NOT A NEW ISSUE **OFFERING MEMORANDUM** **See "RATINGS" herein**
BOOK-ENTRY ONLY

In the opinion of Nixon Peabody LLP, as Note Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Series A Notes, the Series B Notes and the Series C Notes (each as defined below and, collectively, the "Tax-Exempt Notes") when issued in accordance with a Tax and Nonarbitrage Certificate and the Issuing and Paying Agent Agreement, will be 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 federal tax status of interest on any Series A Note or Series B Note for any period that such Series A Note or Series B Note is held by a "substantial user" of the facilities financed or refinanced by the Series A Notes and Series B Notes, or by a "related person" to such a substantial user within the meaning of Section 147(a) of the Code. Note Counsel observes that interest on the Series A Notes will be treated as a specific preference item for purposes of the federal individual and corporate alternative minimum taxes. Note Counsel further observes that interest on the Series B Notes and the Series C Notes will not be a specific preference item for purposes of the federal individual and corporate alternative minimum taxes but interest on the Series B Notes and Series C Notes will be included in adjusted current earnings when calculating corporate alternative minimum taxable income. Other than as set forth below, Note Counsel will not render an opinion with regard to federal income tax consequences with respect to the Series D Notes (the "Taxable Notes" and together with the Tax-Exempt Notes, the "Notes"). Interest on the all of the Notes, including the Taxable Notes, will be exempt from State of California personal income taxes. See "TAX MATTERS" herein.

HARBOR DEPARTMENT
OF THE CITY OF LOS ANGELES
Commercial Paper Notes

consisting of

Not to Exceed $125,000,000,000
Series A-1 (Exempt Facility AMT)
Series B-1 (Exempt Facility Non-AMT)
Series C-1 (Governmental Non-AMT)
Series D-1 (Taxable)

Not to Exceed $125,000,000,000
Series A-2 (Exempt Facility AMT)
Series B-2 (Exempt Facility Non-AMT)
Series C-2 (Governmental Non-AMT)
Series D-2 (Taxable)

The Harbor Department of the City of Los Angeles (the "Department") will reoffer $250,000,000 aggregate principal amount of its Commercial Paper Notes, Series A (Exempt Facility AMT) (the "Series A Notes"), Series B (Exempt Facility Non-AMT) (the "Series B Notes"), Series C (Governmental Non-AMT) (the "Series C Notes") and Series D (Taxable) (the "Series D Notes" and together with the Series A Notes, the Series B Notes and the Series C Notes, the "Notes"). The Notes are divided into eight subseries: Series A-1 (the "Series A-1 Notes"), Series A-2 (the "Series A-2 Notes"), Series B-1 (the "Series B-1 Notes"), Series B-2 (the "Series B-2 Notes), Series C-1 (the "Series C-1 Notes"), Series C-2 (the "Series C-2 Notes"), Series D-1 (the "Series D-1 Notes") and Series D-2 (the "Series D-2 Notes"). Capitalized terms used on this cover page not otherwise defined are defined herein or in APPENDIX B – "SUMMARY OF CERTAIN LEGAL DOCUMENTS – Definitions."

The Department is authorized to issue the Notes pursuant to Section 609 of the Los Angeles City Charter, the Charter implementation ordinance related to the procedures for issuance and sale of revenue bonds and other obligations by the Department, adding Sections 11.28.1 through 11.28.9 of Division 11, Chapter 1, Article 6.5 of the Los Angeles Administrative Code and the Resolutions (as defined herein). In connection with the reoffering of the Notes, the Department will enter into an Amended and Restated Paying Agent Agreement (the "Issuing and Paying Agent Agreement"), between the Department and U.S. Bank National Association, as Issuing and Paying Agent (the "Issuing and Paying Agent"). Pursuant to the Resolutions and the Issuing and Paying Agent Agreement, the Department is authorized to issue Notes in an aggregate principal amount not to exceed the lesser of (a) $250,000,000 and (b) the combined Principal Components of the then-effective Liquidity Facilities.

The payment of principal and interest on maturing Notes (other than Notes owned by, and for the account of or on behalf of the City of Los Angeles (the "City"), the Department or any affiliate thereof), will be supported by two line of credit agreements. Mizuho Corporate Bank, Ltd., acting through its New York Branch, will issue a line of credit agreement (the "Mizuho Credit Agreement") to support the payments of the principal and interest when due on the Series A-1 Notes, the Series B-1 Notes, the Series C-1 Notes and the Series D-1 Notes. Wells Fargo Bank, National Association will issue a line of credit agreement (the "Wells Fargo Credit Agreement" and, together with the Mizuho Credit Agreement, the "Credit Agreements") to support the payments of the principal and interest when due on the Series A-2 Notes, the Series B-2 Notes, the Series C-2 Notes and the Series D-2 Notes.

