012 Senior Lien Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, and individuals seeking to claim the earned income credit. Ownership of the 2012 Senior Lien Bonds may result in other federal tax consequences to taxpayers who may be deemed to have incurred or continued indebtedness to purchase or to carry the 2012 Senior Lien Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the 2012 Senior Lien Bonds is subject to information reporting to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. In addition, interest on the 2012 Senior Lien Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Special Tax Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinion attached as Appendix D-2. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the 2012 Senior Lien Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the 2012 Senior Lien Bonds for federal or state income tax purposes, and thus on the value or marketability of the 2012 Senior Lien Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the 2012 Senior Lien Bonds from gross income for federal or state income tax purposes, or otherwise. For example, the President recently released legislative proposals that would, among other things, subject interest on tax-exempt bonds (including the 2012 Senior Lien Bonds) to a federal income tax for taxpayers with incomes above certain thresholds for tax years beginning after 2012. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the 2012 Senior Lien Bonds may occur. Prospective purchasers of the 2012 Senior Lien Bonds should consult their own tax advisers regarding such matters. Special Tax Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the 2012 Senior Lien Bonds may affect the tax status of interest on the 2012 Senior Lien Bonds. Special Tax Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the 2012 Senior Lien Bonds, or the interest thereon, if any action is taken with respect to the 2012 Senior Lien Bonds or the proceeds thereof upon the advice or approval of other counsel.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the 2012 Senior Lien Bonds are subject to the approval of O'Melveny & Myers LLP, Bond Counsel. Such firm's opinion will be available substantially in the form set forth in Appendix D-1 to this Official Statement at the time of delivery of the 2012 Senior Lien Bonds. Certain legal matters in connection with the 2012 Senior Lien Bonds will be passed upon for the Board by the Port Attorney. Other legal matters in connection with the 2012 Senior Lien Bonds will be passed upon for the Board by Nixon Peabody LLP, Special Tax Counsel. Such firm's tax opinion will be delivered in substantially the form attached hereto as Appendix D-2. Certain legal matters will be passed upon for the Underwriters by Orrick Herrington & Sutcliffe LLP, Underwriters' Counsel. Payment of the fees of Underwriters' Counsel is contingent upon the issuance of the 2012 Senior Lien Bonds.

LITIGATION

The Port is currently in litigation with one of its Seaport tenants, SSA Terminals, LLC and its affiliate SSA Terminals (Oakland), LLC (collectively, "SSA"), in connection with SSA's complaint before the Federal Maritime Commission ("FMC") alleging the Port has violated the Federal Shipping Act of 1984 by entering into a long-term concession and lease agreement with Ports America Outer Harbor Terminal, LLC, another Seaport tenant, with allegedly more favorable lease terms. The FMC denied the Port's motion to dismiss on the grounds of sovereign immunity, and the Port has appealed that decision to the United States Court of Appeals for the District of Columbia. Neither party has sought a stay of discovery proceedings pending the Port's appeal. A separate, related declaratory relief action filed by the Port is pending in federal court, as are counterclaims filed by SSA. The federal District Court granted the Port's motion for summary judgment against SSA with respect to all of SSA's contract claims against the Port, but the District Court denied the Port's summary judgment motion with respect to claims that the Port violated the 1911 legislative grant of tidelands. The District Court also denied the Port's motion to dismiss SSA's remaining counterclaim in the District Court action (i.e., the alleged violation of the 1911 legislative grant) for failure to file a timely claim pursuant to the California Government Code. Discovery in both the FMC action and the District Court action is being coordinated to eliminate duplication. Although the Port cannot predict the final outcome of either of these matters, the Port believes in the merits of the Port's position and is vigorously contesting SSA's claims. A conclusion adverse to the Port could materially adversely affect the Port's revenues and financial condition.

In addition, there are several other lawsuits and claims pending against the Port, including a number of personal injury, environmental, contract and employment claims. Except as discussed in the prior paragraph, the aggregate amount of pending lawsuits and uninsured claims against the Port of which the Port Attorney is currently aware, if concluded adversely to the Port, would not, in the opinion of the Port Attorney, have a material adverse effect on the Port's overall financial condition.

RATINGS

The 2012 Senior Lien Bonds will be rated "A+" (stable outlook) by Standard & Poor's Ratings Services ("S&P"), "A2" (stable outlook) by Moody's Investor Service ("Moody's") and "A+" (stable outlook) by Fitch Ratings ("Fitch"). Such ratings express only the views of the rating agencies and are not a recommendation to buy, sell or hold the 2012 Senior Lien Bonds. An explanation of the significance of each of the ratings may be obtained from the rating agency furnishing the same. The Port furnished to such rating agencies certain information and materials regarding the 2012 Senior Lien Bonds. Generally, rating agencies base their ratings on the information and materials furnished to them and on their own investigations, studies and assumptions. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies, or any of them, if, in their or its judgment, circumstances so warrant. Any downward revision or withdrawal of the ratings may have an adverse effect on the market price or marketability of the 2012 Senior Lien Bonds. The Board has assumed no responsibility either to contest any proposed change in or withdrawal of any such rating subsequent to the date hereof.

UNDERWRITING

The 2012 Senior Lien Bonds are being purchased from the Port by Merrill Lynch, Pierce, Fenner & Smith Incorporated, acting on its own behalf and as representative of Siebert Brandford Shank & Co., LLC, Backstrom, McCarley Berry & Co., LLC, Blaylock Robert Van, LLC, BMO Capital Markets GKST Inc., E. J. De La Rosa & Co., Inc., J.P. Morgan Securities, LLC, Loop Capital Markets LLC, Morgan Stanley & Co. LLC and Wells Fargo Bank, National Association (collectively, the "Underwriters"), at a price of $429,165,294.73 (consisting of the aggregate principal amount of $383,890,000, plus a net original issue premium of $46,353,284.95 and less an Underwriters' discount of $1,077,990.22), subject to the terms of a Bond Purchase Contract between the Board and the Underwriters. The Bond Purchase Contract provides that the Underwriters shall purchase all of the 2012 Senior Lien Bonds if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Contract, the approval of certain legal matters by counsel, and certain other conditions. The initial public offering prices set forth on the inside front cover hereof may be changed from time to time by the Underwriters without prior notice. The Underwriters may offer and sell the 2012 Senior Lien

Bonds into unit investment trusts or money market funds at prices lower than the public offering prices stated on the inside front cover hereof.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their respective affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the Port, for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Port.

Backstrom McCarley Berry & Co., LLC has provided the following language for inclusion in the Official Statement:

Backstrom McCarley Berry & Co., LLC ("BMcB"), one of the Underwriters of the 2012 Senior Lien Bonds has entered into a non-exclusive Master Selling Group Agreement with Mitsubishi UFJ Securities (USA), Inc., and Broker/Dealer Agreements with Stern Brothers & Co., and Crowell Weedon & Co. for the distribution of certain securities offerings, including the 2012 Senior Lien Bonds, at the original issue price. Pursuant to such distribution agreements, Mitsubishi UFJ Securities (USA), Inc., Crowell Weedon & Co. and Stern Brothers & Co, may purchase 2012 Senior Lien Bonds from BMcB for retail customers as defined, and if applicable, at the original issue price less a negotiated portion of the selling concession applicable to any 2012 Senior Lien Bonds that such firm sells.

Blaylock Robert Van, LLC has provided the following language for inclusion in the Official Statement:

Blaylock Robert Van, LLC ("Blaylock Robert Van" or "BRV"), one of the Underwriters of the 2012 Senior Lien Bonds, has entered into an agreement with TD Ameritrade, Inc. ("TD") for the distribution of certain municipal securities offerings underwritten by or allocated to Blaylock Robert Van, including the 2012 Senior Lien Bonds (the "TD Agreement"). Under the TD Agreement, if applicable to the 2012 Senior Lien Bonds, Blaylock Robert Van will share a portion of the underwriting compensation paid to BRV with TD. Blaylock Robert Van has entered into a separate agreement with International Financial Solutions, Inc. ("IFS") for the distribution of certain municipal securities offerings underwritten by or allocated to Blaylock Robert Van, including the 2012 Senior Lien Bonds (the "IFS Agreement"). Under the IFS Agreement, if applicable to the 2012 Senior Lien Bonds, Blaylock Robert Van will share a portion of the underwriting compensation paid to BRV with IFS.

BMO Capital Markets GKST Inc. has provided the following language for inclusion in the Official Statement:

BMO Capital Markets is the trade name for certain capital markets and investment banking services of Bank of Montreal and its subsidiaries, including BMO Capital Markets GKST Inc. which is a direct, wholly-owned subsidiary of BMO Financial Corp., which is itself a wholly-owned subsidiary of Bank of Montreal.

J.P. Morgan Securities LLC has provided the following language for inclusion in the Official Statement:

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the 2012 Senior Lien Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of UBSFS and CS&Co. will purchase 2012 Senior Lien Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2012 Senior Lien Bonds that such firm sells.

Morgan Stanley & Co. LLC has provided the following language for inclusion in the Official Statement:

Morgan Stanley & Co. LLC, an Underwriter of the 2012 Senior Lien Bonds, has entered into a retail brokerage joint venture with Citigroup Inc. As part of the joint venture, Morgan Stanley & Co. LLC will distribute municipal securities to retail investors through the financial advisor network of a separate broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Morgan Stanley & Co. LLC will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2012 Senior Lien Bonds.

Wells Fargo Bank, National Association, has provided the following language for inclusion in the Official Statement:

Wells Fargo Securities is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association.

Wells Fargo Bank, National Association ("WFBNA"), one of the underwriters of the 2012 Senior Lien Bonds, has entered into an agreement (the "Distribution Agreement") with Wells Fargo Advisors, LLC ("WFA") for the retail distribution of certain municipal securities offerings, including the Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the 2012 Senior Lien Bonds with WFA. WFBNA and WFA are both subsidiaries of Wells Fargo & Company.

Certain subsidiaries of Wells Fargo & Company (parent company of Wells Fargo Bank, National Association, one of the underwriters for the 2012 Senior Lien Bonds), have provided, from time to time, investment banking services, commercial banking services or advisory services to the Port, for which they have received customary compensation. Wells Fargo & Company or its subsidiaries may, from time to time, engage in transactions with and perform services for the Port in the ordinary course of their respective businesses.

E. J. De La Rosa & Co., Inc. has provided the following language for inclusion in the Official Statement:

E. J. De La Rosa & Co., Inc. ("De La Rosa & Co."), one of the Underwriters of the 2012 Senior Lien Bonds, has entered into separate agreements with Credit Suisse Securities USA LLC, UnionBanc Investment Services LLC and City National Securities, Inc. for retail distribution of certain municipal securities offerings, at the original issue prices. Pursuant to said agreement, if applicable to the 2012 Senior Lien Bonds, De La Rosa & Co. will share a portion of its underwriting compensation with respect to the 2012 Senior Lien Bonds, with Credit Suisse Securities USA LLC, UnionBanc Investment Services LLC or City National Securities, Inc.

CONTINUING DISCLOSURE

In connection with the issuance of the 2012 Senior Lien Bonds, the Board will execute a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"), which provides for disclosure obligations on the part of the Board. Under the Continuing Disclosure Certificate, the Board will covenant for the benefit of the owners and Beneficial Owners of the 2012 Senior Lien Bonds to provide financial information and operating data (the "Annual Report") by not later than 240 days following the end of its Fiscal Year (currently June 30), commencing with the report for Fiscal Year 2012, and to provide notices of the occurrence of certain enumerated events. The Board or its dissemination agent is required to file Annual Reports and notices of enumerated events with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system. These covenants have been made in order to assist the Underwriters in complying with SEC Rule 15c2-12(b)(5) (the "Rule"). See APPENDIX E—"FORM OF CONTINUING DISCLOSURE CERTIFICATE." During the past five years, the Board has complied in all material respects with its previous undertakings pursuant to the Rule.

FINANCIAL ADVISOR

Montague DeRose and Associates, LLC (the "Financial Advisor") has acted as financial advisor to the Board in connection with the issuance of the 2012 Senior Lien Bonds.

VERIFICATION AGENT

The accuracy of the mathematical computations relating to the adequacy of the cash held in the Refunded Series L Escrow Fund, the Refunded Series M Escrow Fund and the Refunded Series N Escrow Fund to provide for the payment and redemption of the Refunded Series L Senior Lien Bonds, the Refunded Series M Senior Lien Bonds and the Refunded Series N Senior Lien Bonds, respectively, and the yield on the 2012 Senior Lien Bonds will be verified by Causey Demgen & Moore Inc. as the Verification Agent. The Verification Agent's computations and verification will be based upon information to be supplied by Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of the Underwriters. The Verification Agent will restrict its procedures to recalculating the computations provided to it and will not independently confirm the information used in the computations. Special Tax Counsel and Bond Counsel will rely upon the report of the verification agent in delivering their opinions in connection with the issuance of the 2012 Senior Lien Bonds and the defeasance of the Refunded Senior Lien Bonds.

FINANCIAL STATEMENTS

The audited basic financial statements of the Port for Fiscal Years 2011 and 2010 are included in this Official Statement as APPENDIX A. The financial statements referred to in the preceding sentence have been audited by Macias, Gini and O'Connell LLP and Kevin W. Harper, CPA and Associates certified public accountants (the "Auditors"), whose report with respect thereto also appears in APPENDIX A. The Auditors have consented to the use of their names and to the inclusion of their report in this Official Statement.

MISCELLANEOUS

The purpose of this Official Statement is to supply information to purchasers of the 2012 Senior Lien Bonds. The summaries provided in this Official Statement and the appendices attached hereto in connection with the 2012 Senior Lien Bonds and the documents referred to herein do not purport to be comprehensive or definitive and all references to the documents summarized are qualified in their entirety by reference to each such document. All references to the 2012 Senior Lien Bonds are qualified in their entirety by reference to the form thereof and the information with respect thereto included in the aforesaid documents.

Statements in this Official Statement, including matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Port or the Underwriters and the purchasers of the 2012 Senior Lien Bonds. The Board has authorized the distribution of this Official Statement.

CITY OF OAKLAND, CALIFORNIA ACTING BY AND THROUGH ITS BOARD OF PORT COMMISSIONERS

By /s/ Sara Lee
Chief Financial Officer

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APPENDIX A

**AUDITED BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED
JUNE 30, 2011 AND JUNE 30, 2010
AND INDEPENDENT AUDITORS' REPORT**

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Port of Oakland
(A Component Unit of the City of Oakland)

Independent Auditors' Report, Management's Discussion and Analysis,
Basic Financial Statements, and Required Supplementary Information

For the Years Ended
June 30, 2011 and 2010

Table of Contents

Board of Port Commissioners of the City of Oakland
Oakland, California

Independent Auditors' Report

We have audited the accompanying basic financial statements of the Port of Oakland (Port), a component unit of the of the City of Oakland, California, as of and for the years ended June 30, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Port's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port as of June 30, 2011 and 2010, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2011, on our consideration of the Port's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress identified in the accompany table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port's financial statements taken as a whole. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Macias Gini & O'Connell LLP Kevin W. Harper CPA & Associates

Oakland, California
November 30, 2011

(dollar amounts in thousands)

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) is intended to provide information concerning known facts and conditions affecting the Port of Oakland's (the Port) operations. The following discussion and analysis of the financial performance and activities of the Port provides an introduction and understanding of the financial statements of the Port for the fiscal years ended June 30, 2011 and 2010. This MD&A has been prepared by management and should be read in conjunction with the financial statements and the accompanying notes, which follow this section.

Financial Statement Overview

The Port's financial report includes MD&A, the basic financial statements, and the notes to the basic financial statements. The report includes the following three basic financial statements: the Statements of Net Assets; the Statements of Revenues, Expenses and Changes in Net Assets; and the Statements of Cash Flows. This report also includes required and other supplementary information in addition to the basic financial statements.

The Port, an enterprise fund, prepares the basic financial statements on an accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). Revenues are recognized when earned, not when received, and expenses are recognized when incurred, not when paid. Capital assets are capitalized and, with the exception of land and noise easements, depreciated over their useful lives.

Summary of Net Assets

The Statements of Net Assets present the financial position for the Port at the end of the fiscal year. The statements include all assets and liabilities of the Port. Net assets, the difference between assets and liabilities, are an indicator of the current fiscal health of the Port and can provide an indication of improvement of its financial position over time. A summarized comparison of the Port's assets, liabilities, and net assets at June 30 follows:

	2011	% Change	2010	% Change	2009
Current and other assets	$ 346,323	12%	$ 310,052	4%	$ 298,279
Capital assets, net	2,216,800	-2%	2,261,163	-2%	2,304,075
Total assets	2,563,123	0%	2,571,215	-1%	2,602,354
Long-term debt outstanding	1,402,856	-3%	1,442,870	-5%	1,521,850
Other liabilities	234,267	-1%	237,359	24%	191,298
Total liabilities	1,637,123	-3%	1,680,229	-2%	1,713,148
Invested in capital assets, net of related debt	865,602	-2%	879,258	3%	853,011
Restricted for construction	17,187	47%	11,677	-45%	21,357
Unrestricted	43,211	846%	51	-100%	14,838
Total net assets	$ 926,000	4%	$ 890,986	0%	$ 889,206

(dollar amounts in thousands)

Summary of Net Assets (continued)

Total net assets at June 30, 2011, increased by approximately $35 million or 4% from June 30, 2010. Net assets invested in capital assets, net of related debt decreased by approximately $14 million. The decrease is primarily attributable to net capital reductions of approximately $44 million, offset by a decrease in outstanding debt of $40 million and a decrease in bond reserves of $10 million. Restricted net assets increased $6 million as a result of passenger facility charges (PFC) received exceeding the reimbursement needed for construction projects. Unrestricted net assets increased approximately $43 million primarily as a result of an increase in cash equivalents and other assets.

Total net assets at June 30, 2010, increased by approximately $2 million or 0.2% from June 30, 2009. Net assets invested in capital assets, net of related debt increased by approximately $26 million. The increase was primarily the result of net capital asset reductions of approximately $43 million, offset by a decrease in outstanding debt of $79 million, and a decrease in bond reserves of $10 million. Restricted net assets decreased $10 million as a result of an increase in spending of PFC proceeds on construction projects. Unrestricted net assets decreased approximately $15 million primarily as a result of an increase in deferred revenue offset by an increase in cash equivalents and other assets.

Summary of Revenues, Expenses and Changes in Net Assets

The Statements of Revenues, Expenses and Changes in Net Assets reflect how the Port's net assets changed during the most recent fiscal year compared to the prior year. These changes are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. The following is a summary of the Statements of Revenues, Expenses and Changes in Net Assets:

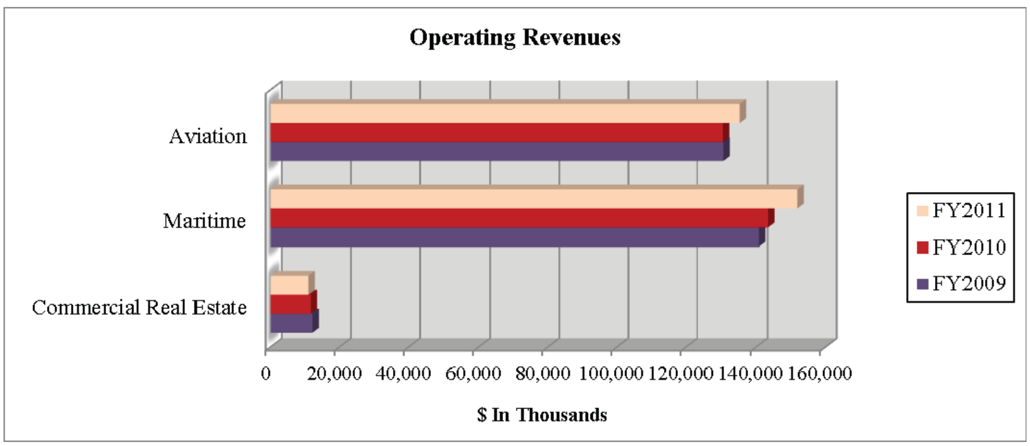
	Twelve Months Ended				
	June 30, 2011	% Change	June 30, 2010	% Change	June 30, 2009
Operating revenues	$ 297,983	4%	$ 285,225	1%	$ 283,290
Passenger facility charge revenue	19,106	-3%	19,702	2%	19,391
Customer facility charge revenue	4,764	5%	4,530	-13%	5,235
Interest income	2,876	-39%	4,741	-19%	5,828
Other income	1,438	392%	292	100%	-
Total revenues	326,167	4%	314,490	0%	313,744
Operating expenses before depreciation	148,002	-1%	149,899	-10%	167,307
Depreciation	98,816	0%	98,810	2%	96,938
Interest expense	71,678	-4%	74,624	0%	74,588
Loss on debt defeasance	-	-100%	4,158	100%	-
Other expense	-	0%	-	-100%	5,072
Loss on disposal of capital assets	-	-100%	6,562	1409%	435
Total expenses	318,496	-5%	334,053	-3%	344,340
Change in net assets before capital contributions	7,671	-139%	(19,563)	-36%	(30,596)
Capital contributions:					
Grants from government agencies	27,343	28%	21,343	79%	11,896
Increase (decrease) in net assets	35,014	1867%	1,780	110%	(18,700)
Net assets, beginning of the year	890,986	0%	889,206	-3%	914,586
Prior period adjustment	-		-	-100%	(6,680)
Net assets, end of the year	$ 926,000	4%	$ 890,986	0%	$ 889,206

(dollar amounts in thousands)

Operating Revenues by Division

A condensed summary of operating revenues follows:

Division	2011	2010	2009
Aviation	$ 135,173	$ 130,284	$ 130,443
Maritime	151,854	143,344	140,739
Commercial Real Estate	10,956	11,597	12,108
Total	$ 297,983	$ 285,225	$ 283,290



2011

The Port's operating revenues increased approximately 4% from $285 million in fiscal year 2010 to $298 million in fiscal year 2011.

The Aviation Division generated approximately 45% of the Port's total operating revenues. The division's operating revenues increased 4% from $130.3 million in fiscal year 2010 to $135.2 million in fiscal year 2011. Effective average terminal rates per square foot increased from $136.48 in fiscal year 2010 to $146.36 in fiscal year 2011 resulting in additional terminal revenue of $1.8 million. Concession and Other Terminal rentals increased $538 thousand from fiscal year 2010. The division's introduction of the premier lot resulted in an increase of $1.3 million in parking revenue. Other parking lots and ground transportation fees decreased by $441 thousand from fiscal year 2010. In addition, landing fees which increased from $3.06 per 1,000 pounds of aircraft landed weight in fiscal year 2010 to $3.30 per 1,000 pounds of aircraft landed weight in fiscal year 2011 generated additional revenue of $1.4 million.

Operating Revenues by Division (continued)

The Maritime Division generated 51% of the Port's total operating revenues in fiscal year 2011. The division's operating revenues increased approximately $9 million in fiscal year 2011. Operating revenues increased 6% from $143.3 million in fiscal year 2010 to $151.9 million in fiscal year 2011. The increase is primarily attributed to a full year of a new agreement with a terminal operator ($2.2 million) and activity above the Minimum Annual Guarantee (MAG) at various terminals ($5.6 million). Cargo activity, as measured by total (full and empty) TEUs, increased approximately 10% in fiscal year 2011. There were no significant changes to the Maritime Division's tenant and customer base and the Port continued to benefit from long-term contracts with its major tenants.

The Commercial Real Estate Division generated 4% of the Port's total operating revenues in fiscal year 2011. General economic downturn has resulted in lower demand for parking and lower percentage rent payments by Port tenants. The division's operating revenues decreased approximately $0.6 million in fiscal year 2011.

2010

The Port's operating revenues increased 0.7% from approximately $283 million in fiscal year 2009 to $285 million in fiscal year 2010.

The Aviation Division generated approximately 46% of the Port's total operating revenues in fiscal year 2010. The division's operating revenues of $130.3 million were essentially unchanged from $130.4 million in fiscal year 2009.

The Maritime Division generated 50% of the Port's total operating revenues in fiscal year 2010. The division's operating revenues increased approximately $3 million in fiscal year 2010. The increase was primarily attributed to a rise in the Minimum Annual Guarantees per agreement with various terminals. Higher volume in space assignment and truck parking activities also contributed to the increase.

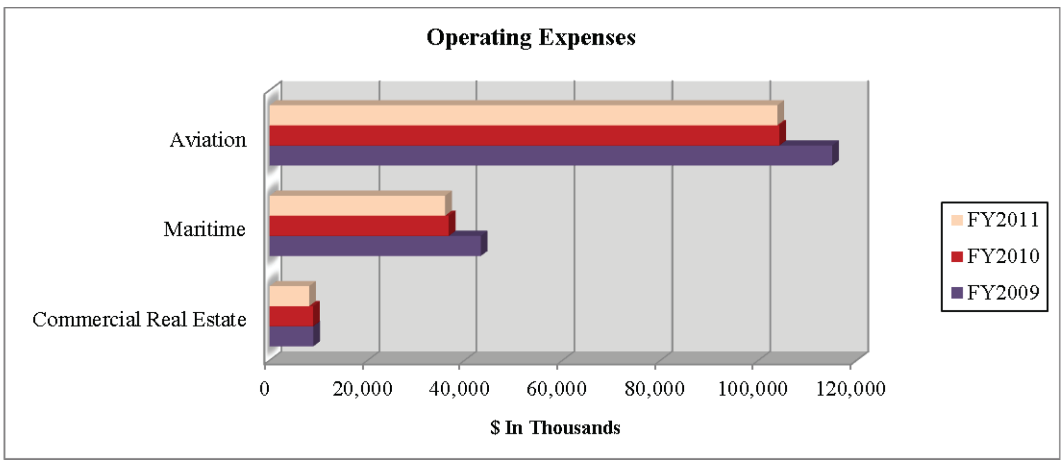
The Commercial Real Estate Division generated approximately 4% of the Port's total operating revenues in fiscal year 2010. The division's operating revenues decreased approximately $0.5 million in fiscal year 2010 as a result of decreased percentage rents and parking revenues.

(dollar amounts in thousands)

Operating Expenses by Division

A condensed summary of operating expenses (excluding depreciation) follows:

Division	2011	2010	2009
Aviation	$ 103,887	$ 104,265	$ 115,067
Maritime	36,034	36,775	43,330
Commercial Real Estate	8,081	8,859	8,910
Total	$ 148,002	$ 149,899	$ 167,307



2011

The Port's operating expenses, excluding depreciation, decreased approximately $2 million or 1% from approximately $150 million in fiscal year 2010 to $148 million in fiscal year 2011.

During fiscal year 2011, the Port continued its Portwide expense reduction plan. The plan included ten furlough days for most employees, a reduction of 5% to 15% in contractual services, and a reduction in travel and other discretionary expenses.

The Aviation Division represented approximately 70% of the Port's total operating expenses in fiscal year 2011. The division's operating expenses of $103.9 million in fiscal year 2011 were essentially unchanged from $104.3 million in fiscal year 2010.

Operating Expenses by Division (continued)

The Maritime Division represented 24% of the Port's total operating expenses in fiscal year 2011. The division's operating expenses decreased 2% or approximately $1 million in fiscal year 2011. The decrease was primarily attributed to performing some repairs and maintenance with in-house labor instead of contractors.

The Commercial Real Estate Division represented approximately 6% of the Port's total operating expenses in fiscal year 2011. The division's operating expenses decreased 9% or approximately $778 thousand in fiscal year 2011. The decrease resulted primarily from the cancelation of an annual event and maintenance projects that were postponed.

2010

The Port's operating expenses, excluding depreciation, decreased approximately $17 million or 10% from approximately $167 million in fiscal year 2009 to $150 million in fiscal year 2010.

During fiscal year 2010, a Portwide expense reduction plan was implemented. The plan included eleven furlough days for most employees, a reduction of 5% to 15% in contractual services, and a reduction in travel and other discretionary expenses.

