

Los Angeles International Airport 2009 Capital Financing Plan

October 5, 2009



Discussion Overview

- Review of Progress to Date
- Financing Strategy
- The 2009 Official Statement Planned Capital Expenditures
- Timeline of Future Bond Issues
- Defining Success
- Upcoming Milestones

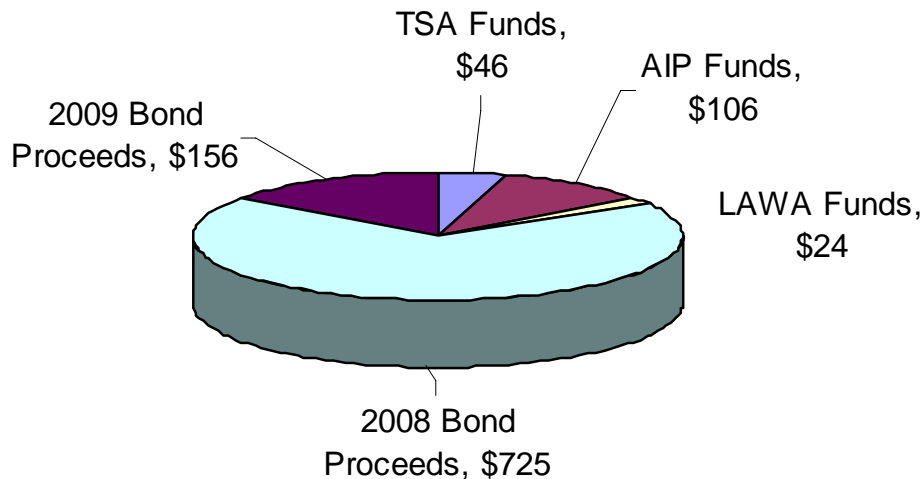
2008 Bond Issue

Established a foundation for financing LAX's Capital Program:

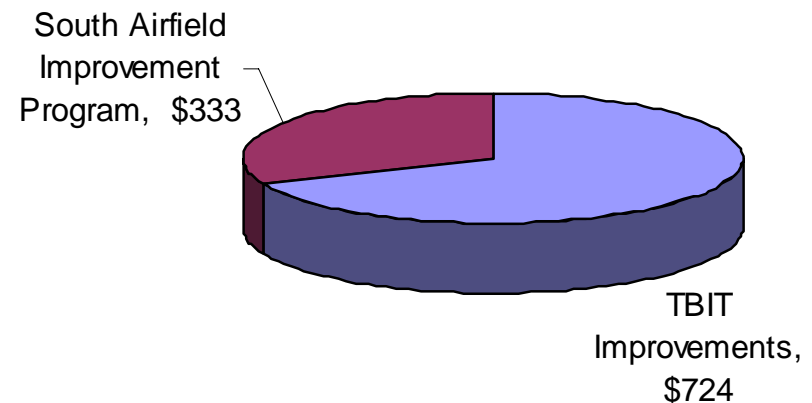
1. Brought governing documents in line with industry standards
2. Established a multiple lien structure creating:
 - Distinct ratings for each lien
 - More options to flexibly manage future debt issues
 - Enhanced debt capacity
3. Reintroduced LAX's credit to the market and began to establish a broad investor base for future bond issues

2008 Bonds – Sources and Uses

Source of Funds (\$mm)



Use of Funds (\$mm)



- Internal funds and Commercial Paper capacity sufficient for financing during construction
- The “fund as you go” approach created lower financing costs with minimal risks
- Opportunistic in timing entry to long-term debt markets