The Notes are issuable from time to time in fully-registered form, will be dated the date of their respective issuance and will mature not more than 270 days from the date of their respective issuance. Interest payments on each Note will be made on the maturity date of such Note in the amount of interest accrued from and including the date of issuance of such Note to, but excluding, the maturity date thereof. The Notes will not be subject to redemption prior to maturity. See "THE NOTES – Terms of the Notes."

Notes may be purchased in book-entry form only, in minimum denominations of $100,000 and in integral multiples of $1,000 in excess thereof. Payments of principal of and interest on the Notes are and will be paid by the Issuing and Paying Agent, to DTC, which is obligated in turn to remit such principal and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the Notes. See APPENDIX C – "DTC BOOK-ENTRY SYSTEM."

The Notes do not constitute an obligation of the Department other than to pay from Revenues and do not constitute an obligation of the City or any other public agency. The Notes are revenue obligations and are payable as to both principal and interest from, and shall be secured by a pledge (which pledge shall be effected in the manner and to the extent provided in the Issuing and Paying Agent Agreement) of and lien on, the Revenues on a parity with the Parity Obligations. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the Notes. The Department has no taxing power. See "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES."

In connection with the reoffering of the Notes, certain legal matters will be passed upon for the Department and the City by the City Attorney, for the Department by Nixon Peabody LLP, as Note Counsel and Disclosure Counsel to the Department, and for the Banks by their counsel, Chapman and Cutler LLP.

Exclusive Dealers

Loop Capital Markets LLC Morgan Stanley

_____, 2012

No dealer, broker, salesperson or other person has been authorized by the Department to give any information or to make any representations, with respect to the Department or its obligations, other than those contained in this Offering Memorandum and if given or made such other information or representations must not be relied upon as having been authorized by the Department.

The information set forth herein has been furnished by the Department and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Department or its operations since the date hereof.

This Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy the Notes nor shall there be any sale of any of the Notes by any person in any jurisdiction in which, or to any person to whom, it is unlawful to make such offer, solicitation or sale.

This Offering Memorandum contains forward-looking statements within the meaning of the federal securities laws. Such statements are based on currently available information, expectations, estimates, assumptions and projections and management's judgment about the port industry and general economic conditions. Such words as "expects," "intends," "plans," "except," "believes," "estimates," "budget," "continue," "anticipates" or variations of such words or similar expressions are intended to identify forward-looking statements. The forward-looking statements are not guarantees of future performance. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the Department's forecasts in any way, regardless of the level of optimism communicated in the information. Factors which may cause a result different than expected or anticipated include new legislation, unfavorable court decisions, increases in prices, changes in environmental compliance requirements, acquisitions, natural disasters such as earthquakes or floods or other impacts of weather. The Department does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur. Estimates and opinions are included and should not be intended as statements of fact and are not to be construed as representations that they will be realized.

This Offering Memorandum is not to be construed as a contract between the Department and the purchasers of the Notes. The reoffering of the Notes by the Department is not a representation to potential investors that an investment in the Notes is an appropriate investment for such investor or that the Department is recommending the purchase of the Notes to any potential investor. Each potential investor must determine on its own whether an investment in Notes is appropriate for the investor and best satisfies the investment goals and financial position of the investor.

THE NOTES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE NOTES HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

HARBOR DEPARTMENT
OF THE CITY OF LOS ANGELES
425 South Palos Verdes Street
San Pedro, California 90731

BOARD OF HARBOR COMMISSIONERS

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Kathryn McDermott, Deputy Executive Director, Business Development
Cynthia Ruiz, Deputy Executive Director, External Relations
Karl K.Y. Pan, Chief Financial Officer
Soheila Sajadian, Director of Debt and Treasury

SPECIAL SERVICES

City Attorney
Office of the City Attorney of the City of Los Angeles
Carmen A. Trutanich, *City Attorney*
Thomas A. Russell, *General Counsel*

Note Counsel and Disclosure Counsel
Nixon Peabody LLP

Financial Advisor
Frasca & Associates, L.L.C.