The Aviation Division represented approximately 70% of the Port's total operating expenses in fiscal year 2010. The division's operating expenses decreased 9% or approximately $11 million in fiscal year 2010. The major components of this decrease included approximately $7 million in direct general operating expenses included the following:

- A $2.1 million savings resulted from the reconfiguration of security service deployments by ABC Security Service, Inc. and the Alameda County Sheriff.
- A $1.1 million decrease in personnel costs was realized from unfilled positions after the retirement of personnel electing the early retirement program.
- A decrease of $1.1 million resulted from reduced parking lot and shuttle bus operations due to lower parking demand and decreased passenger traffic at the Airport.
- Rental car shuttle operational costs decreased by $840 thousand after reducing the frequency of shuttle bus operations traveling from the terminal to the car rental facilities.
- Costs for Aircraft Rescue and Fire Fighting services rendered by the City of Oakland were reduced by $536 thousand.
- General and administrative costs were reduced by $467 thousand while purchases of supplies were decreased by $251 thousand.
- Facility maintenance expense reductions of $1.3 million were realized from the deferral of maintenance on Aviation facilities.

(dollar amounts in thousands)

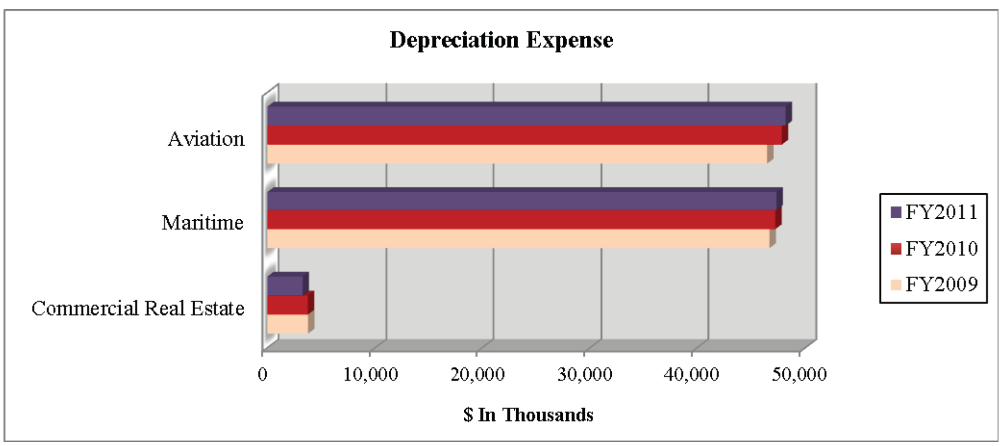
Operating Expenses by Division (continued)

The Maritime Division represented 24% of the Port's total operating expenses in fiscal year 2010. The division's operating expenses decreased 15% or approximately $7 million in fiscal year 2010. The decrease was primarily attributed to expenses related to air quality mitigation efforts, such as the truck retrofit program, in fiscal year 2009.

The Commercial Real Estate Division represented approximately 6% of the Port's total operating expenses in fiscal year 2010.

Depreciation Expense by Division

Division	2011	2010	2009
Aviation	$ 48,199	$ 47,834	$ 46,475
Maritime	47,349	47,229	46,699
Commercial Real Estate	3,268	3,747	3,764
Total	$ 98,816	$ 98,810	$ 96,938



In fiscal year 2011, depreciation expenses remained relatively flat.

In fiscal year 2010, depreciation expense increased 2% or approximately $2 million. The depreciation expense in the Aviation and Maritime Divisions increased $1.4 million and $0.5 million, respectively. Approximately $49 million was transferred from construction in progress to depreciable capital assets.

(dollar amounts in thousands)

Depreciation Expense by Division (continued)

Projects completed during the fiscal year totaled approximately $31 million for Aviation Division, $4 million for Maritime Division and $14 million for Commercial Real Estate Division.

Grants are primarily restricted for the acquisition and construction of capital assets. The depreciation expense attributable to grant funded assets and to assets funded from other sources follows:

	2011	2010	2009
Non-grant funded assets	$ 71,476	$ 71,099	$ 70,454
Grant funded assets (including those funded by PFCs)	27,340	27,711	26,484
Total depreciation expense	$ 98,816	$ 98,810	$ 96,938

Interest Expense

Interest expense decrease by $3 million in fiscal year 2011 in comparison to fiscal year 2010. The decrease was a result of lower debt interest expense of $5 million due to the reduction of $40 million in outstanding debt, offset by higher commercial paper letter of credit fees of $2 million. Interest expense for fiscal year 2010 was consistent with fiscal year 2009.

Loss on Debt Defeasance

The loss on defeasance in fiscal year 2010 was the result of the Port defeasing principal and interest for two bond series in January 2010. Additional information on the defeasance of the bonds can be found in Note 5 Debt in the accompanying notes to the financial statements.

Loss on Disposal of Capital Assets

Loss on disposal and abandoned capital assets in fiscal year 2010 was approximately $6.6 million. The Port disposed of certain assets resulting in a net loss of approximately $6.3 million in Maritime assets and $297 thousand in Aviation assets. Additional information on the loss on disposal of assets can be found in Note 4 Changes in Capital Assets in the accompanying notes to the financial statements.

Capital Contributions

Grants are, for the most part, restricted for the acquisition or construction of capital assets.

In fiscal year 2011, grants from government agencies increased 28% or approximately $6 million. This was attributed to an increase in grant funding for capital projects in the Maritime Division (electrical infrastructure for Shore Power and security) and in the Aviation Division (runways and aprons). Approximately $3 million was earned under the American Reinvestment Recovery Act of 2009 (ARRA) to fund the East Apron project.

(dollar amounts in thousands)

Capital Contributions (continued)

In fiscal year 2010, grants from government agencies increased 79% or approximately $9 million. This was attributed to an increase in grant funding for capital projects for Maritime security and Airport runways and aprons. Approximately $6 million was received under the American Reinvestment Recovery Act of 2009 (ARRA) to fund the East Apron project.

Restatement of Net Assets

Net assets as of the beginning of fiscal year 2009 was restated by $6,680. The restatement was due to the adoption of a new accounting pronouncement to account for existing pollution remediation liabilities.

Capital Assets (net of depreciation) and Capital Needs Assessment

	June 30, 2011	% Change	June 30, 2010	% Change	June 30, 2009
Capital assets:					
Land	$ 520,130	0%	$ 520,182	4%	$ 499,284
Intangibles - nondepreciable	12,642	1%	12,555	65%	7,628
Construction in progress	122,528	7%	114,847	-10%	127,714
Buildings and improvements	409,994	-6%	438,421	0%	436,779
Container cranes	75,380	-7%	80,808	-13%	93,413
Infrastructure	1,036,244	-2%	1,059,608	-4%	1,102,284
Intangibles - depreciable	10,516	100%	-	0%	-
Other equipment	29,366	-15%	34,742	-6%	36,973
Total	$ 2,216,800	-2%	$ 2,261,163	-2%	$ 2,304,075

Net capital assets decreased approximately $44 million or 2% in fiscal year 2011. Accumulated depreciation increased $98 million offset by an increase in capital assets of $54 million. Major additions to capital assets in fiscal year 2011 included site preparation of the Oakland Army Base; redevelopment of the Trapac Terminal-Berths 30/32; electrical infrastructure for the Shore Power Program; BART - Oakland Airport Connector; -50-foot harbor and channel deepening; Airport Terminal 1 renovation; and overlay of various taxiways.

Net capital assets decreased approximately $43 million or 2% in fiscal year 2010. Accumulated depreciation increased $80 million offset by an increase in capital assets of $37 million. Major additions to capital assets in fiscal year 2010 included site preparation of the Oakland Army Base; -50-foot harbor and channel deepening; Airport Terminal 1 renovation; and overlay of various taxiways.

Additional information on the Port's capital assets can be found in Note 4 Changes in Capital Assets in the accompanying notes to the financial statements.

(dollar amounts in thousands)

Capital Assets (net of depreciation) and Capital Needs Assessment (continued)

On June 30, 2011, a Five-Year Capital Needs Assessment (fiscal year 2012 – 2016) in the amount of $594.5 million was presented to the Board for informational purposes. For fiscal year 2012, the Board adopted a capital budget of $85.6 million. The most significant Aviation projects are the Terminal 1 renovation and retrofit; BART - Oakland Airport Connector; perimeter dike improvements; pavement rehabilitation; and the runway safety area. The most significant Maritime projects are the Shore Power Program; security initiatives; preliminary engineering for the Berths 60-63 wharf replacement; site preparation and pre-development activities at the Oakland Army Base; and dredging related activities. The most significant projects in the Commercial Real Estate and Support Divisions include Jack London Square improvements and capital equipment purchases.

Debt Administration

The total debt of the Port decreased $40 million in fiscal year 2011. The decrease results from revenue bond debt payments of $38 million and commercial paper payments of $2 million.

The total debt of the Port decreased $79 million in fiscal year 2010. The decrease is primarily due to debt payments of $39 million and $48 million for defeasance of revenue bonds; offset by the net issuance of commercial paper of $8 million.

The following table summarizes the Port's outstanding debt as of June 30:

	2011	2010	2009
Bond Indebtedness	$ 1,309,826	$ 1,347,478	$ 1,434,277
DBW Loan	5,762	5,952	6,133
Commercial Paper	87,268	89,440	81,440
Total debt	$ 1,402,856	$ 1,442,870	$ 1,521,850

The debt coverage ratios for the fiscal years ending June 30 were as follows:

	2011	2010	2009
Senior Lien (Minimum 1.25)	2.33	1.76	2.02
Intermediate Lien (Minimum 1.10)	1.47	1.42	1.38
Intermediate Lien with Rolling (Minimum 1.10)	1.90	1.86	-
Combined	1.47	1.42	1.37

In May 2009, the Board amended the Port's Intermediate Lien Indenture to allow, until June 30, 2012, for the inclusion of specified amounts from the Port Bond Reserve Fund and/or the Capital Reserve Fund, in addition to Net Pledge Revenues, for the purpose of calculating the Debt Coverage Ratio under the Intermediate Lien Indenture (Intermediate Lien with Rolling).

Debt Administration (continued)

The calculation to determine Combined Debt Coverage Ratio includes Senior Lien debt service, California Department of Boating and Waterways debt service, Intermediate Lien debt service and Commercial Paper interest. There is no amortization of principal associated with Commercial Paper. This calculation is not defined and is not a requirement in any Indenture.

On January 21, 2010, the 2002 Series L and N bonds were defeased due to execution of the Lease and Concession Agreement with Ports America Outer Harbor Terminal LLC.

Credit Ratings

On July 21, 2009, Standard & Poor's lowered its underlying rating on the Port's Senior Lien Bonds to "A" from "A+" and on the Intermediate Lien Bonds to "A-" from "A".

On December 16, 2009, Moody's Investors Service, Inc. lowered its underlying rating on the Port's Senior Lien Bonds to "A2" from "A1" and on the Intermediate Lien Bonds to "A3" from "A2".

On March 18, 2011, Fitch Ratings affirmed its rating on the Port's Senior Lien Bonds of "A+" and downgraded the Port's Intermediate Lien Bonds to "A-" from "A".

Additional information on the Port's debt activity can be found in Note 5 Debt in the accompanying notes to the financial statements.

Notes to the Basic Financial Statements

The notes to the Port's basic financial statements can be found on pages 22-56 of this report. These notes provide additional information that is essential to a full understanding of the basic financial statements.

Facts and Conditions Affecting the Port's Operation

The Aviation Division, which operates OAK, continues to be impacted by the on-going weak economy and the lingering effects of prior-year airline bankruptcies, airline capacity reductions, and the shift of low cost carriers to neighboring San Francisco International Airport. Still, OAK remains competitive and benefits from a sizable and affluent trade area, a strong origin/destination passenger base, and other factors. OAK is one of the three international airports serving the San Francisco Bay Area. In fiscal year 2011:

- OAK remained as the second busiest airport in the Bay Area, with an approximate 17% market share of the total number of Bay Area passengers served.
- OAK welcomed new service to one international destination and one domestic destination. Additionally, some of the airlines that served OAK in fiscal year 2010 expanded service in fiscal year 2011, including additional flights to the Hawaiian islands.

Facts and Conditions Affecting the Port's Operation (continued)

The Maritime Division operates the fifth busiest cargo container seaport in the United States, as measured by twenty-foot equivalent unit (TEU) container volume. Although the recent recession has had a significant impact on U.S. container ports, the Seaport has maintained a strong regional cargo market for imports and exports. Approximately 88% of the Port's trade is with international partners/regions and 12% is domestic. Asia is the most significant trading partner of the Port. The Port has historically been a strong export seaport moving California agricultural products and other U.S. goods overseas to foreign markets. However, the growth of export volume at the Port in calendar year 2010 was hindered by a lack of container equipment as many of the major global container manufacturers shuttered production during the great economic downturn at the end of 2009 and they did not get production back online until late 2010. Exacerbating this problem, was the rapid recovery in import trade from Asia to the U.S. which compelled ocean carriers to reposition empty containers back to Asia to meet the strong demand for containers at the Asian load ports.

The Commercial Real Estate Division (CRE) manages approximately 874 acres of land along the Oakland Estuary that is not used for maritime or aviation purposes. CRE, also impacted by the downturn in the economy, reported a 5.5% decrease in revenues in fiscal year 2011 compared to fiscal year 2010. There was a decrease in demand for parking and reduction in percentage rent due to a decrease in spending at Port tenant properties.

Contacting the Port's Financial Management

Requests for additional information about this report, should be addressed to the Financial Services Division, Port of Oakland, 530 Water Street, Oakland, California 94607 or visit the website at www.portofoakland.com.

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Port of Oakland

(A Component Unit of the City of Oakland)
Statements of Net Assets
June 30, 2011 and 2010
(dollar amounts in thousands)

	2011	2010
Assets		
Current assets:		
Unrestricted:		
Cash equivalents	$ 174,591	$ 139,085
Accounts receivable (less allowance for doubtful accounts of $3,640 in 2011 and $3,220 in 2010)	26,308	27,689
Accrued interest receivable	10	153
Prepaid expenses and other assets	3,116	3,620
Total unrestricted current assets	204,025	170,547
Restricted:		
Cash equivalents	25,396	11,508
Investments	621	1,946
Deposits in escrow	2,283	1,411
Receivables - passenger facility charges and customer facility charges	2,332	2,478
Accrued interest receivable	-	79
Total restricted current assets	30,632	17,422
Total current assets	234,657	187,969
Non-current assets:		
Capital assets:		
Land	520,130	520,182
Intangibles - nondepreciable	12,642	12,555
Construction in progress	122,528	114,847
Buildings and improvements	851,384	845,335
Container cranes	153,775	153,775
Infrastructure	1,574,958	1,545,442
Intangibles - depreciable	11,069	-
Other equipment	74,742	75,660
Total capital assets, at cost	3,321,228	3,267,796
Less accumulated depreciation	(1,104,428)	(1,006,633)
Capital assets, net	2,216,800	2,261,163
Unrestricted deferred charges and other assets	50,390	52,530
Restricted investments	61,276	69,553
Total non-current assets	2,328,466	2,383,246
Total assets	$ 2,563,123	$ 2,571,215

(Continued)

The accompanying notes are an integral part of these financial statements.

Port of Oakland
(A Component Unit of the City of Oakland)
Statements of Net Assets (continued)
June 30, 2011 and 2010
(dollar amounts in thousands)

	2011	2010
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 33,487	$ 38,649
Retentions on construction contracts	3,969	1,763
Environmental and other	9,188	10,077
Accrued interest	11,651	12,259
Long-term debt, net	47,524	37,839
Liability to City of Oakland	17,093	15,766
Deferred revenue	11,529	9,679
Total current liabilities	134,441	126,032
Non-current liabilities:		
Retentions on construction contracts	1,663	2,341
Environmental and other	23,885	20,753
Long-term debt, net	1,355,332	1,405,031
Deposits	6,583	6,213
Other post employment benefits	10,461	10,389
Deferred revenue	104,758	109,470
Total non-current liabilities	1,502,682	1,554,197
Total liabilities	1,637,123	1,680,229
Net assets:		
Invested in capital assets, net of related debt	865,602	879,258
Restricted for construction	17,187	11,677
Unrestricted	43,211	51
Total net assets	$ 926,000	$ 890,986

(Concluded)

The accompanying notes are an integral part of these financial statements.

Port of Oakland

(A Component Unit of the City of Oakland)
Statements of Revenues, Expenses and Changes in Net Assets
For the years ended June 30, 2011 and 2010
(dollar amounts in thousands)

	2011	2010
Operating revenues:		
Aviation:		
Terminal rentals and concessions	$ 47,979	$ 45,629
Parking fees and ground access	28,813	28,002
Lease rentals	20,707	19,776
Landing fees	28,300	26,853
Utility sales	4,427	3,690
Fueling	3,561	3,590
Other	1,386	2,744
Total aviation operating revenues	135,173	130,284
Maritime:		
Dockage and wharfage fees	138,964	130,254
Space assignments and rentals	5,771	6,961
Utility sales	4,238	4,316
Other	2,881	1,813
Total maritime operating revenues	151,854	143,344
Commercial real estate:		
Lease rentals	8,399	8,005
Parking fees	2,080	2,303
Other	477	1,289
Total commercial real estate operating revenues	10,956	11,597
Total operating revenues	297,983	285,225
Operating expenses:		
Aviation:		
Materials, supplies, contract services and other	54,787	56,707
Security	12,446	11,775
Maintenance	20,280	21,018
Advertising and promotion	2,339	2,036
Administration	12,405	10,699
Cost of utility sales	1,630	2,030
Depreciation	48,199	47,834
Total aviation operating expenses	152,086	152,099
Maritime:		
Materials, supplies, contract services and other	15,344	15,497
Maintenance	9,086	9,456
Advertising and promotion	1,155	955
Administration	7,911	8,507
Cost of utility sales	2,538	2,360
Depreciation	47,349	47,229
Total maritime operating expenses	$ 83,383	$ 84,004

(Continued)

The accompanying notes are an integral part of these financial statements.

Port of Oakland

(A Component Unit of the City of Oakland)
Statements of Revenues, Expenses and Changes in Net Assets (continued)
For the years ended June 30, 2011 and 2010
(dollar amounts in thousands)

	2011	2010
Operating expenses, continued		
Commercial real estate:		
Materials, supplies, contract services and other	$ 5,797	$ 5,954
Maintenance	544	1,067
Advertising and promotion	123	113
Administration	1,516	1,619
Cost of utility sales	101	106
Depreciation	3,268	3,747
Total commercial real estate operating expenses	11,349	12,606
Total operating expenses	246,818	248,709
Operating income	51,165	36,516
Non-operating revenues (expenses):		
Interest income	2,876	4,741
Interest expense	(71,678)	(74,624)
Loss on debt defeasance	-	(4,158)
Customer facility charges	4,764	4,530
Passenger facility charges	19,106	19,702
Other income	1,438	292
Loss on disposal of capital assets	-	(6,562)
Total net non-operating expenses	(43,494)	(56,079)
Increase (decrease) in net assets before capital contributions	7,671	(19,563)
Capital contributions:		
Grants from government agencies	27,343	21,343
Increase in net assets	35,014	1,780
Net assets, beginning of the year	890,986	889,206
Net assets, end of the year	$ 926,000	$ 890,986

(Concluded)

The accompanying notes are an integral part of these financial statements.

Port of Oakland

(A Component Unit of the City of Oakland)
Statements of Cash Flows
For the years ended June 30, 2011 and 2010
(dollar amounts in thousands)

	2011	2010
Cash flows from operating activities:		
Receipts from customers and users	$ 298,802	$ 350,358
Payments to suppliers	(77,871)	(62,906)
Payments to employees	(68,712)	(70,805)
Other operating cash receipts	5,098	3,791
Net cash provided by operating activities	157,317	220,438
Cash flows from capital and related financing activities:		
Proceeds from new borrowings	63,398	22,959
Repayments/refunding of debt	(102,070)	(99,007)
Grants from government agencies	25,413	17,811
Interest paid on debt	(73,628)	(87,781)
Purchase of capital assets	(53,783)	(62,021)
Proceeds from sale of capital assets	627	64
Customer facility charge and passenger facility charge receipts	20,361	21,347
Net cash used in capital and related financing activities	(119,682)	(186,628)
Cash flows from investing activities:		
Interest received on investments	3,029	5,243
Purchase of restricted investments	(9,749)	(16,077)
Proceeds from maturity of restricted investments	18,479	25,717
Net cash provided by investing activities	11,759	14,883
Net increase in cash equivalents	49,394	48,693
Cash equivalents, beginning of year	150,593	101,900
Cash equivalents, end of year	$ 199,987	$ 150,593

(Continued)

The accompanying notes are an integral part of these financial statements.

Port of Oakland

(A Component Unit of the City of Oakland)
Statements of Cash Flows (continued)
For the years ended June 30, 2011 and 2010
(dollar amounts in thousands)

	2011	2010
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 51,165	$ 36,516
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	98,816	98,810
Other	5,098	3,791
Net effects of changes in:		
Accounts receivable	3,311	16,475
Prepaid expenses and other current assets	504	4,675
Other assets	2,140	8,075
Accounts payable and accrued liabilities	(4,795)	1,715
Liability to City of Oakland	1,327	2,416
Deferred revenue	(2,862)	49,005
Deposits	370	(347)
Environmental and other liabilities	2,243	(693)
Net cash provided by operating activities	$ 157,317	$ 220,438
Non-cash capital and related financing activities:		
Acquisition of capital assets in accounts payable and accrued liabilities	$ 10,239	$ 10,534
Loss on disposal of capital assets	-	6,562
Non-cash performance deposits received	442	15,168
Accounts receivable related to capital grants	6,374	4,444

(Concluded)

The accompanying notes are an integral part of these financial statements.

1. Organization

The Port of Oakland, California (Port) was established in 1927 by the City of Oakland (City) and is included as a component unit in the City's basic financial statements. The accompanying financial statements include the operations of the Oakland International Airport (Airport or OAK), the Port of Oakland maritime facilities, and commercial real estate operations.

The Port is governed by a seven-member Board of Port Commissioners (Board) whose members are appointed by the City Council, upon nomination by the Mayor. The Board appoints an Executive Director to administer operations. The Port prepares and controls its own budget, administers and controls its fiscal activities, and is responsible for all Port construction and operations. The Port is required by the City Charter to deposit its revenues in the City Treasury. The City Treasurer is responsible for investing and managing such funds.

2. Significant Accounting Policies

Basis of Accounting

The Port's financial statements are presented on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Grants from Government Agencies

Grants are, for the most part, restricted for the acquisition or construction of capital assets. Such grants are recorded as revenue when entitlements to such funds are earned under the appropriate grant terms.

Passenger Facility Charges

The Port, as authorized by the Federal Aviation Administration (FAA) pursuant to the Aviation Safety and Capacity Expansion Act of 1990 (the Act), as amended, currently imposes a Passenger Facility Charge (PFC) of $4.50 for each enplaning passenger at the Airport. Under the Act, air carriers are responsible for the collection of PFC charges and are required to remit PFC revenues to the Port in the following month after they are recorded by the air carrier. The Port's most recent application was approved by the FAA on December 14, 2009. The current authority to impose PFCs is estimated to end May 1, 2023.

PFC revenues, including any interest earned thereon, are restricted solely to finance allowable costs of new airport planning and development projects as defined and authorized by the FAA. PFC revenues may be used to pay debt service and related expenditures associated with FAA approved projects and the Port has received FAA approval to pay certain debt service if debt proceeds are used for qualifying projects. PFC revenues are recorded as non-operating revenue and any unspent PFC revenues are recorded as restricted cash.

Customer Facility Charges

Under Section 1936 of the California Civil Code, and pursuant to a Port ordinance effective January 2009, the rental car companies operating at the Airport are required to collect from the rental customers and remit to the Port a $10-per-transaction Customer Facility Charge (CFC). The revenue from CFCs collected by the Port is funding the shuttle bus operations between the terminal and rental car facility. CFC revenues are recorded as non-operating revenue and any unspent CFC revenues are recorded as restricted cash.

Proprietary Accounting and Financial Reporting

The Port applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The Port has elected to not apply FASB Statements and Interpretations issued after November 30, 1989, due to the governmental nature of the Port's operations.

Recent Accounting Pronouncement Adopted

In June 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus*. This statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. The Port adopted this statement during fiscal year 2011 and the adoption of this statement did not have a material impact to the Port’s financial statements.

Net Assets

Net assets represent the residual interest in the Port's assets after liabilities are deducted and consist of three sections: invested in capital assets, net of related debt; restricted and unrestricted. Net assets invested in capital assets, net of related debt include capital assets, net of accumulated depreciation, reduced by outstanding debt. Net assets are reported as restricted when constraints are imposed by third parties or enabling legislation. As of June 30, 2011 and 2010, the statement of net assets reported $17,187 and $11,677, respectively, as restricted by enabling legislation. All other net assets are unrestricted.

Cash Equivalents

The Port considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Port's cash and investments in the City Treasury are, in substance, demand deposits and are considered cash equivalents.

Investments

The Port reports its investments at fair value in the accompanying financial statements and the corresponding change in fair value of investments is reported in the year in which the change occurs. Fair value is based upon quoted market prices.

Restricted Assets

Assets whose use is restricted to specific purposes by bond indenture or otherwise are segregated on the statements of net assets. These assets are primarily restricted for construction.

Capital Assets

Capital assets are stated at cost and it is the policy of the Port to capitalize all expenditures related to capital assets greater than $5. Interest costs applicable to qualifying assets are capitalized as part of the cost of the assets. Interest earned on temporary investment of the proceeds from qualifying tax-exempt debt is offset against interest costs capitalized. Depreciation expense is calculated using the straight-line method over the following estimated useful lives of the assets:

Buildings and improvements	5 to 50 years
Container cranes	25 years
Infrastructure	10 to 50 years
Other equipment	5 to 10 years

Tenant improvements paid for and owned by the Port are recorded in an appropriate capital asset account, with an offsetting credit to deferred revenue. The asset is amortized over the shorter of the life of the lease or the economic value of the asset and the deferred revenue is amortized over the same terms.

Intangible assets which are identifiable are recorded as capital assets. The Port has identified noise easements, air rights and computer software development costs as intangible assets. Intangible assets not having indefinite useful lives are amortized over the estimated service capacity of the asset.

Other Assets

Other assets include bond issuance costs, future lease payments from a fifty-year finance lease agreement, other charges related to lease agreements and prepaid insurance. Bond issuance costs are deferred and amortized principally on the straight-line method, which approximates the effective interest method, over the life of the related bond issues and recorded as interest expense. Future lease payments, other charges related to lease agreements and prepaid insurance are amortized on a straight-line basis, over the life of the agreement and recorded within operating expenses.

Loss on Debt Refunding

The redemption loss at the time of a refunding is reported as deferred loss on refunding and is amortized as interest expense over the shorter of the remaining life of the refunded bonds or life of the new bonds. Loss on refunding is reported as a component of long-term debt in the financial statements.

Deferred Revenue

Unearned interest revenue, deferred rent and revenue related to tenant leases are deferred and amortized principally on the straight-line method over the life of the remaining lease term.

Compensated Absences

The Port accrues employee benefits, including accumulated vacation and sick leave, as liabilities in the period the benefits are earned.

Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Port. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing activities. When an expense is incurred for purposes for which there are both restricted and unrestricted net assets available, it is the Port's policy to first utilize available restricted net assets and then to utilize unrestricted net assets.

Allocation of Expenses to the Port Businesses

The Port records to each of its revenue divisions (Aviation, Maritime, and Commercial Real Estate) expenses directly related to those operations. In addition, the Port annually allocates indirect costs to these divisions based on a cost allocation plan. Allocated costs include general operating expenses, maintenance, advertising and promotion, and administrative expenses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncement Not Yet Adopted

The Port is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB statements:

In December 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Agreements*. This statement addresses how to account for and report service concession agreements (SCAs). SCAs represent a type of public-private or public-public partnership that state and local governments enter into. As used in the statement, a SCA is an arrangement between a transferor (a government) and an operator (government or nongovernment) in which the following conditions are met:

- The transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and
- The operator collects and is compensated by fees from third parties.