Strategic Approach to Financing

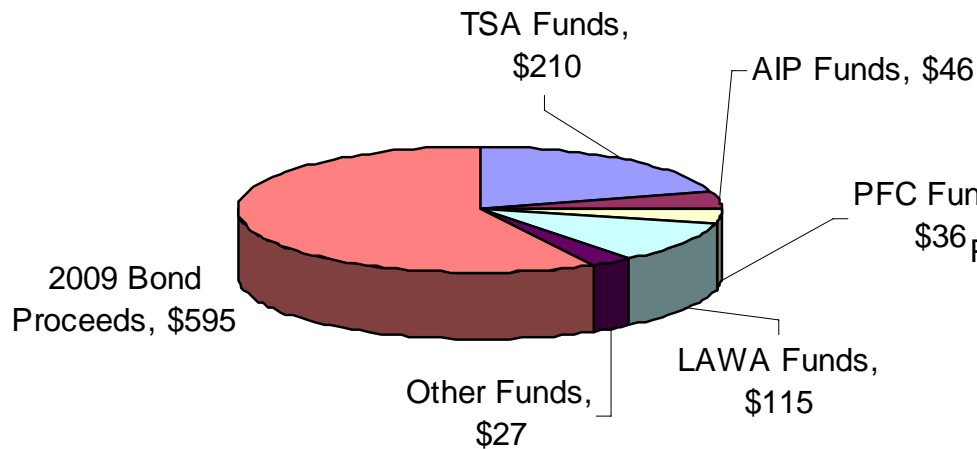
Adapting the financing strategy to fit the needs of the program as more information emerges

The “2009 Projects”:

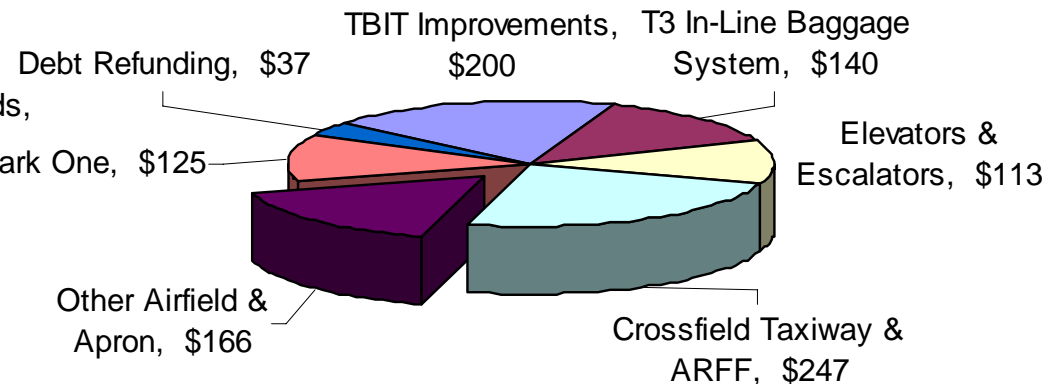
- Internal funding and Commercial Paper capacity remain strong
- Projected 2010-2013 monthly cash flows are more than double those in 2008
- The “fund as you go” approach will continue to provide savings and flexibility in financing some portions of the program
- Introduction of advance funding projects to increase capacity to address future cash flows
- Changing market conditions, interest rates environment, and “AMT Holiday” all affect the strategy

2009 Bond Issue

Source of Funds (\$mm)



Use of Funds (\$mm)

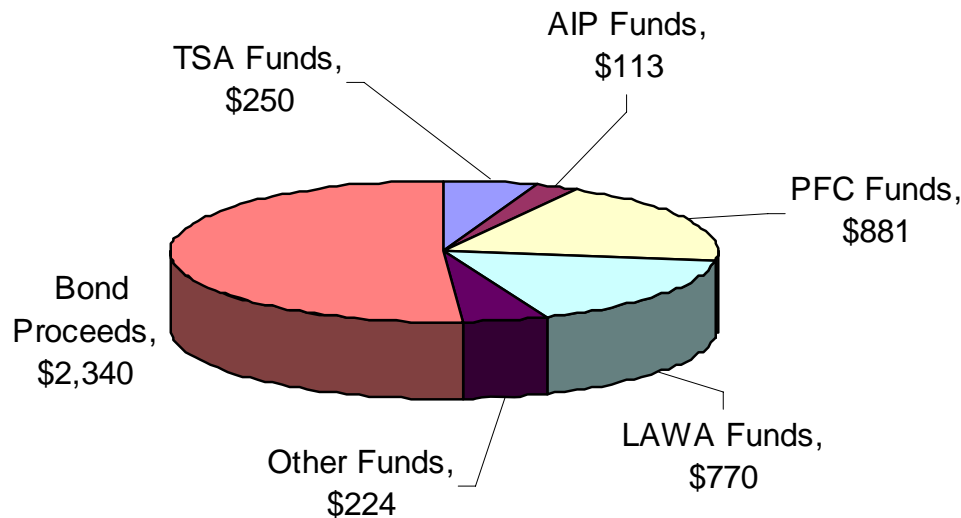


Continuation of 2008 strategy with an additional layer:

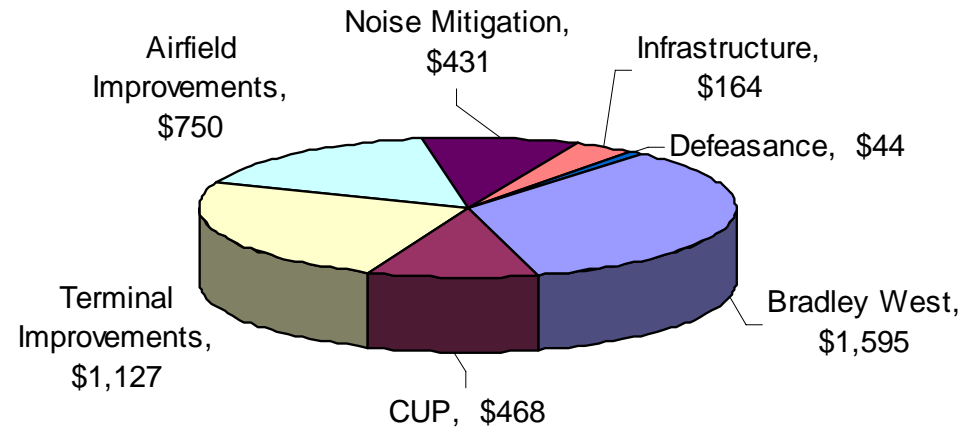
- Reimbursement of T3 In-Line and Park One expenditures
- Reimbursement of past expenses and ongoing costs for the Crossfield Taxiway Project and ARFF Station
- Financing of out-to-bid taxiway and upcoming apron projects, given the current low interest rate environment

Projected Expenditures During the Forecast Period

Source of Funds (\$mm)



Use of Funds (\$mm)



With the 2009 bond issue, LAWA will be disclosing the potential size and general composition LAX's future capital spending

- \$5.6 billion in capital expenditures between now and 2016
- Expected trips back to the market to issue an additional \$2.3 billion in bonds

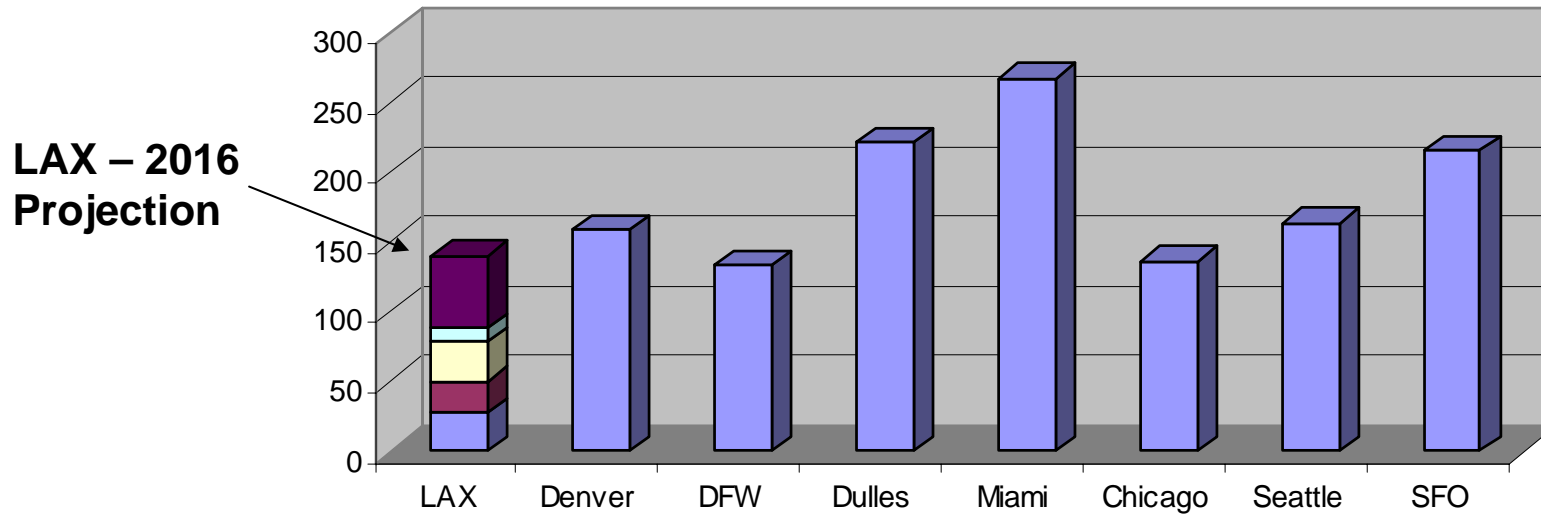
Estimated Future Bond Issue Requirements