Issuing and Paying Agent
U.S. Bank National Association

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HARBOR DEPARTMENT
OF THE CITY OF LOS ANGELES
Commercial Paper Notes

consisting of

Not to Exceed $125,000,000,000
Series A-1 (Exempt Facility AMT)
Series B-1 (Exempt Facility Non-AMT)
Series C-1 (Governmental Non-AMT)
Series D-1 (Taxable)

Not to Exceed $125,000,000,000
Series A-2 (Exempt Facility AMT)
Series B-2 (Exempt Facility Non-AMT)
Series C-2 (Governmental Non-AMT)
Series D-2 (Taxable)

INTRODUCTION

This Offering Memorandum, which includes the cover page, the inside cover page and Appendices hereto, is being furnished by the Harbor Department of the City of Los Angeles (the "Department") to provide information concerning the reoffering by the Department of not to exceed $250,000,000 of Commercial Paper Notes, Series A (Exempt Facility AMT) (the "Series A Notes"), Series B (Exempt Facility Non-AMT) (the "Series B Notes"), Series C (Governmental Non-AMT) (the "Series C Notes") and Series D (Taxable) (the "Series D Notes" and together with the Series A Notes, the Series B Notes and the Series C Notes, the "Notes"). The Notes are divided into eight subseries: Series A-1 (the "Series A-1 Notes"), Series A-2 (the "Series A-2 Notes"), Series B-1 (the "Series B-1 Notes"), Series B-2 (the "Series B-2 Notes), Series C-1 (the "Series C-1 Notes"), Series C-2 (the "Series C-2 Notes"), Series D-1 (the "Series D-1 Notes") and Series D-2 (the "Series D-2 Notes"). The Notes are being reoffered in connection with the replacement of the line of credit agreement securing payment of principal and interest on the Notes.

This Introduction is not a summary of this Offering Memorandum and is qualified in its entirety by reference to the more detailed information included and referred to elsewhere in this Offering Memorandum. The reoffering of the Notes to potential investors is made only by means of the entire Offering Memorandum. Capitalized terms used in this Offering Memorandum and not otherwise defined shall have the respective meanings assigned to them in APPENDIX B – "SUMMARY OF CERTAIN LEGAL DOCUMENTS – Definitions."

The Notes are issuable from time to time in fully-registered form, will be dated the date of their respective issuance and will mature not more than 270 days from the date of their respective issuance. Pursuant to the Resolutions (as defined below) and the Amended and Restated Issuing and Paying Agent Agreement, dated as of July 1, 2012 (the "Issuing and Paying Agent Agreement"), between the Department and U.S. Bank National Association, as Issuing and Paying Agent (the "Issuing and Paying Agent"), the Notes will be authorized to be issued in an aggregate principal amount not to exceed the lesser of (a) $250,000,000 and (b) the combined Principal Components of the then-effective Liquidity Facilities. As described herein, as of the date of the reoffering of the Notes, the combined Principal Components of the Liquidity Facilities in effect with respect to the Notes will be $250,000,000.

Interest payments on each Note will be made on the maturity date of such Note in the amount of interest accrued from and including the date of issuance of such Note to but excluding the maturity date thereof. The Notes will not be subject to redemption prior to maturity.

The Department and the Port

The Department is a proprietary, independent department of the City of Los Angeles (the "City"), with possession, management and control of the Port of Los Angeles (the "Port"), located in San Pedro Bay, approximately 20 miles south of downtown Los Angeles. The Department has three major sources of revenue: (i) shipping revenue, which is a function of cargo throughput, (ii) revenue from permit agreements (i.e., agreements generally similar to leases) and (iii) fees and royalty revenue. During the

fiscal year ended June 30, 2011, the Port handled approximately [7,935,000] TEUs, ranking the Port as the busiest container port in the nation. A "TEU" is a unit of cargo capacity often used to describe the capacity of container ships and container terminals and is based on the volume of a 20-foot long shipping container, a standard-sized metal box which can be easily transferred between different modes of transportation, such as ships, trains and trucks. In terms of physical size, the Port is the largest port on the west coast of the United States, including 7,500 acres of land and water. The Port generally encompasses approximately 43 miles of waterfront berthing and 27 terminal facilities. A description of the Port, the Department and certain financial and operating information concerning the Department is contained in "THE PORT AND THE DEPARTMENT."

Security and Source of Payment

The Notes are revenue obligations and are payable as to both principal and interest from, and are secured by a pledge of and lien on, the Revenues on a parity with Parity Obligations. See "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES – Parity and Subordinate Obligations." To provide liquidity support for the Notes, the Department will enter into two line of credit agreements. See "THE CREDIT AGREEMENTS."