This statement also provides authoritative guidance on whether the transferor or the operator should report the capital asset in its financial statements; when to recognize up-front payments from an operator as revenue; and how to record any obligations of the transferor to the operator. Application of this statement is effective for the Port's fiscal year ending June 30, 2013.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance found in the following pronouncements issued on or before November 30, 1989:

- Financial Accounting Standards Board (FASB) Statements and Interpretations,
- The Accounting Principals Board Opinions, and
- The Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure.

Application of this statement is effective for the Port's fiscal year ending June 30, 2013.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides a new report format that will require all deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. The residual measure in the statement of financial position will be referred to as net position rather than net assets. Application of this statement is effective for the Port's fiscal year ending June 30, 2013.

Reclassification

Certain 2010 amounts have been reclassified to conform to the 2011 presentation.

(dollar amounts in thousands)

3. Cash, Cash Equivalents, Investments and Deposits

The Port's cash, cash equivalents, investments and deposits in escrow consisted of the following at June 30:

	2011	2010
U.S. Treasury Obligations	$ 61,898	$ 71,499
Government Securities Money Market Mutual Funds	10,541	2,309
City Investment Pool	188,819	148,138
Deposits in Escrow	2,283	1,411
Bank Deposits and Cash on Hand	626	146
	$ 264,167	$ 223,503

Deposits in Escrow

Deposits in escrow consist of amounts received from construction contractors that are deposited into an escrow account in-lieu of retention withheld from construction progress billings. Interest on these deposits accrues to the contractor.

Investments

Under the City of Oakland Charter, all cash receipts from the operations of the Port are deposited in the City Investment Pool. Unused senior bond proceeds are on deposit with the Senior Lien Bonds trustee for both reserves and construction funds. The investment of funds held by the Senior Lien Bonds trustee is governed by the Amended and Restated Master Trust Indenture, dated as of April 1, 2006 (Restated Trust Indenture). There were no investments pertaining to the Intermediate Lien Debt.

At June 30, 2011, the Port had the following investments:

			Maturity	
	Fair Value	Credit Rating	Less than 1 Year	1-5 Years
U.S. Treasury Notes	$ 61,898	AAA	$ 61,898	$ -
Government Securities Money Market Mutual Funds	10,541	AAA	10,541	-
City Investment Pool	188,819	AAA	149,746	39,073
Total Investments	$ 261,258		$ 222,185	$ 39,073

(dollar amounts in thousands)

Investments (continued)

At June 30, 2010, the Port had the following investments:

	Fair Value	Credit Rating	Maturity: Less than 1 Year	Maturity: 1-5 Years
U.S. Treasury Notes	$ 71,499	AAA	$ 71,499	$ -
Government Securities Money Market Mutual Funds	2,309	AAA	2,309	-
City Investment Pool	148,138	AAA	148,138	-
Total Investments	$ 221,946		$ 221,946	$ -

Investments Authorized by Debt Agreements

The following are the maximum maturities for each type of investment allowed under the Restated Trust Indenture and the applicable Supplemental Indenture:

Authorized Investment Type	Maximum Maturity
U.S. Government Securities	None
U.S. Agency Obligations	None
Obligations of any State in the U.S.	None
Prime Commercial Paper	270 days
FDIC Insured Deposits	None
Certificates of Deposit/Banker's Acceptances	None
Money Market Mutual Funds	None
State-sponsored Investment Pools	None
Investment Contracts	None
Forward Delivery Agreements	None

Interest Rate Risk

This risk represents the possibility that an interest rate change could adversely affect an investment's fair value. In order to manage interest rate risk, it is the Port's policy that most bond proceeds are invested in permitted investment provisions of the Port's Trust Indentures with a short term maturity.

Credit Risk

Provisions of the Port's Trust Indentures proscribe restrictions on the types of permitted investments of the monies held by the trustee in the funds and accounts created under the Trust Indentures, including agreements or financial institutions that must meet certain ratings.

Concentration of Credit Risk

The Trust Indentures place no limit on the amount the Port may invest in any one issuer. There were no investments that exceeded 5% of the total invested funds.

Port revenues are deposited in the City Treasury. These and all City funds are commingled and invested in the City of Oakland Investment Pool. The City of Oakland has adopted an investment policy that provides for the following:

- The City of Oakland investment portfolio average maturity may not exceed 540 days; the weighted average maturity of the City's investment pool as of June 30, 2011 and 2010 is 293 days and 145 days, respectively.
- The maximum maturity for any one investment may not exceed 5 years.
- Authorized investments include federal agency obligations, repurchase agreements, reverse repurchase agreements, secured obligations and agreements, state investment pool (Local Agency Investment Fund), State of California bonds, banker's acceptances, commercial paper, medium-term corporate bonds and notes, negotiable certificates of deposit, certificates of deposit, and money market mutual funds.
- All investments deposited in the Investment Pool are insured or registered, or held by the City or its agent in the City's name.
- The Investment Pool is rated annually.
- Additional information regarding deposit custodial credit, interest and credit risks, and securities lending transactions of the City Investment Pool is presented in the notes of the City's basic financial statements. Requests for financial information should be addressed to the Finance and Management Agency, Accounting Division, City of Oakland, 150 Frank H. Ogawa Plaza, Suite 6353, Oakland, California 94612-2093.

Custodial Credit Risk

For deposits, custodial credit risk is the risk that, in the event of a failure of a depository financial institution or counterparty to a transaction, recovery of the value of the investments or collateral securities in the possession of an outside party may be doubtful. For investments, custodial credit risks is the risk that, in the event of the failure of the counterparty to a transaction, the Port will not be able to recover the value of its investment or collateral securities that are in possession of another party. To protect against custodial credit risk, all securities owned by the Port are held in the name of the Port for safekeeping by a third party bank trust department, acting as an agent for the Port under the terms of the Restated Trust Indenture. The carrying amount of the Port's deposits in escrow was $2,283 at June 30, 2011, and $1,411 at June 30, 2010. Of this amount, bank balances and escrow deposits of $250 at June 30, 2011, and $250 at June 30, 2010, are insured or collateralized with securities held by the pledging financial institution's trust department in the Port's name and the remaining balance of $2,033 as of June 30, 2011, and $1,161 as of June 30, 2010, was exposed to custodial credit risk by not being insured or collateralized.

(dollar amounts in thousands)

4. Changes in Capital Assets

A summary of changes in capital assets for the year ended June 30, 2011, is as follows:

	Beginning Balance July 1, 2010	Additions	Adjustments and Retirements	Transfer of Completed Construction	Ending Balance June 30, 2011
Capital assets not being depreciated					
Land	$ 520,182	$ 336	$ (388)	$ -	$ 520,130
Intangibles (noise easements and air rights)	12,555	87	-	-	12,642
Construction in progress	114,847	49,464	16	(41,799)	122,528
Total capital assets not being depreciated	647,584	49,887	(372)	(41,799)	655,300
Capital assets being depreciated					
Buildings and improvements	845,335	4,372	-	1,677	851,384
Container cranes	153,775	-	-	-	153,775
Infrastructure	1,545,442	463	-	29,053	1,574,958
Intangibles (software)	-	-	-	11,069	11,069
Other equipment	75,660	296	(1,214)	-	74,742
Total capital assets being depreciated	2,620,212	5,131	(1,214)	41,799	2,665,928
Less accumulated depreciation for					
Buildings and improvements	(406,914)	(34,476)	-	-	(441,390)
Container cranes	(72,967)	(5,428)	-	-	(78,395)
Infrastructure	(485,834)	(52,880)	-	-	(538,714)
Intangibles	-	(553)	-	-	(553)
Other equipment	(40,918)	(5,479)	1,021	-	(45,376)
Total accumulated depreciation	(1,006,633)	(98,816)	1,021	-	(1,104,428)
Total being depreciated, net	1,613,579	(93,685)	(193)	41,799	1,561,500
Total capital assets, net	$ 2,261,163	$ (43,798)	$ (565)	$ -	$ 2,216,800

(dollar amounts in thousands)

Changes in Capital Assets (continued)

A summary of changes in capital assets for the year ended June 30, 2010, is as follows:

	Beginning Balance July 1, 2009	Additions	Adjustments and Retirements	Transfer of Completed Construction	Ending Balance June 30, 2010
Capital assets not being depreciated					
Land	$ 499,284	$ 20,898	$ -	$ -	$ 520,182
Intangibles (noise easements and air rights)	7,628	4,927	-	-	12,555
Construction in progress	127,714	35,769	-	(48,636)	114,847
Total capital assets not being depreciated	634,626	61,594	-	(48,636)	647,584
Capital assets being depreciated					
Buildings and improvements	809,563	-	(465)	36,237	845,335
Container cranes	177,980	-	(24,205)	-	153,775
Infrastructure	1,535,415	4	460	9,563	1,545,442
Other equipment	73,079	455	(710)	2,836	75,660
Total capital assets being depreciated	2,596,037	459	(24,920)	48,636	2,620,212
Less accumulated depreciation for					
Buildings and improvements	(372,784)	(34,130)	-	-	(406,914)
Container cranes	(84,567)	(6,401)	18,001	-	(72,967)
Infrastructure	(433,131)	(52,703)	-	-	(485,834)
Other equipment	(36,106)	(5,576)	764	-	(40,918)
Total accumulated depreciation	(926,588)	(98,810)	18,765	-	(1,006,633)
Total being depreciated, net	1,669,449	(98,351)	(6,155)	48,636	1,613,579
Total capital assets, net	$ 2,304,075	$ (36,757)	$ (6,155)	$ -	$ 2,261,163

During fiscal year 2010, the Port recognized a $6,562 loss on the disposal of capital assets. The Maritime Division's disposal of three container cranes represented $6,204 of the loss.

(dollar amounts in thousands)

5. Debt

Long-term debt consists of the following at June 30, 2011 and 2010:

	Interest Rate	Fiscal Maturity Year	Original Amount	Beginning Balance July 1, 2010	Additions	Reductions	Ending Balance June 30, 2011	Principal Due Within One Year
Senior Lien Bonds								
2000 Revenue Bonds Series K	5.10-5.875 %	2031	$ 400,000	$ 350,835	$ -	$ 2,555	$ 348,280	$ 8,660
2002 Revenue Bonds Series L	5.00-5.50	2033	401,530	357,025	-	-	357,025	-
2002 Revenue Bonds Series M	3.50-5.00	2021	218,470	56,195	-	13,975	42,220	14,560
2002 Revenue Bonds Series N	3.125-5.00	2023	121,150	91,945	-	5,240	86,705	7,570
Total Senior Lien Bonds			1,141,150	856,000	-	21,770	834,230	30,790
Dept. of Boating and Waterway (DBW) Loan								
Small Craft Harbor Revenue Bonds, Series 1993	4.50	2030	7,176	5,952	-	190	5,762	198
Intermediate Lien Bonds								
2007 Revenue Bonds Series A	4.00-5.00	2030	242,075	234,145	-	13,975	220,170	14,670
2007 Revenue Bonds Series B	4.00-5.00	2030	182,450	181,680	-	565	181,115	585
2007 Revenue Bonds Series C	5.00	2020	78,565	78,565	-	-	78,565	-
Total Intermediate Lien Bonds			503,090	494,390	-	14,540	479,850	15,255
Commercial Paper[1]								
2010 Series A, B, C Notes	0.29-0.30	2012	N/A	-	63,398	-	63,398	-
2010 Series D, E, F Notes	0.12-0.38	2012	N/A	89,440	-	65,570	23,870	13
Total Commercial Paper				89,440	63,398	65,570	87,268	13
Sub-Total				1,445,782	63,398	102,070	1,407,110	46,256
Unamortized bond premium				16,341	(11)	3,646	12,684	3,587
Deferred loss on refunding				(19,253)	-	(2,315)	(16,938)	(2,319)
Total Debt				1,442,870	63,387	103,401	1,402,856	$ 47,524
Current maturities of long-term debt				(37,839)	-	9,685	(47,524)	
Total Debt - long-term portion				$ 1,405,031	$ 63,387	$ 113,086	$ 1,355,332	

[1]As of June 30, 2011, the Port was authorized to issue an aggregate principal amount of commerical paper notes up to $300 million.

(dollar amounts in thousands)

Debt (continued)

Long-term debt consists of the following at June 30, 2010 and 2009:

	Interest Rate	Fiscal Maturity Year	Original Amount	Beginning Balance July 1, 2009	Additions	Reductions	Ending Balance June 30, 2010	Principal Due Within One Year
Senior Lien Bonds								
1993 Revenue Bonds Series F	5.75 %	2010	$ 75,342	3,927	-	$ 3,927	$ -	-
2000 Revenue Bonds Series K	5.00-5.875	2031	400,000	357,570	-	6,735	350,835	2,555
2002 Revenue Bonds Series L	5.00-5.50	2033	401,530	401,530	-	44,505	357,025	-
2002 Revenue Bonds Series M	3.50-5.25	2021	218,470	69,690	-	13,495	56,195	13,975
2002 Revenue Bonds Series N	3.00-5.00	2023	121,150	102,955	-	11,010	91,945	5,240
Total Senior Lien Bonds			1,216,492	935,672	-	79,672	856,000	21,770
Dept. of Boating and Waterway (DBW) Loan								
Small Craft Harbor Revenue Bonds, Series 1993	4.50	2030	7,176	6,133	-	181	5,952	190
Intermediate Lien Bonds								
2007 Revenue Bonds Series A	4.00-5.00	2030	242,075	237,800	-	3,655	234,145	13,975
2007 Revenue Bonds Series B	4.00-5.00	2030	182,450	182,220	-	540	181,680	565
2007 Revenue Bonds Series C	5.00	2020	78,565	78,565	-	-	78,565	-
Total Intermediate Lien Bonds			503,090	498,585	-	4,195	494,390	14,540
Commercial Paper, 1999 Series D, E, F Notes[1]	0.1-5.15	2011	N/A	81,440	22,959	14,959	89,440	6
Sub-Total				1,521,830	22,959	99,007	1,445,782	36,506
Unamortized bond premium				19,212	86	2,957	16,341	3,646
Deferred loss on refunding				(19,192)	-	61	(19,253)	(2,313)
Total Debt				1,521,850	23,045	102,025	1,442,870	$ 37,839
Current maturities of long-term debt				(36,168)	-	1,671	(37,839)	
Total Debt - long-term portion				$ 1,485,682	$ 23,045	$ 103,696	$ 1,405,031	

[1]As of June 30, 2010, the Port was authorized to issue an aggregate principal amount of commercial paper up to $300 million.

Debt Service

The Port's long-term debt consists primarily of tax-exempt bonds. The majority of the Port's outstanding bonds are revenue bonds which are secured by Pledged Revenues of the Port. Pledged Revenues are substantially all revenues and other cash receipts of the Port, including, without limitation, amounts held in the Port Revenue Fund with the City of Oakland, but excluding amounts received from certain taxes, certain insurance proceeds, special facilities revenues, and certain other gifts, fees, and grants that are restricted by their terms to purposes inconsistent with the payment of debt service.

Pledged Revenues do not include cash received from PFCs or CFCs unless projects included in a financing are determined to be PFC or CFC eligible and bond proceeds are expended on such eligible projects and the Port elects to pledge PFCs or CFCs as supplemental security to such applicable bonds. Currently, the Port has no bonds for which PFCs or CFCs are pledged.

In January 2010, the Port defeased $44,505 of Series L Bonds with maturity dates from 2020 to 2032 and $3,950 of Series N Bonds with maturity dates of 2010 and 2022 with proceeds from monies received from the Concession and Lease Agreement with Ports America Outer Harbor Terminal LLC. Funds were deposited in an escrow with the trustee, US Bank, and invested in United States Treasury Securities - State and Local Government Series (SLGS) in amounts sufficient to pay the principal and interest until November 1, 2012 on which date the outstanding defeased Series L Bonds and Series N Bonds are to be called for redemption. As of June 30, 2011 and 2010, the trustee held $49,010 and $52,795, respectively, in the escrow (along with future interest earned in the escrow) to pay the remaining principal and interest on the defeased Series L Bonds and Series N Bonds until the call date of November 1, 2012. The Port incurred a defeasance loss of $4,158, of which $3,965 was for Series L and $193 was for Series N.

The Port did not capitalize any interest cost in fiscal year 2011. Net interest costs of $40 was capitalized in fiscal year 2010.

(dollar amounts in thousands)

Debt Service (continued)

The Port's required debt service payments on its Senior Lien Bonds and Intermediate Lien Bonds are due each May 1 and November 1 through November 1, 2032. The California Department of Boating and Waterways loan is due on August 1 through August 1, 2029. Commercial Paper has been classified as long-term debt because the Port has the intent and ability to continue to refinance this debt. The Port's required debt service payment for the outstanding long-term debt for years ending June 30 are as follows:

Year Ending	Principal	Interest	Total
2012	$ 46,243	$ 67,264	$ 113,507
2013	53,545	65,884	119,429
2014	70,640	65,326	135,966
2015	82,010	62,288	144,298
2016	75,333	58,261	133,594
2017 - 2021	308,154	241,414	549,568
2022 - 2026	333,604	161,730	495,334
2027 - 2031	363,816	65,517	429,333
2032 - 2033	73,765	3,734	77,499
Total	$ 1,407,110	$ 791,418	$ 2,198,528

Although the Port intends to refinance the Commercial Paper debt in the future, for purposes of this schedule, Commercial Paper debt is amortized over the time period 2013-2017 pursuant to the terms of the Commercial Paper Reimbursement Agreements.

Types of Debt and Priority of Payment

Senior Lien Bonds

The 1993 Series F Bonds, 2000 Series K Bonds; 2002 Series L Bonds, 2002 Series M Bonds and 2002 Series N Bonds (collectively, the Senior Lien Bonds) are issued under the Amended and Restated Master Trust Indenture and are paid from Pledged Revenues first. The final payment on the 1993 Series F Bonds was made in November 2009.

As long as any Senior Lien Bonds remain outstanding, the Port has covenanted to collect rates, tolls, fees, rentals and charges so that Pledged Revenues in each fiscal year will be sufficient to pay all of the following amounts: (i) the sum of principal and interest on the outstanding Senior Lien Bonds; (ii) all other payments required for compliance with terms of the Amended and Restated Master Trust Indenture and any Supplemental Indenture including, but not limited to, required deposits to any Reserve Fund; (iii) all other payments necessary to meet ongoing legal obligations to be paid from Pledged Revenues; and (iv) operation and maintenance expenses of the Port. In addition, payment of principal and interest on the Senior Lien Bonds when due is secured by a reserve fund held by the trustee and invested in Government Treasuries, as well as being insured by municipal bond insurance policies.

Senior Lien Bonds (continued)

The Port has also covenanted in the Amended and Restated Master Trust Indenture that Net Pledged Revenue (Revenues less the Operation and Maintenance Expenses) will be equal to at least 125% of actual debt service for the Senior Lien Bonds (Senior Lien Debt Coverage Ratio).

California Department of Boating and Waterways (DBW) Loan

The DBW Loan is subordinate to the Senior Lien Bonds but superior to the Intermediate Lien Bonds and the Port's Commercial Paper Notes with respect to the Pledged Revenues. The Port turned over the operation of its marina, financed, in part, with DBW Loans, to a private company through a fifty-year capital lease in May 2004. The only DBW Loan outstanding as of June 30, 2011, was Series 1993 with a balance of $5,762.

Intermediate Lien Bonds

The 2007 Series A, Series B and Series C Bonds (collectively, the Intermediate Lien Bonds) issued under the Intermediate Lien Master Trust Indenture are next in payment priority. The Intermediate Lien Bonds are paid from the Intermediate Lien Pledged Revenues. The Intermediate Lien Pledged Revenues are the Pledged Revenues after payment first, of all amounts payable for any Senior Lien Bonds and second, any debt service requirements payable on the DBW Loan. Payment of principal and interest on the Intermediate Lien Bonds when due is secured by a debt service reserve surety policy, as well as being insured by municipal bond insurance policies.

The Port covenanted in the Intermediate Lien Master Trust Indenture that Net Pledged Revenues will be equal to at least 110% of the actual debt service becoming due and payable on the combined Intermediate Lien Bonds, Senior Lien Bonds, and DBW Loan (Intermediate Lien Debt Coverage Ratio). In May 2009, the Port amended the Trust Indenture to allow for the inclusion of specific amounts from the Port Bond Reserve Fund and/or the Capital Reserve Fund, in addition to Net Pledged Revenues for the purpose of calculating the Debt Coverage Ratio under the Intermediates Lien Master Trust Indenture, until June 30, 2012. The Port informed the Trustee on July 1, 2010 and on October 20, 2009 that the Bond Reserve Fund ($30,000) and the Capital Reserve Fund ($15,000) will be included in the calculation of the Intermediate Lien Debt Coverage Ratio for fiscal year 2011 and fiscal year 2010, respectively.

Commercial Paper Notes

Commercial Paper Notes (CP Notes) have the lowest payment priority. The Board authorized a $150,000 Commercial Paper program in 1998 and a further $150,000 was authorized in 1999. The maximum maturity of the CP Notes is 270 days and the maximum interest rate is 12%. The Port has classified the CP Notes as long term debt as the Port intends and has the ability to reissue CP Notes until the expiration of the two irrevocable Letters of Credit (LOC), discussed below. Interest income paid to the holders of the CP Notes may fall under one of three tax treatments: tax-exempt Alternative Minimum Tax (AMT), tax-exempt non-AMT and taxable.

As of June 30, 2011, the CP Notes are backed by one of two separate irrevocable LOC which were issued on August 2, 2010, as follows:

- Wells Fargo Bank, National Association (Wells) with a maximum stated amount of $163,315 (principal of $150,000 and interest of $13,315) and a termination date of August 2, 2013. As of June 30, 2011, the outstanding balance on the CP Notes is $63,398.

- JPMorgan Chase Bank, National Association (JPMorgan) with a maximum stated amount of $54,438 (principal of $50,000 and interest of $4,438) and a termination date of August 2, 2012. As of June 30, 2011, the outstanding balance on the CP Notes is $23,870.

As of June 30, 2010, the CP Notes were backed by an irrevocable Letter of Credit (LOC) held jointly by BNP Paribas and Lloyds TSB Bank plc. The LOC with BNP Paribas and Lloyds TSB Bank plc terminated on August 3, 2010.

The Port covenants in the Letter of Credit and Reimbursement Agreements with Wells and JPMorgan that the Intermediate Lien Debt Coverage Ratio will be no less than 1.10 to 1.00.

Priority of Payment

For the purpose of this section, only existing debt agreements are listed. This section assumes that Commercial Paper debt is not converted under the terms of the Commercial Paper Reimbursement Agreement.

(dollar amounts in thousands)

Priority of Payment (continued)

	Maturity Date	Total Debt Service to Maturity	FY 2011 Debt Principal and Interest	FY 2011 Net Pledged Revenues**
Total Net Pledged Revenues				$ 155,502
Senior Lien Bonds:				
2000 Revenue Bonds Series K	11/1/2030	$ 587,183	$ 22,662	
2002 Revenue Bonds Series L	11/1/2032	656,824	18,299	
2002 Revenue Bonds Series M	11/1/2020	45,617	16,103	
2002 Revenue Bonds Series N	11/1/2022	111,759	9,577	
Subtotal Senior Lien Bonds		1,401,383	66,641	(66,641)
Net Pledged Revenues Remaining after Sr. Lien				88,861
Dept. of Boating and Waterways Loan	8/1/2029	8,694	457	(457)
Net Pledged Revenues Remaining after DBW				88,404
Intermediate Lien Bonds:				
2007 Series A	11/1/2029	333,453	25,297	
2007 Series B	11/1/2029	255,613	9,322	
2007 Series C	11/1/2019	104,443	3,928	
Subtotal Intermediate Lien Bonds		693,509	38,547	(38,547)
Net Pledged Revenues Remaining after Int. Lien				49,857
Commercial Paper Notes*		87,268	233	(233)
Net Pledged Revenues Remaining after CP Notes				$ 49,624
Total		$ 2,190,854	$ 105,878	

* Maturity date is excluded for Commercial Paper as there is no set schedule for repayment. Amounts for Commercial Paper under "Total Debt Service to Maturity" include principal only and under "FY 2011 Debt Principal and Interest" include interest only. If the Commercial Paper debt were converted under the terms of the Commercial Paper Reimbursement Agreements, the Port would incur additional interest cost of approximately $7.7 million based on the prime rate as of June 30, 2011, which is not reflected in this table. However, this additional interest cost is included in the table on page 35.

** Net Pledged Revenues is Revenues less Operation and Maintenance Expenses (not including operating expenses paid with CFC funds, $3,724) plus Interest Earned (not including interest earned on PFC and CFC funds, $58 and $10, respectively).

(dollar amounts in thousands)

Priority of Payment (continued)

	Maturity Date	Total Debt Service to Maturity	FY 2010 Debt Principal and Interest	FY 2010 Net Pledged Revenues**
Total Net Pledged Revenues				$ 147,860
Senior Lien Bonds:				
1993 Revenue Bonds Series F	11/1/2009	$ -	$ 9,915	
2000 Revenue Bonds Series K	11/1/2030	609,844	27,095	
2002 Revenue Bonds Series L	11/1/2032	675,141	19,440	
2002 Revenue Bonds Series M	11/1/2020	61,720	16,104	
2002 Revenue Bonds Series N	11/1/2022	121,337	11,664	
Subtotal Senior Lien Bonds		1,468,042	84,218	(84,218)
Net Pledged Revenues Remaining after Sr. Lien				63,642
Dept. of Boating and Waterways Loan	8/1/2029	9,151	457	(457)
Net Pledged Revenues Remaining after DBW				63,185
Intermediate Lien Bonds:				
2007 Series A	11/1/2029	358,750	15,381	
2007 Series B	11/1/2029	264,934	9,319	
2007 Series C	11/1/2019	108,371	3,928	
Subtotal Intermediate Lien Bonds		732,055	28,628	(28,628)
Net Pledged Revenues Remaining after Int. Lien				34,557
Commercial Paper Notes*		89,440	308	(308)
Net Pledged Revenues Remaining after CP Notes				$ 34,249
Total		$ 2,298,688	$ 113,611	

* Maturity date is excluded for Commercial Paper as there is no set schedule for repayment. Amounts for Commercial Paper under "Total Debt Service to Maturity" include principal only and under "FY 2010 Debt Principal and Interest" include interest only.

** Net Pledged Revenues is Revenues less Operation and Maintenance Expenses (not including operating expenses paid with CFC funds, $3,968) plus Interest Earned (not including interest earned on PFC and CFC funds, $63 and $6, respectively).