→ Early Spring 2010	-	\$1-1.5 billion
→ Late 2010/Early 2011	-	\$300-500 million
→ Mid-Late 2011	-	\$0.5–1.0 billion

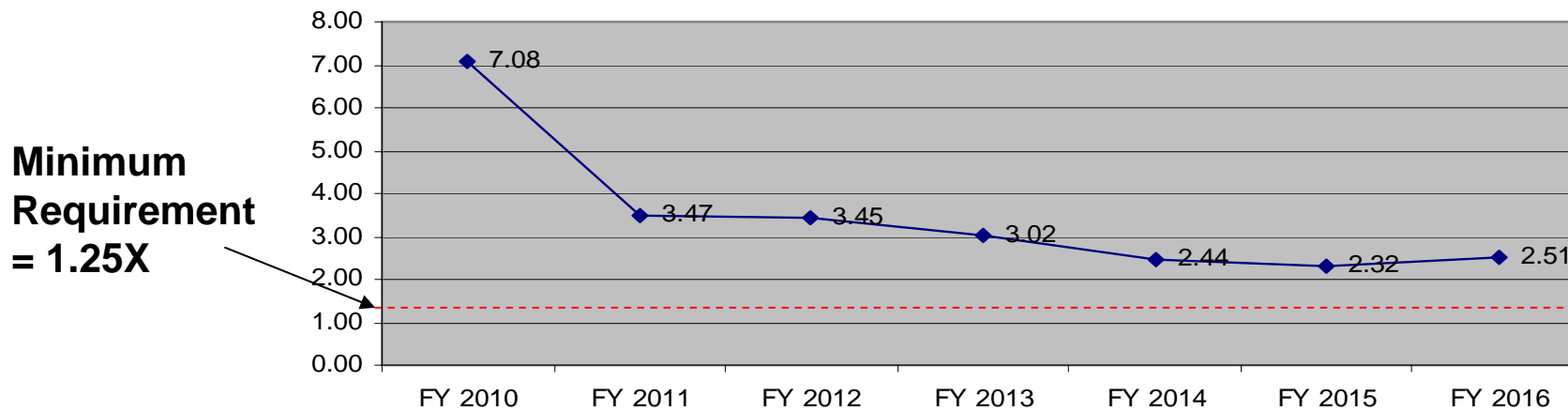
- Commitments made for projects will require current or future commitments to financing
- Ultimate timing and size of issues may be accelerated by market opportunities

Key Financing Metrics – Current Forecast

Debt per Enplaned Passenger



Senior Lien Debt Service Coverage



Defining Success

Delivering on the plan we've presented to the market

- Securing a long run low cost of capital for projects
- Maintaining senior lien debt service coverage of over 2.0x
- Targeting unrestricted cash reserves at levels sufficient to maintain our financial ratings
- Strategically positioning unrestricted cash, construction funds, PFC balances and commercial paper capacity to address construction obligations throughout the program
- Managing operating revenues and expenses to achieve the results of the financial forecast
- Maintaining affordability for airport users and capacity to fund continued maintenance of the asset base

Upcoming Milestones

Next Steps

- 1. Rating Agency meetings Oct 7-9**
- 2. October 19th BOAC Meeting**
 - Part 2 of the financing discussion – metrics and management
 - Submission of 2009 Bond documents for BOAC approval
- 3. Early November**
 - Pricing of 2009 Bonds
 - Banker selection process for 2010 Bonds begins
- 4. December - Review of 2009 transaction and update of progress toward 2010**