The Notes do not constitute an obligation of the Department other than to pay from Revenues and do not constitute an obligation of the City or any other public agency. The Notes are revenue obligations and are payable as to both principal and interest from, and shall be secured by a pledge (which pledge shall be effected in the manner and to the extent provided in the Issuing and Paying Agent Agreement) of and lien on, the Revenues on a parity with the Parity Obligations. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the Notes. The Revenues constitute a trust fund for the security and payment of the interest on and principal of the Notes and all obligations of the Department relating to the Notes under the Issuing and Paying Agent Agreement and under the Credit Agreements and all Parity Obligations in accordance with the terms of the Parity Revenue Bond Indentures (as defined herein). The Revenues are pledged to the payment of the Notes and all obligations of the Department relating to the Notes under the Issuing and Paying Agent Agreement and under the Credit Agreements without priority or distinction of one over the other. The Revenues are also pledge to the payment of the Parity Obligations in accordance with the terms of the Parity Revenue Bond Indentures. The pledge of Revenues under the Issuing and Paying Agent Agreement is irrevocable until all of the Notes have been paid and retired and any related obligations of the Department under the Credit Agreements have been satisfied in full. Notwithstanding the Department's covenant to fix rates, tolls and charges, rentals for leases, permits and franchises, and compensations or fees for franchises and licenses, subject to the approval of or submission to the City Council of the City in those instances and in such manner as may be required under the Charter, at levels sufficient to provide funds necessary to pay its outstanding obligations payable from the Harbor Revenue Fund (including the Notes), there can be no assurance that there will be sufficient amounts available in the Harbor Revenue Fund at any time for the payment of the maturing Notes. The Department has no taxing power. None of the property of the Department is subject to any mortgage or other lien for the benefit of owners of the Notes. See "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES."

The Credit Agreements

Mizuho Corporate Bank, Ltd., acting through its New York Branch ("Mizuho"), will issue a line of credit agreement (the "Mizuho Credit Agreement") to support the payments of the principal and interest when due on the Series A-1 Notes, the Series B-1 Notes, the Series C-1 Notes and the Series D-1 Notes (collectively, the "Mizuho Supported Notes"). Wells Fargo Bank, National Association ("Wells Fargo") will issue a line of credit agreement (the "Wells Fargo Credit Agreement") to support the payments of the principal and interest when due on the Series A-2 Notes, the Series B-2 Notes, the Series

C-2 Notes and the Series D-2 Notes (collectively, the "Wells Fargo Supported Notes"). Mizuho and Wells Fargo are collectively referred to in this Offering Memorandum as the "Banks." The Mizuho Credit Agreement and the Wells Fargo Credit Agreement are collectively referred to in this Offering Memorandum as the "Credit Agreements."

Pursuant to the terms of the Credit Agreements, the Banks have agreed to make advances from time to time ("Liquidity Advances") to the Issuing and Paying Agent for the purpose of paying the principal of and interest on maturing Notes (other than Notes owned by, for the account of or on behalf of the City, the Department or any affiliate thereof) for which refinancing Notes ("Rollover Notes") shall not have been issued. Each Bank has agreed to make Liquidity Advances of up to a principal amount of $125,000,000 under the applicable Credit Agreement, subject to certain conditions. In the case of certain events of default described in the Credit Agreements, the obligations of the Banks to make Liquidity Advances shall terminate and during the pendency of certain Suspension Events described in the Credit Agreements, the Banks' commitments to make Liquidity Advances shall be immediately suspended without notice or demand and thereafter the Banks shall be under no obligation to make further Liquidity Advances. See "THE CREDIT AGREEMENTS."

Under certain circumstances, the obligation of the Banks to make Liquidity Advances may be terminated or suspended automatically and with no notice to the Owners of the Notes even though the Credit Agreements were in effect on the date of the issuance of the Notes. In such event, sufficient funds may not be available to pay the Notes. See "THE CREDIT AGREEMENTS" and "THE BANKS."

Book-Entry Only System

The Notes may be purchased in book-entry form only. The notes will be registered in the name of a nominee of The Depository Trust Company ("DTC"), which acts as Securities Depository for the Notes. See "THE NOTES – The Book-Entry System" and APPENDIX C – "DTC BOOK-ENTRY SYSTEM."

Rate Covenant

The Department has covenanted under the Issuing and Paying Agent Agreement and the Credit Agreements that it shall fix rates, tolls and charges, rentals for leases, permits and franchises, and compensations or fees for franchises and licenses, subject to the approval of or submission to the City Council only in those instances and in such manner as may be provided in the Charter, and collect such charges, rentals, compensations and fees, such as to provide revenues, after payment of all Operation and Maintenance costs for each Fiscal Year, which will at least equal one hundred twenty-five percent (125%) of Debt Service (as described below) and other amounts required to be paid by the Department under the Issuing and Paying Agent Agreement for such Fiscal Year, and during such period the City Council shall, when its approval is required by the Charter, approve rates, tolls, charges, rentals, compensations and fees so fixed by the Department sufficient for the purposes aforesaid. See "SECURITY AND SOURCE OF PAYMENT FOR THE NOTES – Rate Covenant."