(dollar amounts in thousands)

Bond Premium (Discount) and Refunding Loss

The Port amortizes the original issue discount or premium over the life of each bond issue. Refunding loss is amortized over the shorter of the life of the refunded bonds or the life of the refunding bonds. The unamortized amount for each Port issue is as follows:

Bond Issue	2011 (Discount) Premium	2010 (Discount) Premium	2011 Refunding Loss	2010 Refunding Loss
Commercial Paper	$ (12)	$ -	$ -	$ -
2000 Series K	(1,761)	(1,668)	-	-
2002 Series L	(5,241)	(5,378)	-	-
2002 Series M	953	1,862	-	-
2002 Series N	2,024	2,403	(3,895)	(4,226)
2007 Series A	5,267	6,154	(6,200)	(7,054)
2007 Series B	7,247	8,173	(2,385)	(2,966)
2007 Series C	4,207	4,795	(4,458)	(5,007)
Total	$ 12,684	$ 16,341	$ (16,938)	$ (19,253)

6. Environmental and Other Liabilities

Environmental and other liabilities for the years ended June 30, 2011 and 2010 are as follows:

	Beginning Balance July 1, 2010	Additions	Reductions	Ending Balance June 30, 2011	Amounts Due Within One Year
General liability	$ 3,079	$ 4,983	$ (4,144)	$ 3,918	$ -
Accrued vacation, sick leave and compensatory time	5,610	1,136	(151)	6,595	3,973
Pollution remediation liability	20,439	5,988	(5,717)	20,710	5,215
Other long-term liabilities	1,702	267	(119)	1,850	-
Total	$ 30,830	$ 12,374	$ (10,131)	$ 33,073	$ 9,188

	Beginning Balance July 1, 2009	Additions	Reductions	Ending Balance June 30, 2010	Amounts Due Within One Year
General liability	$ 2,571	$ 3,282	$ (2,774)	$ 3,079	$ -
Accrued vacation, sick leave and compensatory time	6,725	466	(1,581)	5,610	4,215
Pollution remediation liability	17,535	6,714	(3,810)	20,439	5,862
Other long-term liabilities	4,692	932	(3,922)	1,702	-
Total	$ 31,523	$ 11,394	$ (12,087)	$ 30,830	$ 10,077

(dollar amounts in thousands)

7. Leases

A major portion of the Port's capital assets are leased to others. Leased assets include maritime facilities, aviation facilities, office and commercial space, and land. The majority of the Port's leases are classified as operating leases.

Certain maritime facilities are leased under agreements that provide the tenants with preferential, but nonexclusive, use of the facilities. These leases provide for rentals based on gross revenues of the leased premises, or in the case of marine terminal facilities, on annual usage of the facilities. The leases generally provide for minimum rentals, and certain preferential assignments provide for both minimum and maximum rentals.

A summary of revenues from long-term leases for years ended June 30 is as follows:

	2011	2010
Minimum non-cancelable rentals, including preferential assignments	$ 157,036	$ 159,646
Contingent rentals in excess of minimums	22,290	14,537
Secondary use of facilities leased under preferential assignments	295	317
	$ 179,621	$ 174,500

The Port and Ports America Outer Harbor Terminal, LLC, a private company, entered into a long-term concession and lease agreement on January 1, 2010, for the operation of Berths 20-24 for 50 years. A $60 million upfront fee was paid to the Port in fiscal year 2010. The unamortized net upfront fee of approximately $52 million at June 30, 2011, is classified as short-term and long-term deferred revenue of $1,074 and $51,003, respectively.

The Port's goals for the concession and lease agreement for Berths 20-24 was, among other things, to maintain the continuous use and occupancy of Berths 20-24 by a rent-paying tenant and maximize the annual revenue guarantee over the life of the concession, while also transferring the risk and responsibility for the berths to the concessionaire to the greatest extent commercially reasonable to do so. In furtherance of these goals, the concession and lease agreement provides that the concessionaire is responsible for any redevelopment of the berths. Except for certain emissions reductions measures which the concessionaire is obligated to implement, the improvements to be made by the concessionaire are at the discretion of the concessionaire, subject to market conditions and the concessionaire's ability to compete for and handle cargo under the then existing condition of the facilities at Berths 20-24.

(dollar amounts in thousands)

Leases (continued)

Minimum future rental revenues for years ending June 30 under non-cancelable operating leases having an initial term in excess of one year are as follows:

2012	$	169,100
2013		173,375
2014		162,044
2015		161,280
2016		159,797
2017-2021		394,797
2022-2026		294,262
2027-2031		274,973
2032-2036		235,581
2037-2041		243,774
2042-2046		263,975
Thereafter		869,097
	$	3,402,055

The Port turned over the operation of its marina to a private company through a long-term financing lease and operating agreement on May 1, 2004. Minimum future lease payments to be received, which is a component of deferred revenue, for years ending June 30 are as follows:

2012	$	367
2013		378
2014		390
2015		401
2016		413
2017-2021		2,260
2022-2026		2,620
2027-2031		3,037
2032-2036		3,521
2037-2041		4,082
2042-2046		4,732
Thereafter		8,971
	$	31,172

(dollar amounts in thousands)

Leases (continued)

The capital assets leased to others at June 30 consist of the following:

	2011	2010
Land	$ 441,073	$ 364,707
Container cranes	153,775	153,775
Buildings and other facilities	1,103,271	1,188,380
	1,698,119	1,706,862
Less accumulated depreciation	(488,438)	(478,275)
Capital assets, net, on lease	$ 1,209,681	$ 1,228,587

8. Retirement Plans

Public Employees' Retirement System Plan Description

All full-time and certain other qualifying employees of the Port are eligible to participate in the Public Employees' Retirement Fund (Fund) of the State of California's Public Employees' Retirement System (CALPERS). Port employees are included on a cost-sharing basis with City employees in the City of Oakland miscellaneous unit of CALPERS. The Fund provides retirement, disability, and death benefits based on the employee's years of service, age and final compensation. Employees vest after five years of service and may receive retirement benefits at age 50. These benefit provisions and all other requirements are established by State statute and City ordinance. CALPERS issues a separate comprehensive annual financial report. Copies of the annual financial report may be obtained from the CALPERS Executive Office, 400 Q Street, Sacramento, California 95814 or at www.calpers.ca.gov. A separate report for the City's plan within CALPERS is not available.

Port employees have an obligation to contribute 8% of their annual CALPERS earnings to the Fund. Employees hired on or after October 1, 2009, with the exception of members of Service Employees International Union (Local 1021) and members of the International Brotherhood of Electrical Workers (Local 1245), contribute 8% of their annual CALPERS earnings to the Fund. For all other employees the Port has elected to pay such employees' member contributions to the Fund.

Public Employees' Retirement System Plan Description (continued)

The Port is required to contribute the remaining amounts necessary to fund retirement benefits for its employees, using the actuarial basis determined by CALPERS. The Port's employer contribution to the Fund was 19.885%, 19.558% and 19.553% of covered payroll in fiscal years 2011, 2010 and 2009, respectively. For the fiscal years ended June 30, 2011, 2010, and 2009, the Port's annual pension costs for the employer contribution to CALPERS was $8,964, $11,141, and $9,898, respectively. The Port contributed 100% of the actuarial required contribution for each of the three years. The employer contribution rate for the year ended June 30, 2011, was based upon an actuarial valuation study performed by CALPERS Actuarial & Employer Services Division as of June 30, 2008.

The Port's payroll reported to CALPERS, for employees participating in the Fund, was $45,079, $56,964, and $50,621 for the years ended June 30, 2011, 2010 and 2009, respectively. The Port's payroll for all employees was $41,683, $42,867, and $47,724 in fiscal years 2011, 2010 and 2009, respectively. The Port has exercised its option to include 8.0% employer paid member contributions paid by the Port as compensation for purposes of calculating the CALPERS contribution for the fiscal years 2011, 2010, and 2009. The payroll reported to CALPERS includes these amounts.

Agreement Between the City and the Port Regarding CALPERS Payments

During the period from July 1, 1976, through January 17, 1998, the Port appointed certain employees to positions in the classifications of Airport Servicemen and Airport Operations Supervisors. The Port was and has always been the employer that directly appointed, retained, employed and compensated the personnel in these positions.

As result of a decision by CALPERS' Board of Administration on April 15, 1998, employees appointed to positions in the classifications of Airport Servicemen and Airport Operations Supervisors were reclassified from miscellaneous member status in CALPERS to safety member status, effective retroactively to the later of either the date of their respective employment in such classifications or July 1, 1976.

The decision to reclassify employees to safety member status has resulted in a net cost to provide retirement benefits. CALPERS' actuary estimated that the present value of this net cost (including subsequent actual experience through June 30, 2000, and projected experience through June 30, 2002) was $5,915.

An agreement was entered into with the City of Oakland for the payment of this net cost by the Port directly to CALPERS. The agreement provides for the Port to make payments over 20 years in annual installments, adjusted for cost of living at a rate of 3.75%, until fully paid. No pre-payment penalty applies. Total payments to CALPERS through June 30, 2011 amount to $4,873. All contributions were paid from Airport revenues.

Other Postemployment Benefits (OPEB)

Plan Description

The Port contributes to the California Employer's Retiree Benefit Trust (CERBT), a cost-sharing agent multiple-employer defined benefit postemployment healthcare plan administered by CALPERS. The CERBT is an Internal Revenue Code Section 115 trust and an investment vehicle that can be used by all California public employers to prefund future retiree health and Other Postemployment Benefits (OPEB) costs.

The Port's Retiree Health plan allows eligible retirees and their dependents to receive employer paid medical insurance benefits through CALPERS. The employer paid medical insurance is not to exceed the Kaiser Bay Family rate. The Retiree Health Plan also includes dental, and vision benefits and reimbursement of Medicare Part B monthly insurance premium.

The financial statements for CERBT may be obtained by writing the California Public Employees' Retirement System, Constituent Relations Office, CERBT (OPEB), P.O. Box 242709, Sacramento, California 94229-2709 or by calling 888-225-7377.

Funding Policy

Benefit provisions are established and are amended through negotiations between the Port and the various bargaining units during each bargaining period. The Port pays a portion of retiree benefit expenses on a pay-as–you-go basis.

As of June 30, 2011, there were approximately 544 employees who had retired from the Port and were in the Port's retiree benefit plan. During the fiscal year ended June 30, 2011, the Port contributed $5,175 to the CERBT fund and made payments of $5,947 on behalf of OPEB eligible Retirees to third parties outside of the CERBT fund. For fiscal year 2011, the CERBT had net investment earnings of $2.8 million.

As of June 30, 2010, there were approximately 500 employees who had retired from the Port and were in the Port's retiree benefit plan. During the fiscal year ended June 30, 2010, the Port made payments of $5,073 on behalf of OPEB eligible retirees to third parties outside of the CERBT. For fiscal year 2010, the CERBT had net investment earning of $1.5 million.

Annual OPEB Cost and Net OPEB Obligation

The Port's annual OPEB cost is equal to (a) the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, plus (b) one year's interest on the beginning balance of the net OPEB obligation, and minus (c) an adjustment to the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost of each year and any unfunded actuarial liabilities (or funding excess) amortized over an open period of thirty years.

(dollar amounts in thousands)

Annual OPEB Cost and Net OPEB Obligation (continued)

The following table shows the components of the Port's annual OPEB cost for the year, the amount contributed to the Plan, and changes in the Port's net OPEB obligation to the Plan as of June 30:

	2011	2010
Annual required contribution	$ 10,994	$ 10,019
Interest on prior year net OPEB obligation	791	422
Adjustment to annual required contribution	(592)	(422)
Annual OPEB Cost	11,193	10,019
Contribution made	(11,121)	(5,073)
Increase in net OPEB obligation	72	4,946
Net OPEB obligation - beginning of year	10,389	5,443
Net OPEB obligation - end of year	$ 10,461	$ 10,389

The Port's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the current and prior two years are as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	$ 10,019	123%	$ 5,443
6/30/2010	$ 10,019	51%	$ 10,389
6/30/2011	$ 11,193	99%	$ 10,461

Funding Status and Funding Progress

The unfunded actuarial accrued liability is being amortized as a level percentage of expected payroll over an open period of 30 years. The table below indicates the funded status of the Plan as of June 30, 2011, the most recent actuarial valuation date.

Actuarial Accrued Liability (AAL)	$ 128,906
Actuarial Value of Plan Assets	19,145
Unfunded Actuarial Accrued Liability (UAAL)	$ 109,761
Funded Ratio (actuarial value of plan assets/AAL)	15%
Annual Covered Payroll (active plan members)	$ 44,627
UAAL as a Percentage of Annual Covered Payroll	246%

Funding Status and Funding Progress (continued)

GASB Statement No. 45 requires that the interest rate used to discount future benefit payments back to the present be based on the expected rate of return on any investments set aside to pay for these benefits. As of the June 30, 2011 actuarial valuation, the Port intended to fund fully its OPEB liabilities by contributing the actuarially determined Annual Required Contribution amount to the CERBT trust. The Actuarial Required Contribution amount was calculated using a discount rate of 7.61% which was based upon CALPERS' expected rate of return on assets held in the OPEB trust.

For the year ended June 30, 2011, the Port funded its annual OPEB cost at 99.36%. In recognition that a lower discount rate should be considered, the Port's Actuarial Service provided a second alternative valuation as of June 30, 2011, which recommended a lower discount rate of 4.25% in the event that the Port chose not to make any future contributions to the OPEB Trust, but would instead adopt a pay-as-you-go funding policy, keeping all other assumptions constant. As a result, the Port's UAAL as of the June 30, 2011 actuarial valuation would increase by approximately $79.2 million and its Annual Required Contribution would increase by $4.4 million.

Eligible Retirees Defined

Employees must have attained the age of fifty or over at the time of retirement, have five or more years of CALPERS service, and must be eligible to receive PERS retirement benefits in order to be classified as an Eligible Retiree.

Actuarial Methods and Assumptions

The actuarial cost method used for determining the benefit obligations of the Port is the Entry Age Normal Cost Method and amortized over an open period of 30 years. Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of expected salary for each year of employment between entry age (defined as age at hire) and assumed exit.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan in effect and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial Methods and Assumptions (continued)

The actuarial assumptions used included a discount rate of 7.61%, inflation rate of 3.00%, and an annual health cost trend rate of 4.50% in health premiums. Annual salary increases were assumed at 3.25%. The demographic assumptions regarding turnover and retirement are based on statistics from reports for CALPERS under a "2.7% @ 55" benefit schedule.

The schedules presented as required supplementary information following the notes to the financial statements, present multiyear trend information. The Schedule of Funding Progress - Other Postemployment Benefits presents information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

9. Agreements with City of Oakland

The Port has entered into agreements with the City for provisions of various services such as aircraft rescue and fire fighters (ARFF), Special Services, General Services, and Lake Merritt Trust Services. The City provides these services to the Port.

Special Services includes designated police services, city clerk, and treasury services. General Services includes fire, rescue, police, street maintenance, and similar services. Lake Merritt Trust Services includes items such as recreation services, grounds maintenance, security, and lighting.

Port payments to the City for these services are made upon execution of appropriate agreements and/or periodic findings and authorizations from the Board.

Special Services and ARFF

Payments for Special Services and ARFF are treated as a cost of Port operations pursuant to City Charter Section 717(3) Clause Third and have priority over certain other expenditures of Port revenues. Special Services and ARFF from the City totaled $6,802 and $6,566 in 2011 and 2010, respectively, and are included in Operating Expenses. At June 30, 2011 and 2010, $8,501 and $9,284, respectively, were accrued as current liabilities for these payments.

General Services and Lake Merritt Trust Services

Payments for General Services provided by the City are payable only to the extent the Port determines annually that surplus monies are available under the Charter for such purposes. As of June 30, 2011 and 2010, the Port accrued approximately $4,792 and $3,617, respectively, of payments for General Services. Additionally, the Port accrued approximately $3,800 and $2,865 to reimburse the City for Lake Merritt tideland trust services in the 2011 and 2010 fiscal years, respectively. Subject to availability of surplus monies, the Port expects that it will continue to reimburse the City annually for General Services and Lake Merritt tideland trust services.

(dollar amounts in thousands)

Golf Course Lease

The Port has leased property to the City under a 66-year lease, which is expressed in terms of the Amended and Restated Lease between the Port and the City for the development and operation of a public golf course by the City. The lease commenced in 2003 when the Port delivered a completed 164.90 acre golf course to the City to replace the City's golf course that was destroyed when the Port used the site as a dredge disposal site. The golf course is leased to a third party and the minimum annual rental is $270 payable in twelve installments of $22 per month, which is then split 50/50 between the Port and the City.

Deferred Rent

In November 1994, the City Redevelopment Agency (Agency), a blended component unit of the City, entered into an agreement to assist in the development of a project related to a lease. The lease required $5,145 in tenant improvements partially financed by $2,000 in deferred rent from the Agency. The deferred rent is classified as deferred revenue. At June 30, 2011 and 2010, deferred rent approximated $1,012 and $1,082, respectively. The amount classified as short term deferred revenue at June 30, 2011 and 2010 was $70.

10. Commitments

Capital Program

The $594.5 million Five-Year Capital Needs Assessment includes projects in the Aviation, Maritime, Commercial Real Estate and Support Divisions. The most significant Aviation projects are the Terminal 1 renovation and retrofit; BART – Oakland Airport Connector; perimeter dike improvements; pavement rehabilitation; and the runway safety area. The most significant Maritime projects are the Shore Power Program; maritime security initiatives; preliminary engineering for the Berths 60-63 wharf replacement; site preparation and predevelopment activities at the Oakland Army Base; and dredging related activities. The most significant projects in the Commercial Real Estate and Support Divisions include Jack London Square improvements and capital equipment purchases.

As of June 30, 2011, the Port had construction commitments for the acquisition and construction of assets as follows:

Aviation	$	26,642
Maritime		23,233
Commercial Real Estate		14
Total	$	49,889

The most significant projects for which the Port has contractual commitments for construction are airport terminal renovation projects of $2,631, runways and east apron reconstruction of $8,279, modernization of maritime wharves and terminals projects of $6,879, yard and gate improvement projects of $2,340 and safety projects of $5,874.

Power Purchases

The Port purchases electrical power for resale and self-consumption at the Airport, and at Port Maritime facilities located at the former Navy Fleet and Industrial Supply Center Oakland and the former Oakland Army Base. After power requirements are determined, the Port commits and enters into purchase contracts, in advance, with power providers. The price is fixed at the time the Port enters into the contract. At June 30, 2011, the total purchase commitment is approximately $5,457 for 99,556 megawatt-hours.

Management Agreement

The Port entered into a cost reimbursable Management Agreement with the East Bay Regional Park District. Under the Management Agreement, the Port is responsible for the costs of management and operation of the Middle Harbor Shoreline Park, including the costs of supplies, services and administration, which are estimated to be approximately $1,200 to $1,750 for each year between 2005 and 2011. Payments totaling $364 and $1,092 were made in fiscal years 2011 and 2010, respectively. The Management Agreement terminated in January 2011.

11. Contingencies

Environmental

On April 20, 1999, the Board adopted Vision 2000 Air Quality Mitigation Program (“AQMP”) per Resolution No. 99154. The AQMP included a Port commitment to spend approximately $9,000 for various air quality mitigation measures. The AQMP was developed in consultation with representatives of West Oakland Neighbors (WON), per the terms of the WON Consent Decree that was approved by the Board on February 3, 1998 (Resolution No. 98065). To date approximately $6,182 has been spent. On March 29, 2011, per Resolution No. 11-35, the Board allocated the remaining AQMP Funds to the Port’s Shore Power Program (approximately $2,700) and an energy efficiency study (approximately $100).

The entitlements for the Airport Development Program (ADP) subject the Port to obligations arising from the adopted ADP Mitigation Monitoring and Reporting Program required under the California Environmental Quality Act, permits issued by numerous regulatory agencies including the Regional Water Quality Control Board and the Bay Conservation and Development Commission, and settlement agreements. The majority of these obligations have been met, and monitoring and reporting are ongoing.

The Port anticipates spending approximately $2,525 annually for all environmental compliance and remediation obligations. These obligations are additional to those reflected in the Environmental compliance and remediation liability accounts. Environmental monitoring costs relating to legal mandates such as regulatory agency orders, court orders or other affirmative legal obligations are included in the anticipated spending.

(dollar amounts in thousands)

Environmental (continued)

A summary of these accounts, net of the estimated recoveries also shown below, included within the "Environmental and other" section of the statements of net assets at June 30, 2011 and 2010, is as follows:

Obligating Event	June 30, 2011 Liability, net	Estimated Recovery
Pollution poses an imminent danger to the public or environment	$ 218	$ -
Violated a pollution prevention-related permit or license	-	-
Identified as responsible to clean-up pollution	17,533	619
Named in a lawsuit to compel to cleanup	39	-
Begins or legally obligates to cleanup or post-cleanup activities	2,920	60
Total by Obligating Event	$ 20,710	$ 679

Obligating Event	June 30, 2010 Liability, net	Estimated Recovery
Pollution poses an imminent danger to the public or environment	$ -	$ -
Violated a pollution prevention-related permit or license	-	-
Identified as responsible to clean-up pollution	17,542	619
Named in a lawsuit to compel to cleanup	51	-
Begins or legally obligates to cleanup or post-cleanup activities	2,846	60
Total by Obligating Event	$ 20,439	$ 679

The environmental liability accounts in the summary tables are listed by the initial obligating event. Due to new information, the obligating event may change from the initial obligating event. Examples of obligating events include: 1) the Port is named, or evidence indicates that it will be named, by a regulator such as the Department of Toxic Substances Control or the Regional Water Quality Control Board, as a responsible party or potentially responsible party for remediation; or 2) the Port has commenced, or legally obligates itself to commerce, clean-up activities or monitoring or operation and maintenance of the remediation effort (e.g., by undertaking a soil and groundwater pre-development investigation).

Methods and Assumptions

The Port measured the environmental liabilities for pollution remediation sites on Port-owned property using the Expected Cash Flow technique. The measurements are based on the current value of the outlays expected to be incurred. The cash flow scenarios include each component which can be reasonably estimated for outlays such as testing, monitoring, legal services and indirect outlays for Port labor instead of ranges of all components. Reasonable estimates of ranges of possible cash flows are limited from a single scenario to a few scenarios. Data used to develop the cash flow scenarios is obtained from outside consultants, Port staff, and the Port's outside legal counsel.

Methods and Assumptions (continued)

Changes to estimates will be made when new information becomes available. Estimates for the pollution remediation sites will be developed when the following benchmarks or changes in estimated outlays occur:

- Receipt of an administrative order.
- Participation, as a responsible party or a potentially responsible party, in the site assessment or investigation.
- Completion of a corrective measures feasibility study.
- Issuance of an authorization to proceed.
- Remediation design and implementation, through and including operation and maintenance and postremediation monitoring.
- Change in the remediation plan or operating conditions, including but not limited to type of equipment, facilities and services that will be used and price increases.
- Changes in technology.
- Changes in legal or regulatory requirements.

Recoveries

Estimated future recoveries that are listed on the prior page have been netted against the environmental, compliance and remediation liability accounts. In calculating the estimated future recoveries, Port staff and outside legal counsel reviewed and applied the requirements of GASB 49 for accounting for recoveries. For example, if a Port tenant has a contract obligation to reimburse the Port for certain pollution remediation costs, an estimate was made of the expected recovery. As another example, if an insurance carrier has paid money on a certain claim and the Port is pursuing additional costs from the insurance carrier associated with the claim, the recovery has been estimated. In those cases where an insurance carrier has not yet acknowledged coverage, then, a recovery has not been estimated.

(dollar amounts in thousands)

Litigation

As of June 30, 2011, the Port was a defendant in various lawsuits arising in the normal course of business, including constructing public improvements or construction related claims for unspecified amounts. The ultimate disposition of these suits and claims is not known. The Port's insurance may cover a portion of any losses. A summary of the reported liability included within the "Environmental and other" section of the statements of net assets is as follows:

General liability at June 30, 2008	$	3,925
Current year claims and changes in estimates		1,131
Vendor payments		(2,485)
General liability at June 30, 2009		2,571
Current year claims and changes in estimates		3,282
Vendor payments		(2,774)
General liability at June 30, 2010		3,079
Current year claims and changes in estimates		4,983
Vendor payments		(4,144)
General liability at June 30, 2011	$	3,918

The Port is currently in litigation with one of its maritime tenants in connection with such tenant's complaint before the Federal Maritime Commission ("FMC") alleging the Port has violated the Federal Shipping Act of 1984 by entering into a long term concession and lease agreement with another maritime tenant, with allegedly more favorable lease terms. A separate, related declaratory relief action filed by the Port is pending in federal court, as are counterclaims filed by the maritime tenant. The FMC proceedings and federal court case are both still in early stages. Although the Port cannot predict the final outcome of either of these actions, the Port believes in the merits of the Port's position and is vigorously contesting the tenant's claims. A conclusion adverse to the Port could materially adversely affect the Port's revenues and financial condition.

Insurance

Liability Insurance

The Port maintains liability insurance in excess of specified deductibles. For the Airport, coverage is provided in excess of $200 in the aggregate up to a maximum of $200,000 per occurrence. For the harbor area and the Port's real estate holdings, coverage is provided in excess of $1,000 per occurrence up to a maximum amount of $150,000 per occurrence. Additionally, the Port maintains a Public Officials Errors & Omissions and Employment Practices policy. The policy limits are $25,000 with a $500 per claim deductible. Defense costs are in addition to the policy limits, but are included in the deductible. The Port is uninsured for losses in excess of these amounts. Casualty losses are accrued when it is determined that a loss to the Port is probable and the amount is estimable.

Workers' Compensation

The Port is exposed to risk of loss related to injuries to employees. The Port is self-insured and self-administered for workers' compensation up to a maximum of $750 per accident. The Port carries commercial insurance for claims in excess of $750 per accident. There were no workers' compensation claims paid in fiscal years 2011, 2010, and 2009 above the $750 per accident limit.

Claim expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The claims payments and liability include an estimate of allocated loss adjustment expenses and claims that have been incurred but not yet reported. These losses are based on actuarial valuations performed as of June 30, 2009 and June 30, 2011 and include an estimate of claims that have been incurred but not reported. Estimated reserves can be defined as "actuarial central estimates" which represent the expected value of range of reasonably possible outcomes. The probability level refers to the probability that actual future payments will not exceed the indicated reserve amount.

The total reserve is equal to case reserves plus incurred but not reported (IBNR) reserves. Case reserves are established by individual claims adjusters. The IBNR reserves are estimated by the actuary and include reserves for late reported claims as well as development on known claims. The reserve amount is net of excess insurance on an expected value, undiscounted basis. The loss reserve amount represents an estimated reserve amount required to satisfy the Port's retained liability without a contingency provision for unanticipated development.

(dollar amounts in thousands)

Workers' Compensation (continued)

Changes in the reported liability, which is included as part of accounts payable and accrued liabilities, follows:

Workers' compensation liability at June 30, 2008	$	6,000
Current year claims and changes in estimates		962
Claim payments		(825)
Workers' compensation liability at June 30, 2009		6,137
Current year claims and changes in estimates		1,699
Claim payments		(936)
Workers' compensation liability at June 30, 2010		6,900
Current year claims and changes in estimates		863
Claim payments		(863)
Workers' compensation liability at June 30, 2011	$	6,900

Landscaping and Lighting Assessment District (LLAD)

LLAD assessments in the aggregate amount of $2,326 have been imposed on Airport property within the Port Area for the years ended June 30, 1997 through 2011. The Port has not received sufficient information from the City to conclude that payments for such assessments are permissible by the Port under the Federal Aviation Administration's *Policy and Procedures Concerning the Use of Airport Revenue*.

12. Public Transportation Modernization, Improvement, and Service Enhancement Account

On May 20, 2008, the California Emergency Management Agency (Cal EMA) awarded $3,800 to the Port under the California Port and Maritime Security Grant Program (CPMSGP) to fund the Wireless Truck Tracking and Reporting System project.

On April 15, 2009, the Cal EMA awarded the Port $2,431 under the CPMSGP to fund the 1) Comprehensive Geospatial Security Mapping project; 2) Perimeter Intrusion Detection and Reporting System Upgrade; and 3) Fiber Optic Telecommunications Linkage project.

The Port has recorded a receivable of $985 for the Wireless Truck Tracking and Reporting System during the year ended June 30, 2011.

13. Subsequent Event

On July 21, 2011, the Port adopted Resolutions 11-82 and 11-83 which elected to establish a Health Benefit Vesting Requirement for employees who are members of the Western Council of Engineers and the International Federation of Professional and Technical Engineers, Local 21 and Unrepresented Employees. Future employer contributions payable for post retirement health benefits for each retired employee hired on or after September 1, 2011 shall be based on the employee's completed years of credited service and will result in an estimated savings of approximately $7,400 over the next ten-year period. Under the new requirements, these retired employees must have at least ten years of credited service with a CALPERS agency, at least five of which are with the City and/or the Port.

