

Year-to-Year Performance Report
YTD September 30, 2014 and 2013

(Data in thousands of \$, comments in millions of \$)

(000s)	Actual (Unaudited) FY 2014/15 (Fiscal YTD Sep 2014) (Preliminary)	Actual (Unaudited) FY 2013/14 (Fiscal YTD)	Δ	Δ%	
Operating Revenues					
Shipping Services	86,861	87,886	(1,025)	-1.2%	Higher volumes at terminals with lower TEU rates, lower volumes at terminals with higher TEU rates, and timing differences in TEU rate adjustments
Rentals	12,518	10,042	2,476	24.7%	Union Pacific compensation reset (one-time adjustment retroactive to last 2 years), slightly offset by cancellation of land, building and warehouse permits
Royalties, fees and other revenues	8,066	102	7,964	7831.8%	BNSF/SCIG facility annual license fee \$4.9 (net); higher utility reimbursements for AMP \$2.1
Clean Truck Program Revenues	822	252	570	226.6%	Higher concession application fees
Total Operating Revenues	108,267	98,282	9,985	10.2%	
Operating Expenses					
Salaries & Benefits					
Gross Salaries and Benefits	34,083	34,608	(525)	-1.5%	Primarily due to lower average filled positions (926 vs. 940) and timing in benefits accrual to be adjusted in subsequent months, offset by lower capitalization
Capitalization (direct)	<u>(4,422)</u>	<u>(5,996)</u>	1,575	-26.3%	Due to timing in promotional and sponsorships for Public Relations
Net Salaries & Benefits (Operating)	29,662	28,611	1,050	3.7%	Timing in IT spending \$0.9, Environmental Mgmt \$0.5 and Engineering \$0.2, partially offset by lower spending in Construction & Maintenance <\$0.2>, Port Police <\$0.2>, Real Estate <\$0.1> and Port Pilots <\$0.1>
Marketing and Public Relations	807	471	336	71.2%	
Travel	164	131	32	24.7%	
Outside Services	4,021	3,046	975	32.0%	Timing and lower spending primarily for office equipment, data processing, and other operating materials and supplies (various Divisions)
Materials & Supplies	1,500	1,809	(309)	-17.1%	
City Services	10,138	8,741	1,398	16.0%	
Allocations to Capital	(4,413)	(3,469)	(944)	-27.2%	Timing in accruals
Other Operating Expenses	5,806	5,049	757	15.0%	Higher operating expense base subject to capitalization
Clean Truck Program Expenses	71	29	42	-	
Total Operating Expenses	47,755	44,419	3,336	7.5%	Primarily higher electricity (primarily for AMP) \$0.2, environmental incentives \$0.5, telephone \$0.2 and lower capitalization \$0.9, partially offset by lower provision for workers' comp <\$0.6>, property rental/license user fees <\$0.3> and water <\$0.2>
Income Before Depreciation	60,512	53,863	6,649	12.3%	
Provision for Depreciation	30,229	28,834	1,395	4.8%	
Income from Operations	30,283	25,029	5,254	21.0%	Lower pass-through grant receipts <\$6.0>, settlements/rebates <\$2.6> and interest income <\$0.4>, partially offset by higher Federal/State grant receipts \$3.5 and delinquency penalties \$0.1
Non-Operating Revenue (interest income, grant receipts, etc.)	5,303	10,598	(5,295)	-50.0%	Lower capital projects cancelled or not completed <\$6.7>, pass-through grant disbursements <\$6.0> and interest expense <\$0.2>, higher capitalization of interest <\$4.1>, partially offset by higher bond issuance costs \$0.5
Non-Operating Expenses (bonds/notes/interest expense, etc.)	953	17,366	(16,413)	-94.5%	
Net Income	34,633	18,261	16,372	89.7%	

Overhead allocations are charged directly to each operating expense category and will be reflected in fiscal yearend totals; presented here in total for comparison purposes. FYTD allocation by expense component is as follows:
 <\$2.5> Salaries & Benefits
 <\$0.07> Marketing & Public Relations
 <\$0.02> Travel
 <\$0.2> Outside Services
 <\$0.1> Materials & Supplies
 <\$0.9> City Services
 <\$0.6> Other Operating Expenses

Primarily for:
 \$2.6 Electricity
 \$0.8 Insurance
 \$0.7 Customer incentives
 \$0.7 Water & gas
 \$0.5 Telephone
 \$0.3 Property/equipment rental/license
 \$0.2 Memberships, subscriptions, books

Primarily for:
 \$9.1 Interest expense
 <\$9.9> Capitalized interest
 \$0.5 Capital projects closed to expense
 \$0.5 Bond issuance costs
 \$0.4 Commercial paper issuance costs
 \$0.3 Pass-through grant disbursements

Primarily for:
 \$4.0 Federal/State grant receipts
 \$0.9 Interest income
 \$0.3 Pass-through grant receipts