Parity Obligations

The Department has authorized and issued certain Parity Obligations that are payable from Revenues of the Department on a parity with the payment of the Notes. The Department may issue additional Parity Obligations in the future subject to the provisions of the Issuing and Paying Agent Agreement. No obligations senior to the Notes or Parity Obligations are currently authorized or outstanding. The Issuing and Paying Agent Agreement does not prohibit the Department from issuing subordinate obligations payable out of the Harbor Revenue Fund. The Department had $_____ of Parity Obligations outstanding as of June 30, 2012. Subject to the satisfaction of the conditions set forth in the Issuing and Paying Agent Agreement, the Department may issue additional bonds, notes or other evidence of indebtedness payable out of the Harbor Revenue Fund and ranking on a parity with the Notes. See "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES – Parity and Subordinate

Obligations." The Department's obligation to repay Liquidity Advances under the Credit Agreements is a revenue obligation, payable as to both principal and interest from, and is secured by a pledge of and lien on, Revenues on a parity with Parity Obligations.

Exclusive Co-Dealers

The Department has appointed Loop Capital Markets LLC and Morgan Stanley & Co. Incorporated, as exclusive co-dealers for the Notes. See "THE DEALERS."

No Continuing Disclosure

The offering and sale of the Notes is exempt from the rules of the Securities and Exchange Commission ("SEC") relating to the continuing disclosure of annual financial and operating information and certain material events, and the Department does not intend to enter into any undertaking to provide updated disclosure information to holders of the Notes. See "NO CONTINUING DISCLOSURE."

Other Matters

The Department provides copies of its annual reports, which include the Department's audited financial statements as well as other pertinent financial information, to each rating agency rating the Notes on a periodic basis. Requests for copies of annual reports, any other publicly available pertinent financial information prepared by the Department for public distribution, the Resolutions, the Issuing and Paying Agent Agreement and questions about this Offering Memorandum should be addressed to: Harbor Department of the City of Los Angeles, 425 South Palos Verdes Street, San Pedro, California 90731, Attention: Soheila Sajadian, Director, Debt & Treasury Section, (310) 732-3756.

THE NOTES

Authority for Issuance

The Notes are authorized under Section 609 of the Los Angeles City Charter (the "Charter"), the Charter implementation ordinance related to the procedures for issuance and sale of revenue bonds and other obligations by the Department, adding Sections 11.28.1 through 11.28.9 of Division 11, Chapter 1, Article 6.5 to the Los Angeles Administrative Code (the "Procedural Ordinance"), and Resolution No. 6021 of the Board of Harbor Commissioners of the City of Los Angeles (the "Board") adopted on August 22, 2001, Resolution No. 09-6753 of the Board adopted on June 4, 2009, Resolution No. 10-6958 of the Board adopted on June 24, 2010 and Resolution No. 12-___ adopted on _____, 2012 (collectively, the "Resolutions"). See APPENDIX B – "SUMMARY OF CERTAIN LEGAL DOCUMENTS."

The Department may issue Mizuho Supported Notes in an aggregate principal amount of up to $125,000,000, which is the maximum Principal Component of the Mizuho Credit Agreement. The Department may issue Wells Fargo Supported Notes in an aggregate principal amount of up to $125,000,000, which is the maximum Principal Component of the Wells Fargo Credit Agreement. See "THE CREDIT AGREEMENTS."

Purpose of the Notes

The proceeds of the Notes will be used for lawful purposes relating to the Department, including: (i) the construction, maintenance, replacement and operation of improvements, utilities, structures, watercraft, facilities, equipment and services for Departmental purposes; (ii) the replacement of works of the Department that have been damaged or demolished by reason of fire, flood, earthquake, sabotage or acts of God or the public enemy; and (iii) any expenses or charges incurred in connection with the foregoing purposes and to reimburse the Department for expenditures for any such purposes.

Terms of the Notes

One master Note, Series A-1 (Exempt Facility AMT), one master Note, Series A-2 (Exempt Facility AMT), one master Note, Series B-1 (Exempt Facility Non-AMT), one master Note, Series B-2 (Exempt Facility Non-AMT), one master Note, Series C-1 (Governmental Non-AMT), one master Note, Series C-2 (Governmental Non-AMT), one Master Note, Series D-1 (Taxable) and one Master Note, Series D-2 (Taxable) will be registered in the name of Cede & Co., as nominee of DTC. DTC is the securities depository for the Notes. Notes may be purchased in book-entry form only, in minimum denominations of $100,000 and in integral multiples of $1,000 in excess thereof. Payments of principal of and interest on the Notes will be paid by the Issuing and Paying Agent, to DTC, which is obligated in turn to remit such principal and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the Notes. See APPENDIX C – "DTC BOOK-ENTRY SYSTEM."