On July 29, 2011, a notice of redemption was sent to the bondholders of 2000 Series K Senior Lien Bonds. On August 16, 2011, the Port issued $345.7 million of 2011 Series O Senior Lien Bonds to refund the 2000 Series K Senior Lien Bonds. The final maturity of the 2011 Series O Senior Lien Bonds is May 2031. The gross debt service savings through fiscal year 2033 is $28.0 million with a present value savings of $29.2 million.

In August 2011, Standard & Poor's lowered its long-term credit rating from AAA to AA+ on debt of the U.S. government, U.S government- sponsored enterprises, and public debt issues that have credit enhancement guarantees by U.S. government sponsored enterprises. These credit downgrades relate to the credit risk associated with the Port's investments in U.S. Treasury Notes and Government Securities Money Market Mutual Funds.

(dollar amounts in thousands)

1. Schedule of Funding Progress – Other Postemployment Benefits

The schedule of funding progress presented below provides a consolidated snapshot of the Port's ability to meet current and future liabilities with plan assets. The funded ratio conveys a plan's level of assets to liabilities, an important indicator to determine the financial health of the OPEB plan. The closer the plan is to a 100% funded status, the better position it will be in to meet all of its future liabilities.

The next actuarial valuation will be performed as of June 30, 2013. Based on the valuation performed as of June 30, 2011, the Actuarial Accrued Liability decreased $2,421.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
6/30/2011	$ 19,145	$ 128,906	$ 109,761	15%	$ 44,627	246%
1/1/2011	$ 13,373	$ 131,327	$ 117,954	10%	$ 45,079	262%
1/1/2009	$ -	$ 100,412	$ 100,412	-	$ 48,400	207%

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APPENDIX B

SUMMARIES OF THE SENIOR LIEN MASTER TRUST INDENTURE AND THE FIFTEENTH SUPPLEMENTAL TRUST INDENTURE

DEFINITIONS

The following are definitions of certain terms used in this Official Statement including the summaries of the Senior Lien Master Trust Indenture and the Fifteenth Supplemental Trust Indenture.

"2011 Common Reserve Fund" means the reserve fund created pursuant to the Fourteenth Supplemental Indenture as security for the Common Reserve Fund Bonds, as described in the Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2012 SENIOR LIEN BONDS—Common Reserve Fund."

"2011 Common Reserve Fund Requirement" means an amount equal to the Average Annual Debt Service, or such lower amount as may be prescribed by the Code as a maximum limitation on the size of a bond reserve fund applicable to a pooled reserve or common reserve that is funded with the proceeds of tax-exempt bonds, subject to the following sentence. If, upon the issuance of any Common Reserve Fund Bonds, such amount would require moneys to be credited to the 2011 Common Reserve Fund in an amount in excess of the maximum amount permitted under the Code to be then funded from the proceeds of such Common Reserve Fund Bonds, the 2011 Common Reserve Fund Requirement shall mean an amount equal to the sum of the 2011 Common Reserve Fund Requirement immediately preceding such issuance of Common Reserve Fund Bonds and the maximum additional amount permitted under the Code to be then funded from the proceeds of such Common Reserve Fund Bonds for such purpose. In addition to any adjustment to the 2011 Common Reserve Fund Requirement in connection with the issuance of additional Common Reserve Fund Bonds, the 2011 Common Reserve Fund Requirement shall be adjusted upon any principal payment (scheduled or unscheduled), redemption or defeasance of the Common Reserve Fund Bonds; provided that such adjusted 2011 Common Reserve Fund Requirement shall not exceed the 2011 Common Reserve Fund Requirement immediately preceding such principal payment (scheduled or unscheduled), redemption or defeasance. Notwithstanding the foregoing, the Trustee shall not be required to value any monies or investments on deposit in the 2011 Common Reserve Fund except as and when provided in the Indenture.

"2011 Series O Senior Lien Bonds" means the $345,730,000 original principal amount of the Port of Oakland Refunding Revenue Bonds 2011 Series O (AMT)

"2012 Senior Lien Bonds" means, collectively, the 2012 Series P Senior Lien Bonds and the 2012 Series Q Senior Lien Bonds.

"2012 Series P Senior Lien Bonds" means the debt obligations of the Board issued under the Indenture and designated "Port of Oakland Refunding Revenue Bonds 2012 Series P (AMT)."

"2012 Series Q Senior Lien Bonds" means the debt obligations of the Board issued under the Indenture and designated "Port of Oakland Refunding Revenue Bonds 2012 Series Q (Non-AMT)."

"Accreted Value" means (i) with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the amount set forth in a Supplemental Indenture as the amount representing the initial principal amount of such Bond plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or (ii) with respect to Original Issue Discount Bonds, as of the date of calculation, the amount representing the initial public offering price of such Bonds plus the amount of the discounted principal which has accreted since the date of issue; in each case the Accreted Value shall be determined in accordance with the provisions of the Supplemental Indenture authorizing the issuance of such Bond.

"Act" means Article VII of the Charter, as amended from time to time, or any other article or section of the Charter in which the provisions relating to the Board and the Port Department may be set forth.

"Authorized" means, with respect to any Program which has been Implemented and not terminated, the Authorized Amount less the amounts which are Outstanding at the time of calculation.

"Authorized Amount" means, when used with respect to a Program, the maximum Principal Amount of Bonds which is then authorized by the Board to be Outstanding at any one time under the terms of such Program.

"Authorized Board Representative" means the Executive Director, Chief Financial Officer or Deputy Executive Director of the Board or such other officer or employee of the Board or other person which other officer, employee or person has been designated by the Board as an Authorized Board Representative by written notice delivered by the Executive Director, the Chief Financial Officer or Deputy Executive Director to the Trustee.

"Average Annual Debt Service" means at any point in time, the average of the debt service scheduled to be due in any Fiscal Year with respect to all Outstanding Common Reserve Fund Bonds then secured by the 2011 Common Reserve Fund during the period beginning with the then-current Fiscal Year and ending with the Fiscal Year in which the last of such Common Reserve Fund Bonds mature by their terms.

"Balloon Indebtedness" means, with respect to any Series of Bonds twenty-five percent (25%) or more of the principal of which matures on the same date or within a Fiscal Year, that portion of such Series which matures on such date or within such Fiscal Year; provided, however, that to constitute Balloon Indebtedness the amount of Bonds of a Series maturing on a single date or within a Fiscal Year must equal or exceed 150% of the amount of such Series which matures during any preceding Fiscal Year. For purposes of this definition, the principal amount maturing on any date shall be reduced by the amount of such Bonds, scheduled to be amortized by prepayment or redemption prior to their stated maturity date. A Commercial Paper Program and the Commercial Paper constituting part of such program shall not be Balloon Indebtedness.

"Board" means the Board of Port Commissioners of the City of Oakland, California, and any successor to its function.

"Bond" or "Bonds" means any debt obligation of the Board issued under and in accordance with the provisions of the Indenture, including, but not limited to, the 2012 Senior Lien Bonds and any other bonds, notes, bond anticipation notes, commercial paper and other instruments creating an indebtedness of the Board, and obligations incurred through lease or installment purchase agreements or other agreements or certificates of participation therein and Repayment Obligations to the extent provided in the Indenture. In connection with Bonds of a Series with respect to which a Qualified Swap is in effect or proposed to be in effect, the term "Bonds" includes, collectively, both such Bonds and either such Qualified Swap or the obligations of the Board under such Qualified Swap, as the context requires, but the Qualified Swap Provider shall not be considered to be an owner of Bonds for purposes of receiving notices, granting consents or approvals, or directing or controlling any actions, restrictions, rights, remedies or waivers under the Indenture, except as expressly provided in the Indenture.

"Bond Counsel" means a firm or firms of attorneys which are nationally recognized as experts in the area of municipal finance and which are familiar with the transactions contemplated under the Indenture and which are acceptable to the Board.

"Bondholder," "holder," "owner" or "registered owner" means the person in whose name any Bond or Bonds are registered on the books maintained by the Registrar and includes any Credit Provider or Liquidity Provider to which a Repayment Obligation is then owed, to the extent that such Repayment Obligation is deemed to be a Bond under the provisions of the Indenture. For so long as the 2012 Senior Lien Bonds are Book-Entry Bonds, the Bondholders shall be DTC or its nominee.

"Book-Entry Bonds" means the 2012 Senior Lien Bonds held by DTC (or its nominee or a substitute depository) as the registered owner thereof pursuant to the terms and provisions of the Fifteenth Supplemental Trust Indenture.

"Business Day" means a day on which banks located in New York, New York, in California and in the City in which the principal corporate trust office of the Trustee is located are open.

"Capital Appreciation Bonds" means Bonds all or a portion of the interest on which is compounded and accumulated at the rates and on the dates set forth in a Supplemental Indenture and is payable only upon redemption or on the maturity date of such Bonds. Bonds which are issued as Capital Appreciation Bonds, but later convert to Bonds on which interest is paid periodically shall be Capital Appreciation Bonds until the conversion date and thereafter shall no longer be Capital Appreciation Bonds, but shall be treated as having a principal amount equal to their Accreted Value on the conversion date.

"Capitalized Interest" means the amount, if any, of the proceeds received upon issuance of Bonds, which is used to pay interest on the Bonds.

"Code" means the Internal Revenue Code of 1986, as amended, and the applicable United States Treasury Regulations proposed or in effect with respect thereto.

"Commercial Paper" means notes of the Board with a maturity of not more than 270 days from the date of issuance and which are issued and reissued from time to time pursuant to a Program adopted by the Board.

"Commercial Paper Program" means a Program authorized by the Board pursuant to which Commercial Paper shall be issued and reissued from time to time, up to the Authorized Amount of such Program.

"Common Reserve Fund Bonds" means the 2011 Series O Senior Lien Bonds, the 2012 Senior Lien Bonds and any additional Bonds secured by the 2011 Common Reserve Fund under the terms of the Indenture.

"Construction Fund" means any of the Construction Funds authorized to be created as described in the Senior Lien Master Trust Indenture.

"Consultant" means any independent consultant, consulting firm, engineer, architect, engineering firm, architectural firm, accountant or accounting firm or other expert recognized to be well-qualified for work of the character required and retained by the Board to perform acts and carry out the duties provided for such consultant in the Indenture.

"Costs" or "Costs of the Project" means all costs of planning, developing, financing, constructing, installing, equipping, furnishing, improving, acquiring, enlarging and/or renovating a Project and placing the same in service.

"Costs of Issuance" means all costs and expenses incurred by the Board in connection with the issuance of the 2012 Senior Lien Bonds, including, but not limited to, costs and expenses of preparing, printing and copying documents, including the official statement and the 2012 Senior Lien Bonds, underwriters' compensation, and the fees, costs and expenses of rating agencies, the Trustee, counsel, accountants, financial advisors, independent consultants and other consultants.

"Credit Facility" means a policy of municipal bond insurance, a letter of credit, surety bond, line of credit, guarantee, standby purchase agreement or other financial instrument which obligates a third party to make payment of or provide funds to the Trustee for the payment of the principal of and/or interest on specified Bonds whether such obligation is to pay in the first instance and seek reimbursement or to pay only if the Board fails to do so and such term includes any such instrument which is used to fund a Reserve Fund or provide security in lieu of a Reserve Fund.

"Credit Provider" means the party obligated to make payment on the Bonds under a Credit Facility.

"Customer Facility Charge" shall mean a customer facility charge authorized to be imposed by the Port in accordance with §1936 of the California Civil Code.

"DTC" means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns, or such other depository as the Board may substitute for DTC.

"Estimated Completion Date" means the estimated date upon which a Specified Project will have been substantially completed in accordance with the plans and specifications applicable thereto or the estimated date upon which a Specified Project is expected to have been acquired and payment therefor made, in each case, as that date shall be set forth in a certificate of an Authorized Board Representative delivered to the Trustee at or prior to the time of issuance of the Bonds which are to finance such Project.

"Event of Default" shall mean any occurrence or event described in this Appendix B under "THE SENIOR LIEN MASTER TRUST INDENTURE—Events of Default and Remedies."

"Fiscal Year" means the period of time beginning on July 1 of each given year and ending on June 30 of the immediately subsequent year, or such other similar period as the Board designates as its fiscal year.

"Fifteenth Supplemental Trust Indenture" means the Fifteenth Supplemental Trust Indenture dated as of October 1, 2012 between the Board and the Trustee, setting forth the terms of the 2012 Senior Lien Bonds.

"Fourteenth Supplemental Indenture" means the Fourteenth Supplemental Trust Indenture dated as of August 1, 2011 between the Board and the Trustee, setting forth the terms of the 2011 Series O Senior Lien Bonds.

"Government Obligations" means (1) United States Obligations (including obligations issued or held in book-entry form) and (2) prerefunded municipal obligations meeting certain conditions, including the following: (a) the municipal obligations are not subject to redemption prior to maturity, or the trustee has been given irrevocable instructions concerning their calling and redemption; (b) the municipal obligations are secured by cash and/or United States Obligations; (c) the principal of and interest on the United States Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the municipal obligations; (d) the United States Obligations serving as security for the municipal obligations are held by an escrow agent or trustee; (e) the United States Obligations are not available to satisfy any other claims; and (f) the municipal obligations are rated in their highest rating category by Moody's and by S&P if S&P then maintains a rating on such obligations.

"Implemented" means, when used with respect to a Program, a Program which has been authorized and the terms thereof approved by a resolution adopted by the Board, and the conditions to issuance, as set forth in the Indenture, have been met.

"Indenture" or "Senior Lien Indenture" means the Amended and Restated Master Trust Indenture, dated as of April 1, 2006, between the Board and the Trustee as amended and supplemented, including as amended and supplemented by the Fifteenth Supplemental Trust Indenture.

"Investment Agreement" means an investment agreement or guaranteed investment contract (i) with or guaranteed by a national or state chartered bank or savings and loan, an insurance company or other financial institution whose unsecured debt is rated in the highest short-term rating category (if the term of the Investment Agreement is less than three years) or in either of the two highest long-term rating categories (if the term of the Investment Agreement is three years or longer) by S&P if S&P then maintains a rating on any of the Bonds to be secured thereby and maintains a rating on such debt and/or by Moody's if Moody's then maintains a rating on any of the Bonds to be secured thereby and maintains a rating on such debt or (ii) which investment agreement or guaranteed investment contract is fully secured by obligations described in item (1) or (2) of the definition of Permitted Investments (A) which are valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at all times at least equal to the principal amount of the investment, (B) held by the Trustee (who shall not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Trustee, (C) subject to a perfected first lien in the Trustee, and (D) free and clear from all third-party liens.

"Liquidity Facility" means a letter of credit, line of credit, standby purchase agreement or other financial instrument which is available to provide funds with which to purchase Bonds.

"Liquidity Provider" means the entity which is obligated to provide funds to purchase Bonds under the terms of a Liquidity Facility.

"Master Trust Indenture" means that Amended and Restated Master Trust Indenture, dated as of April 1, 2006, by and between the Board and the Trustee, as the same has been and may hereafter be amended.

"Maximum Annual Debt Service" means, at any point in time, with respect to all Bonds which are then Outstanding and all Bonds which are then Authorized, the maximum amount of principal and interest becoming due in the then current or any future Fiscal Year, calculated by using the following assumptions:

(i) in determining the principal due in each year, payment shall (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) be assumed to be made on Bonds in accordance with any amortization schedule established by the governing documents setting forth the terms of such Bonds, including, as a principal payment, the Accreted Value of any Capital Appreciation Bonds or Original Issue Discount Bonds maturing or scheduled for redemption in such year; in determining the interest due in each year, interest payable at a fixed rate shall (except to the extent subsection (ii), (iii) or (iv) of this definition applies) be assumed to be made at such fixed rate and on the required payment dates;

(ii) if all or any portion or portions of an Outstanding Series of Bonds constitute Balloon Indebtedness, or if all or any portion or portions of a Series of Bonds then proposed to be issued would constitute Balloon Indebtedness (excluding Bonds which are part of a Program and to which subsection (viii) applies), then, for purposes of determining Maximum Annual Debt Service, each maturity which constitutes Balloon Indebtedness shall, unless provision (iii) below then applies to such maturity, be treated as if it were to be amortized over a term of 25 years commencing in the year the stated maturity of such Balloon Indebtedness occurs and with substantially level annual debt service payments; the interest rate used for such computation shall be that rate determined by a Consultant to be a reasonable market rate for 25-year fixed-rate Bonds issued under the Indenture on the date of such calculation with no credit enhancement and taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; with respect to any Series of Bonds only a portion of which constitutes Balloon Indebtedness, the remaining portion shall be treated as described in (i) above or such other provision of this definition as shall be applicable and, with respect to any Series or that portion of a Series which constitutes Balloon Indebtedness, all payments of principal and interest becoming due prior to the year of the stated maturity of the Balloon Indebtedness shall be treated as described in (i) above or such other provision of this definition as shall be applicable.

(iii) any maturity which constitutes Balloon Indebtedness as described in provision (ii) above and for which the stated maturity date occurs within 12 months from the date such calculation is made, shall be assumed to become due and payable on the stated maturity date and provision (ii) above shall not apply thereto unless there is delivered to the entity making the calculation a certificate of an Authorized Board Representative stating that the Board intends to refinance such maturity and stating the probable terms of such refinancing and that the debt capacity of the Board is sufficient to successfully complete such refinancing; upon the receipt of such certificate, such Balloon Indebtedness shall be assumed to be refinanced in accordance with the probable terms set out in such certificate and such terms shall be used for purposes of calculating Maximum Annual Debt Service, provided that such assumption shall not result in an amortization period longer than or an interest rate lower than that which would be assumed under provision (ii) above;

(iv) if any of the Outstanding series of Bonds constitute Tender Indebtedness or if Bonds then proposed to be issued would constitute Tender Indebtedness (excluding Bonds which are part of a Program or which a Qualified Swap is in effect and to which subsection (viii), (ix), (xi), or (xii) applies), then, for purposes of determining Maximum Annual Debt Service, Tender Indebtedness shall be treated as if the principal amount of such Bonds were to be amortized over a term of 25 years commencing in the year in which such series is first subject to tender and with substantially level annual debt service payments; the interest rate used for such computation shall be that rate determined by a Consultant to be a reasonable market rate for 25-year fixed-rate Bonds issued under the Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes; with respect to all principal and interest payments becoming due prior to the year in which such Tender Indebtedness is first subject to tender such payments shall be treated as described in (i) above unless the interest during that period is subject to fluctuation, in which case the interest becoming due prior to such first tender date shall be determined as provided in (v), (vi) or (xii) below, as appropriate;

(v) if any Outstanding Bonds constitute Variable Rate Indebtedness (except to the extent subsection (ii) or (iii) relating to Balloon Indebtedness or (iv) relating to Tender Indebtedness or (xi) or (xii) relating to Qualified Swaps applies), the interest rate on such Bonds shall be assumed to be 100% of the rate quoted in The Bond Buyer 25 Revenue Bond Index for the last week of the month preceding the date of the calculation as certified by an Authorized Board Representative.

(vi) if Bonds proposed to be issued would be Variable Rate Indebtedness (except to the extent subsection (xi) or (xii) relating to Qualified Swaps applies), such Bonds shall be assumed to bear an interest rate equal to 100% of the rate quoted in The Bond Buyer 25 Revenue Bond Index for the last week of the month preceding the date of sale of such Bonds, as published in The Bond Buyer, as certified by an Authorized Board Representative;

(vii) with respect to any Commercial Paper Program which has been Implemented and not then terminated or with respect to any Commercial Paper Program then proposed to be Implemented, the principal and interest thereon shall be calculated as if the entire Authorized Amount of such Commercial Paper Program were to be amortized over a term of 25 years commencing in the year in which such Commercial Paper Program is Implemented and with substantially level annual debt service payments; the interest rate used for such computation shall be that rate determined by a Consultant to be a reasonable market rate for 25-year fixed-rate Bonds issued under the Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes;

(viii) with respect to any Program other than a Commercial Paper Program, then proposed to be Implemented, it shall be assumed that the full principal amount of such Authorized Bonds will be amortized over a term certified by an Authorized Board Representative to be the expected duration of such Program, but not to exceed 25 years, and commencing in the year such Program is Implemented and that debt service shall be paid in substantially level annual debt service payments over such assumed term; the interest rate used for such computation shall be that rate determined by a Consultant to be a reasonable market rate for fixed-rate Bonds of a corresponding term issued under the Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes;

(ix) with respect to any Program other than a Commercial Paper Program, which has been Implemented (a) debt service on Bonds then Outstanding as part of such Program shall be determined in accordance with such of the foregoing provisions of this definition as shall be applicable, and (b) with respect to the Bonds of such Program which are Authorized, it shall be assumed that the full principal amount of such Authorized Bonds will be amortized over a term certified by an Authorized Board Representative at the time of implementation of such Program to be the expected duration of such Program or, if such expectations have changed, over a term certified by an Authorized Board Representative to be the expected duration of such Program at the time of such calculation, but not to exceed 25 years from the date such Program is Implemented and it shall be assumed that debt service shall be paid in substantially level annual debt service payments over such assumed term; the interest rate used for such computation shall be that rate determined by a Consultant to be a reasonable market rate for fixed-rate Bonds of a corresponding term issued under the Indenture on the date of such calculation, with no credit enhancement and taking into consideration whether such Bonds bear interest which is or is not excluded from gross income for federal income tax purposes;

(x) debt service on Repayment Obligations, to the extent such obligations constitute Bonds under the Indenture, shall be calculated as described under "THE SENIOR LIEN MASTER TRUST INDENTURE—Repayment Obligations" below;

(xi) for purposes of computing the Maximum Annual Debt Service of Bonds of a Series with respect to which a Qualified Swap is in effect, the interest payable thereon (a) except as provided in clause (b) of this sentence, shall be deemed to be the interest payable under the Qualified Swap in accordance with the terms thereof plus any amount required to be paid by the Board to the Qualified Swap Provider pursuant to the Qualified Swap or minus any amount required to be paid by the Qualified Swap Provider to the Board pursuant to the Qualified Swap, or (b) for purposes of computing the Maximum Annual Debt Service for any Reserve Fund created for a Series of Bonds and for purposes of any computation for the issuance of Additional Bonds as provided in the Indenture shall be deemed to be the amount accruing (1) at the fixed rate as provided in the Qualified Swap if the Qualified Swap provides that the Board's obligation thereunder is payable at a fixed rate or (2) at a variable rate determined in accordance with clause (v) or (vi) of the definition of Maximum Annual Debt Service if the Qualified Swap provides that the Board's obligation thereunder is payable at a variable rate;

(xii) for purposes of computing the Maximum Annual Debt Service of Qualified Swaps with respect to which no Bonds are presently Outstanding or of that portion of a Qualified Swap with respect to which the notional amount is greater than the principal amount of Outstanding Bonds to which such Qualified Swap relates for purposes of computation of the Maximum Annual Debt Service for a period after the date of computation, the interest payable thereon shall be deemed to be the net amount most recently paid, as of the date of computation, by the Board to the Qualified Swap Provider thereunder or (expressed negative number) by the Qualified Swap Provider to the Board thereunder; and

(xiii) if moneys or Permitted Investments have been irrevocably deposited with and are held by the Trustee or another fiduciary or Capitalized Interest has been set aside exclusively to be used to pay principal and/or interest on specified Bonds, then the principal and/or interest to be paid from such moneys, Permitted Investments, or Capitalized Interest or from the earnings thereon shall be disregarded and not included in calculating Maximum Annual Debt Service.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized rating agency designated by the Board.

"Net Pledged Revenues" means Net Revenues.

"Net Proceeds" means insurance proceeds received as a result of damage to or destruction of Port Facilities or any condemnation award or amounts received from the sale of Port Facilities under the threat of condemnation less expenses (including attorneys' fees and any expenses of the Trustee) incurred in the collection of such proceeds or award.

"Net Revenues" means, for any given period, the Revenues for such period less the Operation and Maintenance Expenses for such period.

"Notes" means Bonds issued under the provisions of the Indenture which have a maturity of five years or less from their date of original issuance and which are not part of a Commercial Paper Program.

"Operation and Maintenance Expenses" means, for any given period, the total operation and maintenance expenses of the Board as determined in accordance with generally accepted accounting principles as modified from time to time, excluding any operation and maintenance expenses payable from moneys other than Pledged Revenues.

"Original Issue Discount Bonds" means Bonds which are sold at an initial public offering price of less than 95% of their face value and which are specifically designated as Original Issue Discount Bonds by the Supplemental Indenture under which such Bonds are issued.

"Outstanding" when used with respect to Bonds means all Bonds which have been authenticated and delivered under the Indenture, except: (a) Bonds cancelled or purchased by the Trustee for cancellation or delivered to or acquired by the Trustee for cancellation and, in all cases, with the intent to extinguish the debt represented thereby; (b) Bonds deemed to be paid in accordance with the Indenture; (c) Bonds in lieu of which other Bonds have been authenticated under the Indenture; (d) Bonds that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment of which sufficient moneys, including interest accrued to the due date, are held by the Trustee or a Paying Agent; (e) Bonds which, under the terms of the Supplemental Indenture pursuant to which they were issued, are deemed to be no longer Outstanding; (f) Repayment Obligations deemed to be Bonds under the Indenture to the extent such Repayment Obligation arose under the terms of a Liquidity Facility and are secured by a pledge of Outstanding Bonds acquired by the Liquidity Provider; and (g) for purposes of any consent or other action to be taken by the holders of a specified percentage of Bonds under the Indenture, Bonds held by or for the account of the board or by any person controlling, controlled by or under common control with the Board, unless such Bonds are pledged to secure a debt to an unrelated party.

"Participants" means the participants of DTC, which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

"Passenger Facility Charges" means the passenger facility fees authorized to be imposed by the Port in accordance with 49 U.S.C. § 40117, et seq.

"Paying Agent" or "Paying Agents" means, with respect to the Bonds or any Series of Bonds, the banks, trust companies or other financial institutions or other entities designated in a Supplemental Indenture or a resolution of the Board as the place where such Bonds shall be payable.

"Payment Date" means, with respect to any Bonds, each date on which interest is due and payable thereon and each date on which principal is due and payable thereon whether by maturity or redemption thereof.

"Permitted Investments" means any of the following:

(1) Government Obligations;

(2) Obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following instrumentalities or agencies of the United States of America: Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Financing Bank; Government National Mortgage Association; Federal National Mortgage Association; Student Loan Marketing Association; Federal Farm Credit Bureau; Farmers Home Administration; Federal Home Loan Mortgage Corporation; and Federal Housing Administration.

(3) Direct and general long-term obligations of any state, which obligations are rated in either of the two highest rating categories by Moody's and by S&P if S&P then maintains a rating on such obligations;

(4) Direct and general short-term obligations of any state which obligations are rated in the highest rating category by Moody's and by S&P if S&P then maintains a rating on such obligations;

(5) Interest-bearing demand or time deposits (including certificates of deposit) or interests in money market portfolios issued by state banks or trust companies or national banking associations that are members of the Federal Deposit Insurance Corporation ("FDIC") or by savings and loan associations that are members of the Federal Savings and Loan Insurance Corporation ("FSLIC"), which deposits or interests must either be (a) continuously and fully insured by FDIC or FSLIC and with banks that are rated at least "P-1" or "Aa" by Moody's and at least "A-1" or "AA" by S&P if such banks are then rated by S&P or (b) fully secured by United States Obligations (i) which are valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at least equal to the principal amount of the deposits or interests, (ii) held by the Trustee (who shall not be the provider of the collateral) or by any Federal

Reserve Bank or depositary acceptable to the Trustee, (iii) subject to a perfected first lien in the Trustee, and (iv) free and clear from all third-party liens;

(6) Long-term or medium-term corporate debt guaranteed by any corporation that is rated by both Moody's and S&P in either of their two highest rating categories;

(7) Repurchase agreements which are (a) entered into with banks or trust companies organized under state law, national banking associations, insurance companies or government bond dealers reporting to, trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York and which either are members of the Security Investors Protection Corporation or with a dealer or parent holding company that has an investment grade rating from Moody's and from S&P if S&P then maintains a rating on such institution and (b) fully secured by investments specified in Section (1) or (2) of this definition of Permitted Investments (i) which are valued not less frequently than monthly and have a fair market value, exclusive of accrued interest, at least equal to the amount invested in the repurchase agreements, (ii) held by the Trustee (who shall not be the provider of the collateral) or by any Federal Reserve Bank or a depository acceptable to the Trustee, (iii) subject to a perfected first lien in the Trustee and (iv) free and clear from all third-party liens;

(8) Prime commercial paper of a United States corporation, finance company or banking institution rated at least "P-1" by Moody's and at least "A-1" by S&P if S&P then maintains a rating on such paper;

(9) Shares of a diversified open-end management investment company (as defined in the Investment Company Act of 1940, as amended) or shares in a regulated investment company (as defined in Section 851(a) of the Code) that is (a) a money market fund that has been rated in one of the two highest rating categories by Moody's or S&P or (b) a money market fund or account of the Trustee or any state or federal bank that is rated at least "P-1" or "Aa" by Moody's if Moody's then maintains a rating on such bank and at least "A-1" or "AA" by S&P if S&P then maintains a rating on such bank, or whose one bank holding company parent is rated at least "P-1" or "Aa" by Moody's if Moody's then maintains a rating on such holding company and "A-1" or "AA" by S&P if S&P then maintains a rating on such holding company or that has a combined capital and surplus of not less than $50,000,000;

(10) Investment Agreements; and

(11) Any other type of investment in which the Board directs the Trustee to invest provided that there is delivered to the Trustee a certificate of an Authorized Board Representative stating that each of the Rating Agencies then maintaining a rating on the applicable Bonds has been informed of the proposal to invest in such investment and each of such Rating Agencies has confirmed that such investment will not adversely affect the rating then assigned by such Rating Agency to any of the applicable Bonds.

"Pledged Revenues" is defined in the Official Statement under "SECURITY AND SOURCES OF PAYMENT FOR THE 2012 SENIOR LIEN BONDS—Pledged Revenues."

"Port" means all facilities and property, real or personal, wherever located, under the jurisdiction or control of the Board or in which the Board has other rights or from which the Board derives revenue.

"Port Facilities" or "Port Facility" means a specific facility or group of facilities or category of facilities which constitute or are part of the Port.

"Port Revenue Fund" is defined in the Official Statement under "SECURITY AND SOURCES OF PAYMENT FOR THE 2012 SENIOR LIEN BONDS—Flow of Funds under the City Charter."

"Principal Amount" or "principal amount" means, as of any date of calculation, (i) with respect to any Capital Appreciation Bond, the Accreted Value thereof (the difference between the stated amount to be paid at maturity and the Accreted Value being deemed unearned interest), (ii) with respect to any Original Issue Discount

Bond, the Accreted Value thereof, unless the Supplemental Indenture under which such Bond was issued shall specify a different amount, in which case, the terms of the Supplemental Indenture shall control and (iii) with respect to any other Bonds, the principal amount of such Bond payable at maturity.

"Program" means a Commercial Paper Program, auction bond program or other Program pursuant to which the Board authorizes the issuance of Bonds from time to time up to an Authorized Amount and sets forth the procedures under which such Bonds shall be issued and the terms of such Bonds.

"Project" means any and all facilities financed in whole or in part with proceeds of Bonds.

"Qualified Swap" means any financial arrangement (i) that is entered into by the Board with an entity that is a Qualified Swap Provider at the time the arrangement is entered into; (ii) which provides that the Board shall pay to such entity an amount based on the interest accruing at a fixed or a variable rate on an amount equal to the designated principal amount of Bonds Outstanding as described therein, and that such entity shall pay to the Board an amount based on the interest accruing on such principal amount at a variable or fixed rate of interest computed according to a formula set forth in such arrangement (which need not be the same as the actual rate of interest borne by such Bonds) or that one shall pay to the other any net amount due under such arrangement; and (iii) which has been designated in writing to the Trustee by the Board as a Qualified Swap with respect to such Bonds, and if entered into in connection with a new Series of Bonds has been approved in writing by S&P, and if entered into in connection with a particular Series of Bonds has been approved in writing by the insurer insuring payments of principal and interest on such Series of Bonds.

"Qualified Swap Provider" means with respect to a Qualified Swap a financial institution whose senior long term debt obligations, or whose obligations under a Qualified Swap are guaranteed by a financial institution whose senior long term debt obligations, are rated (at the time the subject Qualified Swap is entered into) at least A3, in the case of Moody's and A-, in the case of S&P, or the equivalent thereto in the case of any successor thereto, and which is approved in writing by any bond insurer insuring payment of principal of and interest on the Series of Bonds to which such Qualified Swap relates.

"Rating Agency" means Moody's or S&P.

"Registrar" means, with respect to the Bonds or any Series of Bonds, the bank, trust company or other entity designated in a Supplemental Indenture or a resolution of the Board to perform the function of Registrar under the Indenture, and which bank, trust company or other entity has accepted the position in accordance with the Indenture.

"Repayment Obligations" means an obligation arising under a written agreement of the Board and a Credit Provider pursuant to which the Board agrees to reimburse the Credit Provider for amounts paid through a Credit Facility to be used to pay debt service on any Bonds or an obligation arising under a written agreement of the Board and a Liquidity Provider pursuant to which the Board agrees to reimburse the Liquidity Provider for amounts paid through a Liquidity Facility to be used to purchase Bonds.

"Reserve Fund" means any Reserve Fund created by the Board pursuant to a Supplemental Indenture in connection with the issuance of any Series of Bonds for the purpose of providing additional security for such Series of Bonds; such term shall also mean any surety bond, insurance policy or other financial instrument which is provided in lieu of a funded reserve for a Series of Bonds.

"Reserve Fund Insurance Policy" means any insurance policy, letter of credit, qualified surety bond or other financial instrument that provides security for all Common Reserve Fund Bonds, is deposited in the 2011 Common Reserve Fund in lieu of or in partial substitution for cash or securities, and is provided by an issuer that, at the time of the issuance of such Reserve Fund Insurance Policy, has received ratings from S&P and Moody's equal to or better than the then-applicable ratings of such rating agencies on the then-outstanding Common Reserve Fund Bonds.

“Revenues” means the operating revenues and interest income of the Board, for any given period, as determined in accordance with generally accepted accounting principles, as modified from time to time, but excluding (i) Special Facilities Revenue, and (ii) any amounts paid to the Board pursuant to a Qualified Swap.

“S&P” means Standard & Poor’s Corporation, a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Board.

“Series” means Bonds designated as a separate Series by a Supplemental Indenture and, with respect to a Commercial Paper Program, shall mean the total Authorized Amount of such Program regardless of when or whether issued, unless portions thereof are, by Supplemental Indenture, designated as separate Series.

“Special Facilities Revenue” means the contractual payments derived by the Board from a Special Facility and all other income and revenues available to the Board from such Special Facility.

“Special Facility” means a facility that is designated as a Special Facility under the provisions of the Indenture.

“Special Obligations” means bonds or other debt instruments that are not secured by nor payable from the Pledged Revenues, but are payable from Special Facilities Revenues.

“Specified Project” means a Project or a group of alternative Projects which are described in a certificate of an Authorized Board Representative delivered to the Consultant preparing the Additional Bonds certificate described in the Indenture, the revenues and expenses of which Project or of the alternative Projects are to be taken into account by such Consultant in preparing said certificate.

“Subordinated Obligation” means any bond or other debt instrument issued or otherwise entered into by the Board which ranks junior and subordinate to the Bonds and which may be paid from moneys constituting Pledged Revenues only if all amounts of principal and interest which have become due and payable on the Bonds whether by maturity, redemption or acceleration have been paid in full and the Board is current on all payments required to be made to replenish all Reserve Funds. In connection with any Subordinated Obligation with respect to which an interest rate swap is in effect or proposes to be in effect, the term “Subordinated Obligation” includes, collectively, both such Subordinated Obligation and either such interest rate swap or the obligations of the Board under such interest rate swap, as the context requires. The term “Subordinated Obligations” also includes an interest rate swap or the obligations of the Board under such interest rate swap which has been entered into in connection with a Subordinated Obligation, as the context requires, although none of the Subordinated Obligations with respect to which such interest rate swap was entered into are outstanding.

“Supplemental Indenture” means any document supplementing or amending the Indenture or providing for the issuance of Bonds, including the Fifteenth Supplemental Trust Indenture.

“Swap Termination Payment” means an amount payable by the Board or a Qualified Swap Provider, in accordance with a Qualified Swap, to compensate the other party to the Qualified Swap for any losses and costs that such other party may incur as a result of an event of default or the early termination of the obligations, in whole or in part, of the parties under such Qualified Swap.

“Tax Certificate” means that Tax and Nonarbitrage Certificate dated the date of issuance of the 2012 Senior Lien Bonds executed by the Board with respect to the 2012 Series P Senior Lien Bonds and the 2012 Series Q Senior Lien Bonds.

“Tender Indebtedness” means any Bonds or portions of Bonds a feature of which is an option, on the part of the Bondholders, or an obligation, under the terms of such Bonds, to tender all or a portion of such Bonds to the Board, the Trustee, the Paying Agent or other fiduciary or agent or Credit Provider for payment or purchase and requiring that such Bonds or portions of Bonds be purchased if properly presented.

"Trustee" means U.S. Bank, National Association, until a successor replaces it and, thereafter, means such successor.

"United States Obligations" means direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including (in the case of direct and general obligations and not guaranteed obligations) evidences of ownership of proportionate interests in future interest and/or principal payments of such obligations which meet certain limitations as set forth in the Indenture.

"Variable Rate Indebtedness" means any Bond or Bonds the interest rate on which is not, at the time in question, fixed to maturity.

THE SENIOR LIEN MASTER TRUST INDENTURE

The following is a summary of certain provisions of the Senior Lien Master Trust Indenture. Such summary is only a brief description of certain provisions of such document and is qualified in its entirety by reference to the full text of the Senior Lien Master Trust Indenture.

Grant to Secure the Bonds; Pledge of Pledged Revenues

To secure the payment of the Bonds and the performance and observance by the Board of all the covenants, agreements and conditions expressed or implied in the Indenture or contained in the Bonds, the Board pledges and assigns to the Trustee and grants to the Trustee a lien on and security interest in all right, title and interest of the Board in and to all of the following and provides that such lien and security interest shall be prior in right to any other pledge, lien or security interest created by the Board in the following: (a) the Pledged Revenues, (b) all moneys and securities (excluding moneys and securities on deposit in any Rebate Fund) held from time to time by the Trustee under the Indenture and moneys and securities held in any Construction Fund whether or not held by the Trustee, (c) earnings on amounts included in provisions (a) and (b) above and (d) any and all other funds, assets, rights, property or interests therein which may from time to time be sold, transferred, conveyed, assigned, pledged, mortgaged, granted or delivered to or deposited with the Trustee as additional security under the Indenture, for the equal and proportionate benefit and security of all Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall, with respect to the security provided by the Indenture, be of equal rank without preference, priority or distinction as to any Bond over any other Bond or Bonds, except as to the timing of payment of the Bonds. Any Reserve Fund created by a Supplemental Indenture and any other security or Credit Facility provided for specific Bonds may, as provided by Supplemental Indenture, secure only such specific Bonds and shall not be included as security for all Bonds under the Indenture, and moneys and securities held in trust as provided in the Indenture exclusively for Bonds which have become due and payable and moneys and securities which are held exclusively to pay Bonds which are deemed to have been paid under the Indenture shall be held solely for the payment of such specific Bonds.

The Board represents and states under the Indenture that it has not previously created any charge or lien on or any security interest in the Pledged Revenues and the Board covenants under the Indenture that, until all the Bonds authorized and issued under the provisions of the Indenture and the interest thereon shall have been paid or are deemed to have been paid, it will not grant any prior or parity pledge of or any security interest in the Pledged Revenues or any of the other security which is pledged pursuant to the Indenture, or create or permit to be created any charge or lien thereon or any security interest therein ranking prior to or on a parity with the charge or lien of the Bonds from time to time Outstanding under the Indenture. The Board is permitted to encumber the Pledged Revenues with a pledge ranking junior and subordinate to the charge or lien of the Bonds.

Repayment Obligations

If a Credit Provider or Liquidity Provider advances funds to pay principal of or to purchase Bonds, all or a portion of the Board's repayment obligation may be afforded the status of a Bond under the Indenture. If afforded such status, the Credit Provider or Liquidity Provider will be deemed to be the Bondholder, and such Bonds will be deemed to have been issued as of the date of the Bonds for which the Credit Facility or Liquidity Facility was originally provided. Interest on the Bonds deemed to be held by the Credit Provider or Liquidity Provider shall be deemed to be payable semiannually at the rate of interest applicable to the repayment obligation. Payments of principal shall be deemed to be payable annually and amortized on a substantially level annual debt service basis over a period ending on the later of: (a) the earlier of (i) 25 years or (ii) the final maturity of the Bonds for which the Credit Facility or Liquidity Facility was provided; and (b) the final maturity of the Repayment Obligation. Any amount that comes due on a Repayment Obligation by its terms, which is in excess of the amount treated as principal of and interest on a Bond, shall be junior and subordinate to the Bonds and shall constitute a Subordinated Obligation of the Board.

Obligations Under Qualified Swap

The obligation of the Board to make interest swap payments under a Qualified Swap with respect to a Series of Bonds shall be on a parity with the obligation of the Board to make payments with respect to such Series of

Bonds and other Bonds under the Indenture, except as otherwise provided by a Supplemental Indenture and elsewhere in the Indenture, with respect to any Swap Termination Payments. Such interest swap obligations under a Qualified Swap shall be secured by a pledge of a lien on the Pledged Revenues on a parity with the Bonds of such Series and all other Bonds, regardless of the principal amount, if any, of the Bonds of such Series remaining Outstanding.

In the event that a Swap Termination Payment or any other amounts other than as described in the preceding paragraph are due and payable by the Board under a Qualified Swap, such Swap Termination Payment and any such other amounts shall constitute a Subordinated Obligation under the Indenture.

Payment of Principal and Interest

Under the Indenture, the Board covenants and agrees that it will duly and punctually pay or cause to be paid from the Pledged Revenues the principal of, premium, if any, and interest on every Bond at the place and on the dates and in the manner specified in the Indenture, in the Fifteenth Supplemental Trust Indenture and in the 2012 Senior Lien Bonds, and that it will faithfully do and perform all covenants and agreements contained in the Indenture and in the 2012 Senior Lien Bonds, provided that the Board's obligation to make payment of the principal of, premium, if any, and interest on the 2012 Senior Lien Bonds shall be limited to payment from the Pledged Revenues, the funds and accounts pledged therefor in the Indenture and any other source which the Board may specifically provide for such purpose and no Bondholder shall have any right to force payment from any other funds of the Board.

Rate Covenant

The Board will, at all times while any of the Bonds remain Outstanding, establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Port and for services rendered in connection therewith, so that Pledged Revenues in each Fiscal Year will be at least sufficient to pay the principal of and interest on the Outstanding Bonds as the same become due and payable, all other payments required for compliance with the Indenture and any Supplemental Indenture, all other payments to be paid from Pledged Revenues and all current Operation and Maintenance Expenses of the Port.

The Board further agrees that it will establish, fix, prescribe and collect rates, tolls, fees, rentals and charges in connection with the Port and for services rendered in connection therewith, so that during each Fiscal Year the Net Revenues will be equal to at least 125% of the actual debt service becoming due and payable by the Board on Outstanding Bonds in such year less (i) amounts paid from the proceeds of other borrowings and (ii) debt service paid in such year from Capitalized Interest.

If the Board violates either covenant set forth above, such violation shall not be a default under the Indenture and shall not give rise to a declaration of an Event of Default if, within 120 days after the date such violation is discovered, (1) the Board obtains recommendations from a Consultant as to the revision of rates, tolls, fees, rentals and charges necessary to produce Pledged Revenues sufficient to cure such violation and (2) the Board makes such revisions to rates, tolls, fees, rentals and charges and to Operation and Maintenance Expenses insofar as practicable so as to produce Pledged Revenues to cure such violation.

Subordinated Obligations

The Board may, from time to time, incur indebtedness which is subordinate to the Bonds. Such indebtedness shall be incurred at such times and upon such terms as the Board shall determine, provided that any lien on or security interest granted in the Pledged Revenues or other assets securing the Bonds shall be specifically stated to be junior and subordinate to the lien on and security interest in such Pledged Revenues and other assets granted to secure the Bonds and the Board's obligations under the Indenture, and payment of principal of and interest on such Subordinated Obligations shall be permitted, provided that all deposits required to be made to the Trustee to be used to pay debt service on the Bonds or to replenish Reserve Funds are then current.

Special Facilities and Special Obligations

The Board may, from time to time, (i) designate a separately identifiable existing facility or planned facility as a "Special Facility," (ii) incur debt primarily for the purpose of acquiring, constructing, renovating or improving or providing financing to a third party to acquire, construct, renovate or improve such facility, (iii) provide that the contractual payments derived from such Special Facility together with other income and revenues available to the Board from such Special Facility be "Special Facilities Revenue" and not included as Pledged Revenues and (iv) provide that the debt so incurred shall be a "Special Obligation" and the principal of and interest thereon shall be payable solely from the Special Facilities Revenue. The Board may from time to time refinance any such Special Obligations with other Special Obligations.

The Special Obligations shall be payable as to principal, redemption premium, if any, and interest solely from Special Facilities Revenue which shall include contractual payments derived by the Board under and pursuant to a contract relating to the Special Facility by and between the Board and another person, firm or corporation, either public or private, as shall undertake the operation of the Special Facility.

No Special Obligations shall be issued by the Board unless there shall have been filed with the Trustee a certificate of an Authorized Board Representative stating that the estimated Special Facilities Revenue of or pledged to the payment of obligations relating to the Special Facility will be at least sufficient to pay the principal of and interest on such Special Obligations as and when the same become due and payable, all costs of operating and maintaining such Special Facility not paid for by the operator thereof or by a party other than the Board and all sinking fund, reserve or other payments required by the resolution authorizing the Special Obligations as the same become due, the estimated Revenues and Net Pledged Revenues calculated without including the Special Facilities Revenue and without including any operation and maintenance expenses of the Special Facility as Operation and Maintenance Expenses will be sufficient so that the Board will be in compliance with the Indenture during each of the five Fiscal Years immediately following such disposition and no Event of Default then exists under the Indenture.

To the extent Special Facilities Revenue during any Fiscal Year shall exceed the amounts required to be paid for such Fiscal Year, such excess Special Facilities Revenue shall be deposited into the Port Revenue Fund and shall constitute Pledged Revenues.

At such time as the Special Obligations issued for a Special Facility including Special Obligations issued to refinance Special Obligations are fully paid or otherwise discharged, all revenues of the Board from such facility shall be included as Pledged Revenues.

Obligations Secured by Other Revenues

The Board may, from time to time, incur indebtedness payable solely from certain Revenues which do not constitute Pledged Revenues at such times and upon such terms and conditions as the Board shall determine, provided that such indebtedness shall specifically include a provision that payment of such indebtedness is neither secured by nor payable from Pledged Revenues. The Board may also, from time to time, incur indebtedness payable from and secured by both Pledged Revenues and certain Revenues which do not constitute Pledged Revenues at such times and upon such terms and conditions as the Board shall determine, provided that the conditions set forth in the Indenture for the issuance of indebtedness payable from and secured by Pledged Revenues are met.

Withdrawals from Port Revenue Fund

The Board, at least one Business Day prior to each Payment Date, shall withdraw from the Port Revenue Fund and pay to the Trustee the full amount required to make the interest and/or principal payments due on such Payment Date.

On any day on which the Trustee receives funds from the Board to be used to pay principal of or interest on Bonds, the Trustee shall, if the amount received is fully sufficient to pay all amounts of principal and interest then due or becoming due on the next Payment Date, deposit such amounts into the respective Debt Service Funds for the

Series of Bonds for which such payments were made. If, on any Payment Date, the Trustee does not have sufficient amounts in the Debt Service Funds (without regard to any amounts which may be available from Reserve Funds) to pay in full all amounts of principal and/or interest due on such date, the Trustee shall allocate the total amount which is available to make payment on such day as follows: first to the payment of interest then due on the Bonds and, if the amount available shall not be sufficient to pay in full all interest on the Bonds then due, then pro rata among the Series according to the amount of interest then due and second to the payment of principal then due on the Bonds and, if the amount available shall not be sufficient to pay in full all principal on the Bonds then due, then pro rata among the Series according to the Principal Amount then due on the Bonds.

If a Reserve Fund or Reserve Funds (or a Credit Facility provided in lieu thereof) has been used to make payments on Bonds secured thereby, then the Board may be required by Supplemental Indenture to replenish such Reserve Fund or Reserve Funds or reimburse the Credit Provider from Pledged Revenues provided that (1) no amount from Pledged Revenues may be used for such purpose until all payments of principal of and interest on all Bonds which have become due and payable shall have been paid in full, (2) the required payments to replenish any Reserve Fund or reimburse the Credit Provider shall be due in no less than 12 substantially equal monthly installments commencing in the month following any such withdrawal and (3) if the aggregate amount of payments due on any date to replenish the Reserve Funds exceeds the amount available for such purpose, the payments made to the Trustee for such purpose shall be allocated among the various Reserve Funds pro rata on the basis of the Outstanding principal amount of Bonds secured thereby.

Notwithstanding the foregoing, the Board may, by Supplemental Indenture, provide for different provisions and timing of deposits with the Trustee and different methods of paying principal of or interest on Bonds depending upon the terms of such Bonds and may provide for payment through a Credit Facility with reimbursement to the Credit Provider from the Debt Service Fund created for the Series of Bonds for which such Credit Facility is provided.

Maintenance and Operation of Port

The Board covenants in the Indenture that the Port shall at all times be operated and maintained in good working order and condition and that all lawful orders of any governmental agency or authority having jurisdiction in the premises shall be complied with (provided the Board shall not be required to comply with any such orders so long as the validity or application thereof shall be contested in good faith), and that all licenses and permits necessary to construct or operate any of the Port Facilities shall be obtained and maintained and that all necessary repairs, improvements, replacements of the facilities constituting the Port shall be made, subject to sound business judgment. The Board will, from time to time, duly pay and discharge, or cause to be paid and discharged, except to the extent the imposition or payment thereof is being contested in good faith by the Board, all taxes (if any), assessments or other governmental charges lawfully imposed upon the Port Facilities or upon any part thereof, or upon the Pledged Revenues, when the same shall become due, as well as any lawful claim for labor, materials or supplies or other charges which, if unpaid, might by law become a lien or charge upon the Pledged Revenues or the Port Facilities or any part thereof constituting the Port.

Insurance; Application of Insurance Proceeds

As of the date of this Official Statement, the Senior Lien Master Trust Indenture provisions governing insurance and the application of insurance proceeds provide as follows:

Subject, in each case, to the condition that insurance is obtainable at reasonable rates and upon reasonable terms and conditions:

(1) the Board will procure and maintain or cause to be procured and maintained commercial insurance or provide Qualified Self Insurance with respect to the facilities constituting the Port and public liability insurance in the form of commercial insurance or Qualified Self Insurance and, in each case, in such amounts and against such risks as are, in the judgment of the Board, prudent and reasonable taking into account, but not being controlled by, the amounts and types of insurance or self-insured programs provided by similar ports;

(2) the Board will procure and maintain reasonable fidelity insurance or bonds on the position of Chief Financial Officer and on any other employees of the Board who handle or are responsible for funds of the Board; and

(3) the Board will place on file with the Trustee annually within 120 days after the close of each Fiscal Year a certificate of an Authorized Board Representative containing a summary of all insurance policies and self-insured programs then in effect with respect to the Port and the operations of the Board.

"Qualified Self Insurance" means insurance maintained through a program of self-insurance or insurance maintained with a fund, company or association in which the Board may have a material interest and of which the Board may have control, either singly or with others. Each plan of Qualified Self Insurance shall be established in accordance with law, shall provide that reserves be established or insurance acquired in amounts adequate to provide coverage which the Board determines to be reasonable to protect against risks assumed under the Qualified Self Insurance plan, including any potential retained liability in the event of the termination of such plan of Qualified Self Insurance, and such self-insurance program shall be reviewed at least once every 12 months by a Consultant who shall deliver to the Board a report on the adequacy of the reserves established thereunder. If the Consultant determines that such reserves are inadequate, he shall make a recommendation as to the amount of reserves that should be established and maintained, and the Board shall comply with such recommendation unless it can establish to the satisfaction of and receive a certification from a Consultant that a lower amount is reasonable to provide adequate protection to the Board.

If, as a result of any event, a Port Facility or Port Facilities are destroyed or severely damaged, the Board shall create within the Port Revenue Fund a special account and credit the Net Proceeds received as a result of such event of damage or destruction into such account and such Net Proceeds shall, within a reasonable period of time taking into account any terms under which insurance proceeds are paid and any insurance restrictions upon the use or timing of the use of insurance proceeds, be used to (1) repair or replace the Port Facilities which were damaged or destroyed, (2) provide additional revenue-producing Port Facilities, (3) redeem Bonds or (4) create an escrow fund pledged to pay specified Bonds and thereby cause such Bonds to be deemed to be paid as provided in the Indenture.

Following the effectiveness of the amendments to the Senior Lien Master Trust Indenture provided for in the Fifteenth Supplemental Trust Indenture, which effectiveness shall occur upon the fulfillment of the conditions described in the Official Statement under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE 2012 SENIOR LIEN BONDS—Amendments to Senior Lien Master Trust Indenture," the Senior Lien Master Trust Indenture provisions governing insurance and the application of insurance proceeds shall be revised to provide as follows:

Subject, in each case, to the condition that insurance is obtainable at reasonable rates and upon reasonable terms and conditions:

(1) the Board will procure and maintain or cause to be procured and maintained insurance with respect to the facilities constituting the Port and public liability insurance, in each case, in such amounts and against such risks as are, in the judgment of the Board, prudent and reasonable taking into account, but not being controlled by, the amounts and types of insurance provided by similar ports; and

(2) the Board will place on file with the Trustee annually within 120 days after the close of each Fiscal Year a certificate of an Authorized Board Representative containing a summary of all insurance policies then in effect with respect to the Port and the operations of the Board.

If, as a result of any event, (1) one or more Port Facilities are destroyed or severely damaged and (2) such facilities were financed with the proceeds of any Senior Lien Bonds the interest on which is then excluded from gross income for federal income tax purposes, the Net Proceeds received as a result of such event of damage or destruction shall be used as provided in the applicable tax and non-arbitrage certificate or as otherwise advised by Bond Counsel.

Transfer of Port Facilities

As of the date of this Official Statement, the Senior Lien Master Trust Indenture provisions governing the transfer of Port Facilities provide as follows:

The Board shall not, except as permitted below, transfer, sell or otherwise dispose of Port Facilities. Any transfer of an asset over which the Board retains or regains substantial control shall not, for so long as the Board has such control, be deemed a disposition of Port Facilities.

The Board may transfer, sell or otherwise dispose of Port Facilities only if such transfer, sale or disposition complies with one or more of the following provisions:

(a) The property being disposed of is inadequate, obsolete or worn out; or

(b) The property proposed to be disposed of and all other Port Facilities disposed of during the 12-month period ending on the day of such transfer (but excluding property disposed of under (a) above), will not, in the aggregate, constitute a Significant Portion of the Port determined as described below and the proceeds are deposited into the Port Revenue Fund to be used as described below; or

(c) The Board receives fair market value for the property, the proceeds thereof are deposited into the Port Revenue Fund to be used as described below and, prior to the disposition of such property, there is delivered to the Trustee a certificate of a Consultant to the effect that notwithstanding such disposition, but taking into account the use of such proceeds in accordance with the expectations of the Board as evidenced by a certificate of an Authorized Board Representative, the Consultant estimates that the Board will be in compliance with the rate covenant set forth in the Indenture during each of the five Fiscal Years immediately following such disposition.