The Notes shall bear interest at such rates or in such amounts (calculated on the basis of a year consisting of 365/366 days, as applicable, and actual number of days elapsed) and are payable at maturity on such dates as may be fixed by an Authorized Representative at the time of issuance thereof, but no Notes shall mature or become payable on other than a Business Day or more than 270 days from the date of issuance thereof (or in any event, later than one Business Day immediately preceding the stated termination date of the Liquidity Facility (the "Termination Date") providing liquidity for such Notes), or bear interest at rates in excess of 12%. The Notes may be sold at par or at such discounts as an Authorized Representative establishes at the time of sale.

The Notes are not subject to redemption prior to maturity.

The purchase price payable by a Dealer for the Notes is required to be made, and the amount payable by the Department at maturity will be paid, in immediately available funds.

The Book-Entry System

The Notes will be issued, from time to time, by means of the book-entry system of DTC with no physical distribution of Note certificates made to the public. The book-entry system will evidence ownership of the Notes with transfers of ownership effected on the records of DTC and its participants. The Notes will be registered in the name of Cede & Co., as nominee of DTC. So long as DTC or its nominee is the registered Owner of all Notes, all payments on the Notes will be made directly to DTC or its nominee and disbursements of such payments to the DTC Participants will be the responsibility of DTC and disbursements of such payments to the Beneficial Owners of the Notes will be the responsibility of the DTC Participants. NEITHER THE DEPARTMENT NOR THE ISSUING AND PAYING AGENT WILL BE RESPONSIBLE OR LIABLE FOR SUCH TRANSFERS OF PAYMENTS OR FOR MAINTAINING, SUPERVISING OR REVIEWING THE RECORDS MAINTAINED BY DTC, THE DTC PARTICIPANTS OR PERSONS ACTING THROUGH SUCH PARTICIPANTS. See APPENDIX C – "DTC BOOK-ENTRY SYSTEM."

Discontinuation of Book-Entry System

DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the Issuing and Paying Agent and the Department and discharging its responsibilities with respect thereto under applicable law. The Department may terminate its participation in the book-entry system of DTC or any other Securities Depository at any time. In the event that such book-entry system is discontinued with respect to the Notes, the Department will execute and deliver replacement Notes in the form of registered certificates. In addition, the following provisions would apply: the principal of and interest on the Notes will be payable upon surrender thereof at the principal office of the Issuing and Paying Agent in Los Angeles, California and the Notes will then be transferable and exchangeable on the terms and conditions provided in the Issuing and Paying Agent Agreement.

SECURITY AND SOURCES OF PAYMENT FOR THE NOTES

Notes Payable from Specified Sources

In addition to the applicable Credit Agreement, the Notes are further secured by a pledge of and a lien on the Department's Revenues on a parity with the Parity Obligations. See "—Parity and Subordinate Obligations." "Revenues" means (a) all money received or collected from or arising out of the use or operation of any harbor or port improvement, work, structure, appliance, facility or utility, service or watercraft owned, controlled or operated by the City in or upon or pertaining to the lands and waters, or interests therein, of said City in the Harbor District (as defined below); all tolls, charges and rentals collected by the Department; and all compensations or fees required to be paid for franchises or licenses, or otherwise by law or ordinance or order, to the City for the operation of any public service utility upon lands and waters, or interests therein, of the City in the Harbor District; provided that for the avoidance of doubt user fees collected by the Department on behalf of, or required to be transmitted to, third parties pursuant to applicable law and not commingled with Revenues, shall not be deemed to be Revenues; and (b) all interest or gain derived from the investment of amounts in any of the funds or accounts established under the Issuing and Paying Agent Agreement (except interest and gain derived from the Rebate Fund established and maintained under the Issuing and Paying Agent Agreement).

The Notes do not constitute an obligation of the Department other than to pay from Revenues and do not constitute an obligation of the City or any other public agency. The Notes are revenue obligations and are payable as to both principal and interest from, and shall be secured by a pledge (which pledge shall be effected in the manner and to the extent provided in the Issuing and Paying Agent Agreement) of and lien on, the Revenues on a parity with the Parity Obligations. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the Notes. The Revenues constitute a trust fund for the security and payment of the interest on and principal of the Notes and all obligations of the Department relating to the Notes under the Issuing and Paying Agent Agreement and under the Credit Agreements and all Parity Obligations in accordance with the terms of the Parity Revenue Bond Indentures. The Revenues are pledged to the payment of the Notes and all obligations of the Department relating to the Notes under the Issuing and Paying Agent Agreement and under the Credit Agreements without priority or distinction of one over the other. The Revenues are also pledged to the payment of the Parity Obligations in accordance with the terms of the Parity Revenue Bond Indentures. The pledge of Revenues under the Issuing and Paying Agent Agreement is irrevocable until all of the Notes have been paid and retired and any related obligations of the Department under the Credit Agreements have been satisfied in full. Notwithstanding the Department's covenant to fix rates, tolls and charges, rentals for leases, permits and franchises, and compensations or fees for franchises and licenses, subject to the approval of or submission to the City Council of the City only in those instances and in such manner as may be required under the Charter, at levels sufficient to provide funds necessary to pay its outstanding obligations payable from the Harbor Revenue Fund