The term "Significant Portion" of the Port Facilities means Port Facilities which, if such facilities had been disposed of by the Board at the beginning of the Fiscal Year which includes the month of commencement of the 12-month period referred to in (b) above would have resulted in a reduction in Net Pledged Revenues for such Fiscal Year of more than 4% when the actual Net Pledged Revenues for such Fiscal Year are decreased by the Revenues directly attributable to such Port Facilities and increased by the expenses of the Board directly attributable to such Port Facilities.

Proceeds of the disposition of assets under (b) or (c) above shall be deposited into the Port Revenue Fund and used, within a reasonable period of time, not to exceed three years, to (1) provide additional revenue-producing Port Facilities, (2) redeem Bonds or (3) create an escrow fund pledged to pay specified Bonds and thereby cause such Bonds to be deemed to be paid as provided in the Indenture.

Following the effectiveness of the amendments to the Senior Lien Master Trust Indenture provided for in the Fifteenth Supplemental Trust Indenture, which effectiveness shall occur upon the fulfillment of the conditions described in the Official Statement under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE 2012 SENIOR LIEN BONDS—Amendments to Senior Lien Master Trust Indenture," the Senior Lien Master Trust Indenture provisions governing the transfer of Port Facilities shall be revised to provide as follows:

The Board shall not, except as permitted below, transfer, sell or otherwise dispose of Port Facilities. Any transfer of an asset over which the Board retains or regains substantial control shall not, for so long as the Board has such control, be deemed a disposition of Port Facilities. Further, any lease, license, concession or similar arrangement entered into by the Board and granting others the right to use Port Facilities for any period in exchange for fair market value, as evidenced by a certificate of an Authorized Board Representative, shall not be deemed a transfer, sale, or disposition of Port Facilities.

The Board may transfer, sell or otherwise dispose of Port Facilities only if such transfer, sale or disposition complies with one or more of the following provisions:

(a) The property being disposed of is inadequate, obsolete or worn out; or

(b) The property proposed to be disposed of and all other Port Facilities disposed of in related transactions during the 12-month period ending on the day of such transfer (but excluding property disposed of under (a) above), will not, in the aggregate, constitute a Significant Portion of the Port determined as described below and the proceeds thereof are deposited into the Port Revenue Fund to be used as described below; or

(c) The Board receives fair market value for the property, as evidenced by a certificate of an Authorized Board Representative, the proceeds thereof are deposited into the Port Revenue Fund to be used for any lawful purpose and, prior to the disposition of such property, there is delivered to the Trustee a certificate of a Consultant approved by an Authorized Board Representative to the effect that notwithstanding such disposition, but taking into account the use of such proceeds in accordance with the expectations of the Board as evidenced by a certificate of an Authorized Board Representative, the Consultant estimates that the Board will be in compliance with the rate covenant set forth in the Indenture during each of the five Fiscal Years immediately following such disposition.

The term "Significant Portion" of the Port Facilities means Port Facilities which, if such facilities had been disposed of by the Board at the beginning of the Fiscal Year which includes the month of commencement of the 12-month period referred to in (b) above would have resulted in a reduction in Pledged Revenues for such Fiscal Year of more than 10% when the actual Pledged Revenues for such Fiscal Year are decreased by the Pledged Revenues directly attributable to such Port Facilities.

Port Facilities which were financed with the proceeds of any Bonds the interest on which is then excluded from gross income for federal income tax purposes shall not be disposed of, except under the terms of provision (a) above, unless the Board has first received an opinion of Bond Counsel to the effect that such disposition will not cause the interest on such Bonds to become includable in gross income for federal income tax purposes and the proceeds of such disposition shall be used as provided in the applicable tax and non-arbitrage certificate or as otherwise advised by Bond Counsel. This paragraph shall be applied without regard to the sentence above providing that any transfer of an asset over which the Board retains or regains substantial control shall not, for so long as the Board has such control, be deemed a disposition of Port Facilities.

No such disposition shall be permitted which would cause the Board to be in default of any other covenant contained in the Indenture.

Investments

Moneys held by the Trustee in the funds and accounts created under any Supplemental Indenture shall be invested and reinvested as directed by the Board in Permitted Investments subject to the restrictions set forth in such Supplemental Indenture and subject to the investment restrictions imposed upon the Board by the laws of the State of California. Earnings on the various funds and accounts created under a Supplemental Indenture shall be deposited into the Port Revenue Fund, except that (i) during the continuation of an Event of Default earnings on such funds and accounts shall be deposited into the Debt Service Funds created under the respective Supplemental Indentures, (ii) earnings on the Construction Funds may, if so provided by Supplemental Indenture, be retained in such Construction Fund, and (iii) earnings on Reserve Funds may, if so provided by Supplemental Indenture, be retained in such fund if there is a deficiency therein.

Defeasance

The Bonds or portions thereof which have been paid in full or which are deemed to have been paid in full shall no longer be secured by or entitled to the benefits of the Indenture except for the purposes of payment from moneys or Government Obligations held by the Trustee or a Paying Agent for such purpose. When all Bonds have been paid in full or are deemed to have been paid in full, and all other sums payable under the Indenture by the Board, including all necessary and proper fees, compensation and expenses of the Trustee, the Registrar and the Paying Agent, have been paid or are duly provided for, then the right, title and interest of the Trustee in and to the Pledged Revenues and the other assets pledged to secure such Bonds shall thereupon cease, terminate and become void, and thereupon the Trustee shall cancel, discharge and release the Indenture.

A Bond shall be deemed to be paid when payment of the principal, interest and premium, if any, either (a) shall have been made or caused to be made in accordance with the terms of such Bond and the Indenture or (b) shall have been provided for by irrevocably depositing with the Trustee in trust and irrevocably setting aside exclusively for such payment, (i) moneys sufficient to make such payment and/or (ii) noncallable Government Obligations, maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment; provided, however, that no deposit under clause (b)(ii) shall be deemed a payment of such Bond until (a) proper notice of redemption of such Bond shall have been given or, in the event, under the terms of such Supplemental Indenture, the date for giving such notice of redemption has not yet arrived, until the Board shall have given the Trustee irrevocable instructions to give such notice of redemption when appropriate and to notify all holders of the affected Bond that the deposit required by (b)(ii) above has been made with the Trustee and that such Bond is deemed to have been paid and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of and the applicable redemption premium, if any, on such Bond or (b) the maturity of such Bonds.

Events of Default and Remedies

Events of Default. Each of the following events is defined in the Indenture to constitute an "Event of Default":

(a) a failure to pay the principal of or premium, if any, on any of the Bonds when the same shall become due and payable at maturity or upon redemption;

(b) a failure to pay any installment of interest on any of the Bonds when such interest shall become due and payable;

(c) a failure to pay the purchase price of any Bond when such purchase price shall be due and payable upon an optional or mandatory tender date as provided in the Bond;

(d) a failure by the Board to observe and perform any covenant, condition, agreement or provision (other than as specified in paragraphs (a), (b) and (c) above) contained in the Bonds or in the Indenture on the part of the Board to be observed or performed, which failure shall continue for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Board by the Trustee as provided in the Indenture, or an extension of such 60-day period shall have been granted in accordance with the Indenture prior to its expiration; provided, however, that the Trustee or the Trustee and the holders of such principal amount of Bonds shall be deemed to have agreed to an extension of such period if corrective action is initiated by the Board within such period and is being diligently pursued;

(e) the occurrence of certain bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings instituted by or against the City or the Board, and, if instituted against the City or the Board, said proceedings are consented to or are not dismissed within 60 days after such institution;

(f) the occurrence of any other Event of Default as is provided in a Supplemental Indenture.

Acceleration; Other Remedies. Upon the occurrence and continuance of an Event of Default, the Trustee may at any time and the Trustee shall, upon the written request of holders of 25% or more of the Principal Amount of any Bonds which are then Outstanding and subject to acceleration, by written notice to the Board, declare such Bonds which are subject to acceleration to be immediately due and payable. All Bonds Outstanding under the Indenture shall be subject to acceleration unless, under the terms of the Supplemental Indenture providing for the issuance of such series of Bonds, a specific Series is, for a specified period, which may include the entire term of such Series, secured by a separate source or a Credit Facility and is not subject to acceleration during such period unless the Credit Provider consents to such acceleration or the terms of the Supplemental Indenture permit acceleration under specified conditions and such conditions have been met. In addition, if under the terms of a Supplemental Indenture, an Event of Default occurs as a result of a determination that interest on any Bonds issued thereunder is taxable for federal income tax purposes, then the applicable Bonds to which such determination of taxability applies may be declared due and payable without any requirement that other Bonds be accelerated as a result of such Event of Default.

If after the principal of the Bonds shall have been declared to be due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Board shall cause to be deposited with the Trustee a sum sufficient to pay all matured installments of interest upon all Bonds and the principal of any and all Bonds which shall have become due otherwise than by reason of such declaration and such amount as shall be sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee, and all Events of Default other than nonpayment of the principal of Bonds which shall have become due by such declaration shall have been remedied, then the Trustee may, and at the request of the holders of a majority in Principal Amount of Bonds Outstanding which are subject to such acceleration the Trustee shall, waive the Event of Default and rescind or annul the acceleration and its consequences.

Upon the occurrence and continuance of any Event of Default, the Trustee in its discretion may, and upon the written direction of the holders of 25% or more of the Principal Amount of the applicable Bonds then Outstanding and receipt of indemnity to its satisfaction, shall:

(i) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, and require the Board to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Act or any other law to which it is subject and the Indenture, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of the Indenture;

(ii) bring suit upon the applicable Bonds;

(iii) commence an action or suit in equity to require the Board to account as if it were the trustee of an express trust for the Bondholders; or

(iv) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

Bondholders' Right To Direct Proceedings. Holders of a majority in Principal Amount of the applicable Bonds then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all remedial proceedings available to the Trustee under the Indenture to be taken in connection with the enforcement of the terms of the Indenture or exercising any trust or power conferred on the Trustee by the Indenture; provided that such direction shall not be otherwise than in accordance with the provisions of the law and the Indenture and that there shall have been provided to the Trustee security and indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred as a result thereof by the Trustee.

Limitation on Right To Institute Proceedings. No Bondholder shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or power under the Indenture, or any other remedy under the Indenture or on such Bonds, unless such Bondholder or Bondholders previously shall have given to the Trustee written notice of an Event of Default and unless also holders of 25% or more of the Principal Amount of the applicable Bonds then Outstanding shall have made written request of the Trustee so to do, after the right to institute such suit, action or proceeding shall have accrued, and shall have afforded the Trustee a reasonable opportunity to proceed to institute the same in either its or their name, and unless there also shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time and such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the institution of such suit, action or proceeding; it being understood and intended that no one or more of the Bondholders shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture, or to enforce any right under the Indenture or under the Bonds, except in the manner provided in the Indenture, and that all suits, actions and proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all Bondholders.

The Trustee

Standard of Care. If an Event of Default has occurred and is continuing, the Trustee shall exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that: (1) the Trustee shall not be liable for any error of judgment made in good faith by an officer unless the Trustee was negligent in ascertaining the pertinent facts; and (2) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it from Bondholders or the Board in the manner provided in the Indenture.

Notice of Defaults. If (i) an Event of Default has occurred or (ii) an event has occurred which with the giving of notice and/or the lapse of time would be an Event of Default and, with respect to such events for which notice to the Board is required before such events will become Events of Default, such notice has been given, then the Trustee shall promptly, after obtaining actual knowledge of such Event of Default or event described in (ii) give notice thereof to each Bondholder. Except in the case of a default in payment or purchase of any Bond, the Trustee may withhold the notice if and so long as a committee of its officers in good faith determines that withholding such notice is in the interest of the Bondholders.

Bondholders' Indemnity of Trustee. The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the holders of the Bonds, unless such holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred by the Trustee in compliance with such request on direction.

Eligibility of Trustee. The Indenture shall always have a Trustee that is a trust company or a bank having the powers of a trust company and is organized and doing business under the laws of the United States or any state or the District of Columbia, is authorized to conduct trust business under the laws of the State of California, is subject to supervision or examination by United States, state or District of Columbia authority and has a combined capital and surplus of at least $100,000,000 as set forth in its most recent published annual report of condition.

Replacement; Successor Trustee by Merger. The Trustee may resign by notifying the Board in writing at least 60 days prior to the proposed effective date of the resignation. The holders of a majority in Principal Amount of the applicable Bonds may remove the Trustee by notifying the removed Trustee and may appoint a successor Trustee with the Board's consent. The Board may remove the Trustee, by notice in writing delivered to the Trustee 60 days prior to the proposed removal date; provided, however, that the Board shall have no right to remove the Trustee during any time when an Event of Default has occurred and is continuing or when an event has occurred and is continuing or condition exists which with the giving of notice or the passage of time or both would be an Event of Default.

No resignation or removal of the Trustee shall be effective until a new Trustee has taken office and delivered a written acceptance of its appointment to the retiring Trustee and to the Board. Immediately thereafter, the retiring Trustee shall transfer all property held by it as Trustee to the successor Trustee, the resignation or removal of the retiring Trustee shall have all the rights, powers and duties of the Trustee under the Indenture.

If the Trustee resigns or is removed or for any reason is unable or unwilling to perform its duties under the Indenture, the Board shall promptly appoint a successor Trustee. If a Trustee is not performing its duties under the Indenture and a successor Trustee does not take office within 60 days after the retiring Trustee delivers notice of resignation or the Board delivers notice of removal, the retiring Trustee, the Board or the holders of a majority in Principal Amount of the applicable Bonds may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its assets (or, in the case of a bank or trust company, its corporate trust assets) to, another corporation and meets the qualifications set forth in the Indenture, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee.

Accounting Records and Reports of the Trustee. The Trustee shall at all times keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all transactions relating to the proceeds of the Bonds and all funds and accounts established pursuant to the Indenture. Such records shall be available for inspection by the Board on each Business Day during reasonable business hours and by any Bondholder, or his agent or representative duly authorized in writing, at reasonable hours and under reasonable circumstances. The Trustee shall annually, within a reasonable period after the end of the Fiscal Year, furnish to the Board and to each Bondholder who shall have filed his name and address with the Trustee for such purpose (at such Bondholder's cost) a statement (which need not be audited) covering receipts, disbursements, allocation and application of Bond proceeds, Pledged Revenues and any other moneys in any of the funds and accounts established pursuant to the Indenture or any Supplemental Indenture for the preceding year.

Amendments

Amendments Without Consent of Bondholders. The Board may, from time to time and at any time, without the consent of or notice to the Bondholders, execute and deliver Supplemental Indentures supplementing and/or amending the Indenture or any Supplemental Indenture as follows:

(a) to provide for the issuance of a Series or multiple Series of Bonds and to set forth the terms of such Bonds and the special provisions which shall apply to such Bonds;

(b) to cure any formal defect, omission, inconsistency or ambiguity in, or answer any questions arising under, the Indenture or any Supplemental Indenture, provided such supplement or amendment is not materially adverse to the Bondholders;

(c) to add to the covenants and agreements of the Board in the Indenture or any Supplemental Indenture other covenants and agreements, or to surrender any right or power reserved or conferred upon the Board, provided such supplement or amendment shall not adversely affect the interests of the Bondholders;

(d) to confirm, as further assurance, any interest of the Trustee in and to the Pledged Revenues or in and to the funds and accounts held by the Trustee or in and to any other moneys, securities or funds of the Board provided pursuant to the Indenture or to otherwise add additional security for the Bondholders;

(e) to evidence any change made in the terms of any series of Bonds if such changes are authorized by the Supplemental Indenture at the time the series of Bonds is issued and such change is made in accordance with the terms of such Supplemental Indenture;

(f) to comply with the requirements of the Trust Indenture Act of 1939, as from time to time amended;

(g) to modify, alter, amend or supplement the Indenture or any Supplemental Indenture in any other respect which is not materially adverse to the Bondholders;

(h) to provide for uncertificated Bonds or for the issuance of coupons and bearer Bonds or Bonds registered only as to principal;

(i) to qualify a Series of Bonds for a rating or ratings by Moody's and/or S&P;

(j) to accommodate the technical, operational and structural features of Bonds which are issued or are proposed to be issued or of a Program which has been authorized or is proposed to be authorized, including, but not limited to, changes needed to accommodate commercial paper, auction bonds, variable rate or adjustable rate bonds, discounted or compound interest bonds or other forms of indebtedness which the Board from time to time deems appropriate to incur;

(k) to accommodate the use of a Credit Facility or Liquidity Facility for specific Bonds or a specific Series of Bonds;

(l) to comply with the requirements of the Code as are necessary, in the opinion of Bond Counsel, to prevent the federal income taxation of the interest on the Bonds, including, without limitation, the segregation of Pledged Revenues into different funds.

Before the Board shall, without Bondholder consent, execute any Supplemental Indenture, there shall have been delivered to the Board an opinion of Bond Counsel to the effect that such Supplemental Indenture is authorized or permitted by the Indenture, the Act and other applicable law, complies with their respective terms, will, upon the execution and delivery thereof, be valid and binding upon the Board in accordance with its terms and will not cause interest on any of the Bonds which is then excluded from gross income of the recipient thereof for federal income tax purposes to be included in gross income for federal income tax purposes.

Amendments With Consent of Bondholders. Except for any amendments described above and any amendments affecting less than all series of Bonds as described in the following paragraph, the holders of not less than 51% in aggregate Principal Amount of the Bonds then Outstanding shall have the right from time to time to consent to and approve the execution by the Board of any Supplemental Indenture deemed necessary or desirable by the Board for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in a Supplemental Indenture; provided, however, that, unless approved in writing by the holders of all such Bonds then Outstanding or unless such change affects less than all Series of Bonds and the following paragraph is applicable, nothing herein contained shall permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of, interest on or Accreted Value of any Outstanding Bonds or (ii) a reduction in the principal amount or redemption price of any Outstanding Bonds or the rate of interest thereon; and provided that nothing contained in the Indenture, including the paragraph below, shall, unless approved in writing by the holders of all such Bonds then Outstanding, permit or be construed as permitting (iii) the creation of a lien (except as expressly permitted by the Indenture) upon or pledge of the Pledged Revenues created by the Indenture, ranking prior to or on a parity with the claim created by the Indenture, (iv) except with respect to additional security which may be provided for a particular series of Bonds, a preference or priority of any Bond or Bonds over any other Bond or Bonds with respect to the security granted therefor, or (v) a reduction in the aggregate Principal Amount of Bonds the consent of the Bondholders of which is required for any such Supplemental Indenture.

The Board may, from time to time and at any time execute a Supplemental Indenture which amends the provisions of an earlier Supplemental Indenture under which a series or multiple series of Bonds were issued. If such Supplemental Indenture is executed for one of the purposes set forth in "Amendments Without Consent of Bondholders" above, no notice to or consent of the Bondholders shall be required. If such Supplemental Indenture contains provisions which affect the rights and interests of less than all series of Bonds Outstanding for purposes other than those set forth under "Amendments Without Consent of Bondholders," then the holders of not less than 51% in aggregate Principal Amount of the applicable Bonds of all Series which are affected by such changes shall have the right from time to time to consent to any Supplemental Indenture deemed necessary or desirable by the Board for the purposes of modifying, altering, amending, supplementing or rescinding, in any particular, any of the terms or provisions contained in such Supplemental Indenture and affecting only the Bonds of such Series; provided, however, that, unless approved in writing by the holders of all the Bonds of all the affected Series then Outstanding, nothing shall permit, or be construed as permitting, (i) a change in the scheduled times, amounts or currency of payment of the principal of, interest on or Accreted Value of any Outstanding Bonds of such Series or (ii) a reduction in the principal amount or redemption price of any Outstanding Bonds of such Series or the rate of interest thereon.

Rights of Credit Provider

As of the date of this Official Statement, the Senior Lien Master Trust Indenture provisions governing the rights of credit providers provide as follows:

If a Credit Facility is provided for a Series of Bonds or for specific Bonds, the Board may by Supplemental Indenture provide to the Credit Provider, for so long as the Credit Provider is not in default of its payment obligations under its Credit Facility, (1) the right to make requests of, direct or consent to the actions of the Trustee or to otherwise direct proceedings under the Indenture to the same extent and in place of the owners of such Bonds which are secured by the Credit Facility, and (2) the right to act in place of the owners of such Bonds which are secured by the Credit Facility for purposes of removing a Trustee or appointing a Trustee.

Following the effectiveness of the amendments to the Senior Lien Master Trust Indenture provided for in the Fifteenth Supplemental Trust Indenture, which effectiveness shall occur upon the fulfillment of the conditions described in the Official Statement under the heading "SECURITY AND SOURCES OF PAYMENT FOR THE 2012 SENIOR LIEN BONDS—Amendments to Senior Lien Master Trust Indenture," the Senior Lien Master Trust Indenture provisions governing the rights of credit providers shall be revised to provide as follows:

If a Credit Facility is provided for a Series of Bonds or for specific Bonds, the Board may by Supplemental Indenture provide to the Credit Provider, for so long as the Credit Provider is not in default of its payment obligations under its Credit Facility, (1) the right to make requests of, direct or consent to the actions of the Trustee or to otherwise direct proceedings under the Indenture to the same extent and in place of the owners of such Bonds which are secured by the Credit Facility, (2) the right to act in place of the owners of such Bonds which are secured by the Credit Facility for purposes of removing a Trustee or appointing a Trustee, and (3) with respect to a Credit Facility consisting of a policy of municipal bond insurance or similar noncancellable financial guaranty extending through the term of the applicable Bonds, the right to consent to the execution and delivery of any Supplemental Indenture requiring bondholder consent to the same extent and in place of the Bondholders of the Bonds that are secured by such policy of municipal bond insurance or similar financial guaranty and to be deemed to be the Bondholder of such Bonds for the said purposes; provided that, with respect to any amendment of the Indenture or a Supplemental Indenture as described in the Indenture, the consent of the actual applicable Bondholders shall be required in addition to any consent of the issuer of such policy of municipal bond insurance or similar financial guaranty that may be required with respect to the applicable Bonds.

Additional Bonds

Additional Bonds may be issued under the terms of the Indenture on a parity with all other Bonds (with respect to the pledge of Pledged Revenues), including but not limited to bonds, notes, bond anticipation notes, commercial paper and other instruments creating an indebtedness of the Board, and obligations incurred through lease or installment purchase agreements or other agreements or certificates of participation in such agreements.

Additional Bonds may be issued under the Indenture on a parity with all other Bonds; provided that, among other things, there shall be delivered to the Trustee either:

(i) a certificate prepared by an Authorized Board Representative showing that the Net Revenues for any 12 consecutive months out of the 18 consecutive months preceding the issuance of the proposed Bonds or the first bonds of a Program were at least equal to 125% of Maximum Annual Debt Service for all Bonds which will be Outstanding and Bonds which will be Authorized immediately after the issuance of the proposed Bonds or implementation of such program; or

(ii) a certificate prepared by a Consultant showing that:

(1) the Net Revenues for any 12 consecutive months out of the 18 consecutive months preceding the issuance of the proposed Bonds or the first issuance of Bonds constituting part of a Program were at least equal to 125% of Maximum

Annual Debt Service for all Bonds Outstanding and Authorized immediately before the issuance of the proposed Series or Implementation of such Program;

(2) for each Fiscal Year during the period from the date of delivery of such certificate until the latest Estimated Completion Date, the Consultant estimates that the Board will be in compliance with its rate covenants under the Indenture; and

(3) the estimated Net Revenues for each of the three Fiscal Years immediately following the last Estimated Completion Date for the Specified Projects will be at least equal to 125% of Maximum Annual Debt Service for all Bonds which will be Outstanding and all Bonds which will be Authorized after the issuance of the proposed Bonds or Implementation of such Program.

For purposes of paragraphs (ii)(2) and (3) above, in estimating Net Revenues, the Consultant may take into account (1) reasonable Revenues from Specified Projects or Port Facilities reasonably expected to become available during the period for which the estimates are provided, (2) any increase in fees, rates, charges, rentals or other sources of Revenues which have been approved by the Board and will be in effect during the period for which the estimates are provided, (3) any other increases in Revenues which the Consultant believes to be a reasonable assumption for such period. With respect to Operating and Maintenance Expenses, the Consultant shall use such assumptions as the Consultant believes to be reasonable, and taking into account, (i) historical Operation and Maintenance Expenses, (ii) Operation and Maintenance Expenses associated with the Specified Projects and any other new Port Facilities and (iii) such other factors, including inflation and changing operations or policies of the Board, as the Consultant believes to be appropriate. The Consultant shall include in the certificate or in a separate accompanying report a description of the assumptions used and the calculations made in determining the estimated Net Revenues and shall also set forth the calculations of Maximum Annual Debt Service, which calculations may be based upon information provided by another Consultant.

For purposes of preparing the certificate or certificates described above, the Consultant or Consultants may rely upon financial statements prepared by the Board which have not been subject to audit by an independent certified public accountant if audited financial statements for the Fiscal Year or period are not available; provided, however, that an Authorized Board Representative shall certify as to their accuracy and that such financial statements were prepared substantially in accordance with generally accepted accounting principles, subject to year-end adjustments.

Neither of the certificates described above shall be required if:

(a) the Bonds being issued are for the purpose of refunding Outstanding Bonds and the Trustee receives a certificate of an Authorized Board Representative showing that Maximum Annual Debt Service on all Bonds Outstanding or Bonds Authorized after the issuance of the refunding Bonds will not exceed Maximum Annual Debt Service on all Bonds Outstanding or Authorized prior to the issuance of such Bonds; or

(b) the Bonds being issued constitute Notes and the Trustee receives a certificate prepared by an Authorized Board Representative showing that the principal amount of the proposed Notes being issued, together with the principal amount of any Notes then Outstanding, does not exceed 10% of the Net Pledged Revenues for any 12 consecutive months out of the 18 months immediately preceding the issuance of the proposed Notes, and the Trustee receives a certificate of an Authorized Board Representative showing that for each of the Fiscal Years during which such Notes will be Outstanding and taking into account the debt service becoming due on such Notes, the Board will be in compliance with its rate covenants under the Indenture; or

(c) the Bonds being issued are to pay costs of completing a Project for which Bonds have previously been issued and the principal amount of Bonds being issued does not exceed the amount equal to 10% of the principal amount of Bonds originally issued for such Project and reasonably allocable to the Project to be completed, as shown in a certificate of an Authorized Board Representative, and the Trustee receives:

(1) a Consultant's certificate stating that the nature and purpose of such project have not materially changed, and

(2) a certificate of an Authorized Board Representative to the effect that (A) all of the proceeds (including investment earnings on amounts in the Construction Fund allocable to such Project) of the original Bonds issued to finance such project have been or will be used to pay Costs of the Project, and (B) the then estimated Costs of the Project exceed the sum of the Costs of the Project already paid plus moneys available in the Construction Fund established for the Project (including unspent proceeds of Bonds previously issued for such purpose).

The 2012 Senior Lien Bonds are being issued pursuant to subparagraph (a) above.

No Personal Liability of Board Members and Officials; Limited Liability of Board to Bondholders

No covenant or agreement contained in the Bonds or the Senior Lien Indenture shall be deemed to be the covenant or agreement of any present or future board member, official, officer, agent or employee of the Board, in his individual capacity, and neither the members of the Board, the officers and employees of the Board, nor any person executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

THE FIFTEENTH SUPPLEMENTAL TRUST INDENTURE

The following is a brief summary of certain provisions of the Fifteenth Supplemental Trust Indenture. Such summary is only a brief description of limited provisions of such document and is qualified in its entirety by reference to the full text of the Fifteenth Supplemental Trust Indenture.