(including the Notes), there can be no assurance that there will be sufficient amounts available in the Harbor Revenue Fund at any time for the payment of the maturing Notes. The Department has no taxing power. None of the property of the Department is subject to any mortgage or other lien for the benefit of owners of the Notes.

Harbor Revenue Fund – Flow of Funds

The Harbor Revenue Fund is a separate fund established by the Charter. Pursuant to the Charter, all fees, charges, rentals and revenue from every source (including the Revenues) collected by the Department in connection with its possession, management and control of the Harbor District (as defined below) and Harbor Assets (as defined below) are deposited in the City Treasury to the credit of the Harbor Revenue Fund. All such moneys and revenues deposited in the Harbor Revenue Fund are under the direction and control of the Board.

Pursuant to the Charter, moneys deposited in the Harbor Revenue Fund may be appropriated or used only for the following purposes:

(1) For the necessary expenses of operating the Department, including the operation, promotion and maintenance of the lands and waters, and interests therein, under the possession, management and control of the Board (the "Harbor District") and all harbor and port improvements, works, utilities, facilities and watercraft, owned, controlled or operated by the Department (collectively with the Harbor District, the "Harbor Assets") in connection with or for the promotion and accommodation of maritime commerce, navigation and fishery ("Departmental Purposes");

(2) For the acquisition, construction, completion and maintenance of Harbor Assets for Departmental Purposes, and for the acquisition or taking by purchase, lease, condemnation or otherwise of property, real or personal, or other interest necessary or convenient for Departmental Purposes;

(3) For the payment of the principal and interest of bonds issued by the Department or by the City for Departmental Purposes;

(4) For defraying the expenses of any pension or retirement system applicable to the employees of the Department; and

(5) For reimbursements to another department or office of the City on account of services rendered, or materials, supplies or equipment furnished to support Departmental Purposes.

Under the Issuing and Paying Agent Agreement and the Parity Revenue Bond Indentures, the Department is obligated to pay from Revenues all Operation and Maintenance costs of the Department (including amounts reasonably required to be set aside in the contingency reserves for Operation and Maintenance costs, the payment of which is not then immediately required) as they become due and payable. "Parity Revenue Bond Indentures" means (i) the Indenture of Trust, dated as of July 1, 2001, by and between the Department and BNY Western Trust Company, as trustee; (ii) the Indenture of Trust, dated as of October 1, 2005, by and between the Department and The Bank of New York Trust Company, N.A., as trustee; (iii) the Indenture of Trust, dated as August 1, 2006, by and between the Department and U.S. Bank National Association, as trustee, (iv) the Indenture of Trust, dated as July 1, 2009, by and between the Department and U.S. Bank National Association, as trustee, and (v) the Indenture of Trust, dated as of July 1, 2011, by and between the Department and U.S. Bank National Association, as trustee. "Operation and Maintenance costs" means the necessary expenses of conducting the Department, including the operation, promotion and maintenance of all harbor or port improvements, works, utilities, appliances, facilities, services, maritime related recreation facilities and watercraft, owned, controlled or operated by the City for the promotion or accommodation of maritime commerce, navigation or fishery, or used in connection therewith, but shall not include any Shortfall Advances (as defined below). See "—Parity and Subordinate Obligations" and "—Covenant as to Additional Debt" herein.

Under the Issuing and Paying Agent Agreement, the Department shall allocate the Revenues to the payment of Operation and Maintenance costs and to the payment of the Parity Obligations, including the Notes, in the order and priorities set forth in each of the Parity Revenue Bond Indentures.