Terms of the 2012 Senior Lien Bonds

The Fifteenth Supplemental Trust Indenture sets forth the terms of 2012 Senior Lien Bonds, most of which terms are described earlier in the Official Statement under "DESCRIPTION OF THE 2012 SENIOR LIEN BONDS."

Establishment of Funds

The Fifteenth Supplemental Trust Indenture establishes the following funds and accounts: the Port of Oakland Refunding Revenue Bonds 2012 Series P Debt Service Fund (the "Series P Debt Service Fund") and within the Series P Debt Service Fund, an Interest Account, a Principal Account and a Redemption Account; the Port of Oakland Refunding Revenue Bonds 2012 Series P Costs of Issuance Fund (the "Series P Costs of Issuance Fund"); Port of Oakland Refunding Revenue Bonds 2012 Series Q Debt Service Fund (the "Series Q Debt Service Fund") and within the Series Q Debt Service Fund, an Interest Account, a Principal Account and a Redemption Account; the Port of Oakland Refunding Revenue Bonds 2012 Series Q Costs of Issuance Fund (the "Series Q Costs of Issuance Fund"); the Port of Oakland 2012 Rebate Fund (the "Rebate Fund"); the Board of Port Commissioners of the City of Oakland Escrow Fund Series L - 2012 Refunding (the "Series L Escrow Fund"); the Board of Port Commissioners of the City of Oakland Escrow Fund Series M - 2012 Refunding (the "Series M Escrow Fund"); and the Board of Port Commissioners of the City of Oakland Escrow Fund Series N - 2012 Refunding (the "Series N Escrow Fund").

The proceeds from the sale of the 2012 Senior Lien Bonds, together with funds released from the debt service reserve funds established in connection with the issuance of the Refunded Senior Lien Bonds and certain other funds separately provided by the Port, will be deposited into certain of the funds and accounts as set forth in the Official Statement under "ESTIMATED SOURCES AND USES OF FUNDS."

2011 Common Reserve Fund. For a description of the 2011 Common Reserve Fund, reference is hereby made to the front portion of this Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2012 SENIOR LIEN BONDS—Common Reserve Fund."

Debt Service Funds. The Trustee shall deposit into the Interest Account in each of the Series P Debt Service Fund and the Series Q Debt Service Fund (i) amounts received from the Board to be used to pay interest on the applicable series of 2012 Senior Lien Bonds (other than amounts to be deposited into the applicable Redemption Account, as described below) and, if the Board enters into a Qualified Swap with respect to all or a portion of the applicable series of 2012 Senior Lien Bonds, to pay amounts due and payable to the provider of such Qualified Swap at such times as are provided in such Qualified Swap and (ii) if the Board enters into a Qualified Swap with respect to all or a portion of the applicable series of 2012 Senior Lien Bonds, any amounts received by the Board from the provider of such agreement. The Trustee shall also deposit into each Interest Account any other amounts deposited with the Trustee for deposit in such Interest Account or transferred from other funds and accounts for deposit therein. All amounts held at any time in each Interest Account shall be held on a priority basis for the ratable security and payment of interest due on the applicable series of 2012 Senior Lien Bonds in accordance with their terms and amounts due and payable by the Board under any Qualified Swap entered into by the Board with respect to all or a portion of the applicable series of 2012 Senior Lien Bonds (other than any Swap Termination Payments and any other amounts payable thereunder that constitute Subordinated Obligations) at any time in proportion to the amounts due or accrued with respect to each such swap. Earnings on the Interest Accounts shall be withdrawn and paid to the Board for deposit into the Port Revenue Fund, unless an Event of Default exists under the Indenture, in which event the earnings shall be retained in the applicable account.

The Trustee shall deposit into each Principal Account amounts received from the Board to be used to pay principal on the applicable series of 2012 Senior Lien Bonds at maturity. The Trustee shall also deposit into each Principal Account any other amounts deposited with the Trustee for deposit into such Principal Account or transferred from other funds and accounts for deposit therein. Earnings on the Principal Accounts shall be withdrawn and paid to the Board for deposit into the Port Revenue Fund, unless an Event of Default exists under the Indenture, in which event the earnings shall be retained in such account.

The Trustee shall deposit into each Redemption Account amounts received from the Board or from other sources to be used to pay the principal of, interest on and premium, if any, on the applicable 2012 Senior Lien Bonds that are to be redeemed in advance of their maturity. Earnings on the Redemption Accounts shall be retained in such account or paid to the Board for deposit into the Port Revenue Fund in accordance with instructions given to the Trustee by an Authorized Board Representative at the time of such deposit.

The Debt Service Funds shall be invested and reinvested in Permitted Investments as directed by an Authorized Board Representative.

Costs of Issuance Fund. The proceeds of the 2012 Senior Lien Bonds deposited in the Costs of Issuance Funds will be disbursed by the Trustee, from time to time, to pay Costs of Issuance associated with the applicable series of 2012 Senior Lien Bonds. The Trustee will make payments or disbursements from each Costs of Issuance Fund upon receipt from the Board of a written requisition executed by an Authorized Board Representative, which states (i) that such amount is to be paid from such Costs of Issuance Fund, (ii) the number of the requisition from such Fund, (iii) the amount to be paid, the name of the entity to which the payment is to be made and the manner in which the payment is to be made and (iv) the Costs of Issuance represented by such payment. Moneys held in the Costs of Issuance Funds shall be invested and reinvested as directed by an Authorized Board Representative in Permitted Investments. On April 10, 2013, all amounts remaining on deposit in the Costs of Issuance Funds will be transferred to the Interest Account of the applicable Debt Service Fund and the Costs of Issuance Funds will be closed.

Rebate Fund. The Board agrees in the Fifteenth Supplemental Trust Indenture to enter into the Tax Certificate and to create a Rebate Fund for the 2012 Senior Lien Bonds. The Rebate Fund will be established for the purpose of complying with certain provisions of the Code which require that the Board pay to the United States of

America the excess, if any, of the amounts earned on certain funds held by the Trustee with respect to the 2012 Senior Lien Bonds over the amounts which would have been earned on such funds if such funds earned interest at a rate equal to the yield on the 2012 Senior Lien Bonds. Such excess is to be deposited into the Rebate Fund and periodically paid to the United States of America. The Rebate Fund, while held by the Trustee, is held in trust for the benefit of the United States of America and is neither pledged as security for nor available to make payment on any 2012 Senior Lien Bonds.

Escrow Funds. Until November 1, 2012 (the "Redemption Date"), moneys held in the Series L Escrow Fund, the Series M Escrow Fund, and the Series N Escrow Fund shall be held in cash. Such moneys shall be held in the custody of the Trustee in trust for the exclusive benefit of the registered owners of the applicable series of Refunded Senior Lien Bonds and not for the benefit of the owners of any other Bonds. Except to the extent of any excess moneys, which are to be dealt with as provided in the Fifteenth Supplemental Trust Indenture, the Board shall have no interest in or rights to the funds held in any Escrow Fund.

The deposit of the moneys in each Escrow Fund shall constitute an irrevocable deposit in trust for the benefit of the holders of the applicable series of Refunded Senior Lien Bonds. The holders of each series of Refunded Senior Lien Bonds are granted an express lien on the Escrow Fund associated with such series of Refunded Senior Lien Bonds and on all moneys from time to time held therein for the payment of amounts described in the Fifteenth Supplemental Trust Indenture.

On the Redemption Date, the Trustee, as Escrow Agent, shall withdraw the amount specified in the Fifteenth Supplemental Trust Indenture from each Escrow Fund and use such amount in its capacity as Trustee to pay the redemption price (i.e. 100% of the principal amount) of the Refunded Senior Lien Bonds called for redemption on such date, plus accrued but unpaid interest thereon.

The Trustee shall retain all unclaimed moneys being held to pay Refunded Senior Lien Bonds that remain in any Escrow Fund after the Redemption Date ("Unclaimed Moneys"), together with interest thereon, in the applicable Escrow Fund and shall invest such Unclaimed Moneys as permitted in the Senior Lien Master Trust Indenture and the Twelfth Supplemental Indenture (with respect to the Series L Escrow Fund and the Series M Escrow Fund) or the Thirteenth Supplemental Indenture (with respect to the Series N Escrow Fund), and directed by an Authorized Board Representative. The Trustee shall transfer any Unclaimed Moneys held by it in any Escrow Fund, together with all investment earnings thereon, to the Board on November 1, 2013, and thereafter the holders of the Refunded Senior Lien Bonds shall look only to the Board for payment, and the Trustee shall have no responsibility with respect to any of such moneys.

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APPENDIX C

BOOK-ENTRY SYSTEM

DTC will act as securities depository for the 2012 Senior Lien Bonds. The 2012 Senior Lien Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2012 Senior Lien Bond certificate will be issued for each maturity of the 2012 Senior Lien Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2012 Senior Lien Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2012 Senior Lien Bonds on DTC's records. The ownership interest of each actual purchaser of a 2012 Senior Lien Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2012 Senior Lien Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2012 Senior Lien Bonds, except in the event that use of the book-entry system for the 2012 Senior Lien Bonds is discontinued.

To facilitate subsequent transfers, all 2012 Senior Lien Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2012 Senior Lien Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2012 Senior Lien Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2012 Senior Lien Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2012 Senior Lien Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2012 Senior Lien Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Senior Lien Indenture. For example, Beneficial Owners of 2012 Senior

Lien Bonds may wish to ascertain that the nominee holding the 2012 Senior Lien Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2012 Senior Lien Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2012 Senior Lien Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2012 Senior Lien Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the 2012 Senior Lien Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Board or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2012 Senior Lien Bonds at any time by giving reasonable notice to the Port or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the 2012 Senior Lien Bonds certificates are required to be printed and delivered.

The Port may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the 2012 Senior Lien Bonds certificates will be printed and delivered to DTC.

The information in this Section concerning DTC and DTC's book-entry system has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriters or the Board.

APPENDIX D-1

FORM OF APPROVING OPINION OF BOND COUNSEL

October __, 2012

Board of Port Commissioners of
the City of Oakland, California
530 Water Street
Oakland, California

RE: Port of Oakland Refunding Revenue Bonds 2012 Series P (AMT) and 2012 Series Q (Non-AMT)

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Oakland, acting by and through its Board of Port Commissioners (the "Board") in connection with the issuance by the Board of $383,890,000 aggregate principal amount of its Port of Oakland Refunding Revenue Bonds 2012 Series P (AMT) (the "2012 Series P Senior Lien Bonds") and its Port of Oakland Refunding Revenue Bonds 2012 Series Q (Non-AMT) (the "2012 Series Q Senior Lien Bonds," and together with the 2012 Series P Senior Lien Bonds, the "2012 Senior Lien Bonds").

In our capacity as such counsel, we have examined originals or copies of those records and documents we considered appropriate, including the following: (i) the Constitution and statutes of the State of California, (ii) Article VII of the Charter of the City of Oakland, California (the "Act"), (iii) that certain Amended and Restated Master Trust Indenture, dated as of April 1, 2006, between the Board and U.S. Bank National Association, as trustee (the "Trustee"), as amended (the "Indenture"), (iv) a Fifteenth Supplemental Trust Indenture dated as of October 1, 2012, between the Board and the Trustee (the "Fifteenth Supplement"), (v) the 2012 Senior Lien Bonds, and (vi) the proceedings of the Board authorizing the 2012 Senior Lien Bonds. Except as otherwise indicated, capitalized terms used in this opinion and defined in the Indenture or the Fifteenth Supplement will have the meanings given in the Indenture or the Fifteenth Supplement.

As to relevant factual matters, we have relied upon, among other things, the Board's factual representations in the Certificate of the Board, dated as of the date hereof. In addition, we have obtained and relied upon those certificates of public officials we considered appropriate.

We have, with your approval, assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies. To the extent the Board's obligations depend on the enforceability of the Indenture or the Fifteenth Supplement against the Trustee, we have assumed that the Indenture and the Fifteenth Supplement are enforceable against the Trustee.

On the basis of such examination, our reliance upon the assumptions contained in this opinion and our consideration of those questions of law we considered relevant, and subject to the limitations and qualifications in this opinion, we are of the opinion that:

1. The 2012 Senior Lien Bonds have been duly authorized and issued and constitute legally valid and binding obligations of the Board, enforceable against the Board in accordance with their terms and the terms of the Indenture and the Fifteenth Supplement, except as may be limited by (i) bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally (including, without limitation, fraudulent conveyance laws); (ii) general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, and the possible unavailability of specific

performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law; or (iii) limitations on the enforcement of legal remedies against public agencies in the State of California.

2. Each of the Indenture and the Fifteenth Supplement has been duly executed and delivered by the Board and constitutes the legally valid and binding obligation of the Board, enforceable against the Board in accordance with its terms, assuming due authorization, execution and delivery by the Trustee, except as may be limited by (i) bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally (including, without limitation, fraudulent conveyance laws); (ii) general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law; or (iii) limitations on the enforcement of legal remedies against public agencies in the State of California.

The 2012 Senior Lien Bonds are limited obligations of the Board payable solely as to both principal and interest from and secured by a pledge of, lien on and security interest in (i) Pledged Revenues, and (ii) certain funds and accounts established under the Indenture and the Fifteenth Supplement. Neither the faith and credit nor the taxing power of the City of Oakland, the State of California or any public agency, other than the Board to the extent of the Pledged Revenues, is pledged to the payment of the principal of, or interest on, the 2012 Senior Lien Bonds. The Board has no power of taxation.

Our opinion in paragraph 1 above as to the enforceability of the 2012 Senior Lien Bonds assumes that the Trustee has duly authenticated the 2012 Senior Lien Bonds.

We express no opinion herein as to the priority of any liens or security interests created by the Indenture. In addition, no opinion is expressed herein on the accuracy, completeness or sufficiency of the offering material relating to the 2012 Senior Lien Bonds.

We express no opinion as to any provision of the Indenture or the Fifteenth Supplement requiring written amendments or waivers of the Indenture or the Fifteenth Supplement insofar as it suggests that oral or other modifications, amendments or waivers could not be effectively agreed upon by the parties or that the doctrine of promissory estoppel might not apply.

We express no opinion concerning federal or state securities laws or regulations.

We further express no opinion as to any federal or State tax consequences of the ownership of, receipt of interest on, or disposition of the 2012 Senior Lien Bonds.

The law covered by this opinion is limited to the present federal law of the United States and the present law of the State of California.

This opinion is furnished by us as Bond Counsel to the Board and may be relied upon by you only in connection with the issuance by the Board of the 2012 Senior Lien Bonds. It may not be used or relied upon by you for any other purpose or by any other person, nor may copies be delivered to any other person, without in each instance our prior written consent, although a copy of this opinion may be included in the transcript of proceedings related to the 2012 Senior Lien Bonds. This opinion is expressly limited to the matters set forth above, and we render no opinion, whether by implication or otherwise, as to any other matters. This opinion speaks only as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that arise after the date of this opinion and come to our attention, or any future changes in laws.

Respectfully submitted,

APPENDIX D-2

FORM OF OPINION OF SPECIAL TAX COUNSEL

Board of Port Commissioners of
the City of Oakland, California
Oakland, California

Re: $380,315,000 Port of Oakland Refunding Revenue Bonds 2012 Series P (AMT);and
$3,575,000 Port of Oakland Refunding Revenue Bonds 2012 Series Q (Non-AMT)

Ladies and Gentlemen:

We have acted as Special Tax Counsel in connection with the issuance by the City of Oakland, acting by and through its Board of Port Commissioners (the "Board"), of $380,315,000 aggregate principal amount of its Port of Oakland Refunding Revenue Bonds, 2012 Series P (AMT) (the "2012 Series P Senior Lien Bonds") and $3,575,000 aggregate principal amount of its Port of Oakland Refunding Revenue Bonds, 2012 Series Q (Non-AMT) (the "2012 Series Q Senior Lien Bonds," and together with the 2012 Series P Senior Lien Bonds, the "2012 Senior Lien Bonds"), and have reviewed the record of proceedings related to the issuance of the 2012 Senior Lien Bonds including a Tax and Nonarbitrage Certificate relating to the 2012 Senior Lien Bonds (the "Tax Certificate"), certified copies of the proceedings of the Board, the Amended and Restated Master Trust Indenture, dated as of April 1, 2006 (the "Senior Lien Master Trust Indenture"), as heretofore supplemented and as further amended and supplemented by a Fifteenth Supplemental Trust Indenture, dated as of October 1, 2012 (the "Fifteenth Supplemental Trust Indenture" and, together with the Senior Lien Master Trust Indenture, the "Senior Lien Indenture"), between the Board and U.S. Bank National Association, San Francisco, California, as trustee (the "Trustee"), and such other matters of fact and law as we have deemed necessary to enable us to render the opinions contained herein. In rendering the opinions set forth below, we have assumed the accuracy of the approving opinion of O'Melveny & Myers LLP, Bond Counsel, delivered on even date herewith, relating to the validity of the 2012 Senior Lien Bonds (the "Approving Opinion").

The Internal Revenue Code of 1986 (the "Code") sets forth certain requirements which must be met subsequent to the issuance and delivery of the 2012 Senior Lien Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the 2012 Senior Lien Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the 2012 Senior Lien Bonds. Pursuant to the Senior Lien Indenture and the Tax Certificate, the Board has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the 2012 Senior Lien Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Board has made certain representations and certifications in the Senior Lien Indenture and the Tax Certificate. We have not independently verified the accuracy of those certifications and representations of the Board or of the Approving Opinion.

Under existing law and assuming compliance with the tax covenants described herein and the accuracy of the aforementioned representations and certifications and the Approving Opinion, interest on the 2012 Senior Lien Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code, except that no opinion is expressed as to the exclusion of interest on the 2012 Series P Senior Lien Bonds from gross income for any period during which such 2012 Series P Senior Lien Bonds are held by a person who is a "substantial user" of the facilities refinanced with the proceeds of the 2012 Series P Senior Lien Bonds or a "related person" to such a substantial user, within the meaning of Section 147(a) of the Code. We are also of the opinion that interest on the 2012 Series P Senior Lien Bonds is treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Special Tax Counsel is also of the opinion that interest on the 2012 Series Q Senior Lien Bonds is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the 2012 Series Q Senior Lien Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

We are further of the opinion that the difference between the principal amount of the 2012 Senior Lien Bonds issued at a discount (the "Discount Bonds") and the initial offering price to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Discount Bonds of the same maturity was sold constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the 2012 Senior Lien Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Bond and the basis of each Discount Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Bonds, even though there will not be a corresponding cash payment.

We are also of the opinion that interest on the 2012 Senior Lien Bonds is exempt from personal income taxes of the State of California under present state law.

Except as stated in the preceding four paragraphs, we express no opinion as to any other federal, state or local tax consequences of the ownership or disposition of the 2012 Senior Lien Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the 2012 Senior Lien Bonds, or the interest thereon, if any action is taken with respect to the 2012 Senior Lien Bonds or the proceeds thereof upon the advice or approval of other counsel. We express no opinion herein as to the accuracy, completeness or sufficiency of the offering material relating to the 2012 Senior Lien Bonds.

Our opinions expressed herein are rendered only with regard to the matters expressly opined on above and do not consider or extend to any documents, agreements, representations or other material of any kind not specifically opined on above. No other opinions are intended nor should they be inferred. This opinion letter is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law, or in interpretations thereof, that may hereafter occur, for any reason whatsoever.

This opinion is furnished by us as Special Tax Counsel in connection with the issuance of the 2012 Senior Lien Bonds and may be relied upon by you only in connection with such issuance. It may not be used or relied upon by you or by any other person for any other purpose.

Respectfully submitted,

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Oakland, acting by and through the Board of Port Commissioners (the "Port"), in connection with the issuance of the Port of Oakland Refunding Revenue Bonds 2012 Series P (AMT) (the "Series P Bonds") and the Port of Oakland Refunding Revenue Bonds 2012 Series Q (Non-AMT) (the "Series Q Bonds," and together with the Series P Bonds, the "Series 2012 Bonds") pursuant to the Amended and Restated Master Trust Indenture, dated as of April 1, 2006, as heretofore amended (the "Master Indenture"), and as further amended and supplemented by the Fifteenth Supplemental Trust Indenture, dated as of October 1, 2012 (the "Fifteenth Supplemental Indenture" and together with the Master Indenture, the "Indenture"), between the Port and U.S. Bank National Association, as trustee (the "Trustee"). The Port covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Port for the benefit of the Bondholders and Beneficial Owners of the Series 2012 Bonds and in order to assist the Participating Underwriters in complying with the Rule (as hereinafter defined).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"*Annual Report*" shall mean any annual report provided by the Port pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Beneficial Owner*" shall mean any person that has or shares the power, directly or indirectly, to make any investment decisions concerning ownership of any Series 2012 Bonds, including persons holding Series 2012 Bonds through nominees, depositories or other intermediaries.

"*Bondholder*" or "*Holder*" shall mean the person in whose name any Series 2012 Bonds shall be registered.

"*Dissemination Agent*" shall mean the Port or any successor Dissemination Agent designated in writing by the Port and that has filed with the Port a written acceptance of such designation.

"*Listed Events*" shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

"*MSRB*" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"*Official Statement*" shall mean the Port's Official Statement dated September 27, 2012, relating to the Series 2012 Bonds.

"*Participating Underwriter*" shall mean any of the original underwriters of the Series 2012 Bonds required to comply with the Rule in connection with the offering of the Series 2012 Bonds.

"*Rule*" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Port shall, or shall cause the Dissemination Agent to, not later than 240 days after the end of the Port's fiscal year (which currently ends on June 30), commencing with the report for the 2012 fiscal year, provide to the MSRB an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than ten business days prior to said date, the Port shall provide the Annual Report to the Dissemination Agent (if other than the Port). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Port may be submitted separately from the balance of the Annual Report if they are not available by that date. If the Port's fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a form that can be accepted for filing by the MSRB and shall identify the Series 2012 Bonds by name and CUSIP number.

(b) If the Port is unable to provide to the MSRB or to the Dissemination Agent (if other than the Port) an Annual Report by the date required in subsection (a), the Port shall send, or cause to be sent, a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the Port) file a report with the Port certifying that the Annual Report has been provided to the MSRB pursuant to the Disclosure Certificate and stating the date it was provided.

SECTION 4. Content of Annual Reports. The Port's Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the Port for the prior fiscal year, prepared in accordance with Generally Accepted Accounting Principles applicable to governmental entities. If the Port's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in the format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the Port (and without duplication), historical financial information and operating data of the Port of the types listed below (for the avoidance of doubt, although debt service projections are included in the Official Statement, no new projections shall be required for the Annual Reports):

(1) Table 6 – "Port of Oakland, Oakland International Airport Historical Enplanements by Airline";

(2) Table 7 – "Port of Oakland, Oakland International Airport Historical Landed Weight by Air Carrier";

(3) Table 8 – "Port of Oakland, Oakland International Airport Air Cargo Volumes";

(4) Table 9 – "Port of Oakland, Oakland International Airport Categories of Operating Revenue";

(5) Table 10 – "Port of Oakland, Oakland International Airport Top Ten Sources of Aviation Operating Revenue";

(6) Table 11 – "Port of Oakland, Maritime Division Containerized Cargo";

(7) Percentage of total cargo (in TEUs) handled at the Seaport constituting imports for such year;

(8) Table 12 – "Port of Oakland Maritime Division Categories of Operating Revenue";

(9) Table 13 – "Port of Oakland Maritime Division Top Ten Sources of Maritime Operating Revenue";

(10) Table 15 – "Port of Oakland Commercial Real Estate Division Major Sources of Operating Revenue";

(11) Table 16 – "Port of Oakland Commercial Real Estate Division Top Ten Sources of Commercial Real Estate Operating Revenue";

(12) Table 18 – "Port of Oakland Historical Operating Results";

(13) Table 20 – "Port of Oakland Historical Bond Debt Service Coverage";

(14) Amounts accrued for Special Services and General Services and Lake Merritt for such year; and

(15) Employer contributions to CALPERS and employer contributions to OPEB Plan for such year.

Any or all of the items listed above may be incorporated by reference to other documents, including official statements of debt issues of the Port or related public entities, which have been made available to the public on the MSRB's website. The Port shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The Port shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Series 2012 Bonds in a timely manner not later than ten business days after the occurrence of the event:

(1) Principal and interest payment delinquencies;

(2) Unscheduled draws on debt service reserves reflecting financial difficulties;

(3) Unscheduled draws on credit enhancements reflecting financial difficulties;

(4) Substitution of credit or liquidity providers, or their failure to perform;

(5) Adverse tax opinions, issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(6) Tender offers;

(7) Defeasances;

(8) Rating changes; or

(9) Bankruptcy, insolvency, receivership or similar event of the Port.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Port in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Port, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Port.

(b) The Port shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Series 2012 Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

(1) Unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Series 2012 Bonds or other material events affecting the tax status of the Series 2012 Bonds;

(2) Modifications to rights of the Bondholders;

(3) Optional, unscheduled or contingent Series 2012 Bond calls;

(4) Release, substitution or sale of property securing repayment of the Series 2012 Bonds;

(5) Non-payment related defaults;

(6) The consummation of a merger, consolidation, or acquisition involving the Port or the sale of all or substantially all of the assets of the Port, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

(7) Appointment of a successor or additional trustee or the change of name of a trustee.

(c) Whenever the Port obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the Port shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Port learns of the occurrence of a Listed Event described in Section 5(a), or determines that a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the Port shall, or shall cause the Dissemination Agent to, promptly file within ten business days after the occurrence a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Events described in subsections (a)(7) or (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event given to Holders of affected Series 2012 Bonds pursuant to the Indenture.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Port's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2012 Bonds. If such termination occurs prior to the final maturity of the Series 2012 Bonds, the Port shall give notice of such termination in the same manner as for a Listed Event under Section 5(d).

SECTION 8. Dissemination Agent. The Port may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination

Agent (if other than the Port) shall be entitled to reasonable compensation for its services hereunder and reimbursement of its out-of-pocket expenses (including but not limited to attorneys' fees). The Dissemination Agent (if other than the Port) shall not be responsible in any manner for the content of any notice or report prepared by the Port pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be DAC Bond.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Port may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Section 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, change in law (including rules or regulations) or the interpretation thereof, or change in the identity, nature, or status of the Port, or type of business conducted by the Port;

(b) the undertakings herein, as proposed to be amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Series 2012 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interest of the Holders or Beneficial Owners of the Series 2012 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Port shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Port. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Port from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the Port chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Certificate, the Port shall have no obligation under this Disclosure Certificate to update such information or to include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

SECTION 11. Default. In the event of a failure of the Port to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner of the Series 2012 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Port to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Port to comply with the Disclosure Certificate shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Port agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Port under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2012 Bonds.

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Port, the Dissemination Agent, the Participating Underwriters and the Holders and Beneficial Owners from time to time of the Series 2012 Bonds, and shall create no rights in any other person or entity.

Dated: ________________, 2012

THE CITY OF OAKLAND, ACTING BY AND THROUGH ITS BOARD OF PORT OF COMMISSIONERS

By: ____
Title:_______________________________________

Approved as to form and
legality this ___ day of ____, 2012.

____
Michele Heffes
Acting Port Attorney
Port Resolution No. __________

EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Port of Oakland

Name of Bond Issue: Port of Oakland Refunding Revenue Bonds 2012 Series P (AMT)
Port of Oakland Refunding Revenue Bonds 2012 Series Q (Non-AMT)

Date of Issuance: ____________________, 2012

NOTICE IS HEREBY GIVEN that the City of Oakland, acting by and through its Board of Port Commissioners (the "Port"), has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the Port, dated as of ________, 2012. The Port anticipates that the Annual Report will be filed by _________________.

Date: ___________, ______

THE CITY OF OAKLAND, ACTING BY AND THROUGH ITS BOARD OF PORT COMMISSIONERS

By: ____
Authorized Signatory

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