Pursuant to the Parity Revenue Bond Indentures the Department shall, from the moneys in the Harbor Revenue Fund, from time to time, pay all Operation and Maintenance costs (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance costs, the payment of which is not then immediately required) as they become due and payable. In addition, pursuant to the Parity Revenue Bond Indentures the Department shall transfer from the Harbor Revenue Fund to the applicable trustee for the bonds issued under the applicable Parity Revenue Bond Indenture (the "Parity Bonds") for deposit into the following respective funds (established under the applicable Parity Revenue Bond Indenture), the following amounts in the following order of priority and at the following times, the requirements of each such fund (including the making up of any deficiencies in any such fund resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit:

(a) Not later than the third Business Day (as defined in each Parity Revenue Bond Indenture) preceding each date on which the interest on the Parity Bonds shall become due and payable, that sum, if any, required to cause the aggregate amount on deposit in the applicable interest fund (established under the applicable Parity Revenue Bond Indenture) to be at least equal to the amount of interest becoming due and payable on such date on all Parity Bonds then outstanding. The Department shall also deposit in any interest account created with respect to Parity Obligations (as defined in the applicable Parity Revenue Bond Indenture), without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other interest in accordance with the provisions of the applicable indenture, resolution or contract (the "Issuing Document").

(b) Not later than the third Business Day preceding each date on which the principal on the Parity Bonds shall become due and payable, that sum, if any, required to cause the aggregate amount on deposit in the applicable principal fund (established under the applicable Parity Revenue Bond Indenture) to equal the principal amount of the Parity Bonds coming due and payable on such date or subject to mandatory sinking fund redemption on such date. The Department shall also deposit in any applicable principal account created with respect to Parity Obligations, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other principal in accordance with the provisions of the Issuing Document relating thereto.

(c) The Department shall, from the remaining moneys in the Harbor Revenue Fund, thereafter, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the applicable trustee for Parity Bonds for deposit in: (i) the reserve funds for Parity Obligations which the Department has elected to make a part of any common reserve established under the applicable Parity Revenue Bond Indenture ("Parity Obligation Common Reserve"), an amount necessary to cause the balance on deposit in such Parity Obligation Common Reserve, including the amounts available under any common reserve security devices entered into pursuant to the terms of the applicable Parity Revenue Bond Indenture ("Parity Obligation Security Devices") to be equal to the common reserve requirement established under the applicable Parity Revenue Bond Indenture ("Parity Obligation Common Reserve Requirement"), or to reimburse the providers of the Parity Obligation Common Reserve Security Devices for any draws thereon in accordance with the written direction of the providers of the Parity Obligation Common Reserve Security Devices, including interest due on amounts drawn thereunder; provided that to the extent the Department has transferred or is currently transferring amounts necessary to reimburse the providers of the Parity Obligation Common Reserve Security Devices as described above, the amount available under the Parity Obligation Common Reserve Security Devices shall be deemed to be reinstated by the amount of the draws so reimbursed when determining the balance in the Parity Obligation Common Reserve for this purpose and (ii) in each separate reserve fund established under the applicable Parity Revenue Bond Indenture for any Parity

Obligations ("Parity Obligation Separate Reserve Fund"), an amount necessary to cause the balance on deposit therein, including the amounts available under any security devices credited to such Parity Obligation Separate Reserve Fund ("Parity Obligation Separate Reserve Security Devices"), to be equal to the Parity Obligation Separate Reserve Fund requirement for such Parity Obligations ("Parity Obligation Separate Reserve Fund Requirement") or to reimburse the providers of Parity Obligation Separate Reserve Security Devices for any draws thereon in accordance with the written direction of the providers thereof, including interest due on amounts drawn thereunder in accordance with the provisions of the Issuing Documents; provided that to the extent the Department has transferred or is currently transferring amounts necessary to reimburse the providers of Parity Obligation Separate Reserve Security Devices as described above, the amount available under such Parity Obligation Separate Reserve Security Devices shall be deemed to be reinstated by the amount of the draws so reimbursed when determining the balance in such Parity Obligation Separate Reserve Fund for purposes of this provision.

No transfer of moneys for deposit to the reserve funds for Parity Obligations which the Department has elected to make a part of the Parity Obligation Common Reserve need be made if the balance in the Parity Obligation Common Reserve, including the amount available under any Parity Obligations Common Reserve Security Devices, is at least equal to the Parity Obligation Common Reserve Requirement. No transfer of moneys for deposit to any Parity Obligation Separate Reserve Fund need be made if the balance in such Parity Obligation Separate Reserve Fund, including the amount available under any Parity Obligation Separate Reserve Security Devices credited to such Parity Obligation Separate Reserve Fund, is at least equal to the Parity Obligation Separate Reserve Fund Requirement established under the Parity Revenue Bond Indenture for such Parity Obligations.

Thereafter, the Department may apply Revenues for any lawful purpose. See APPENDIX B – "SUMMARY OF CERTAIN LEGAL DOCUMENTS."

Rate Covenant

The Department has covenanted under the Issuing and Paying Agent Agreement and the Credit Agreements that it shall fix rates, tolls and charges, rentals for leases, permits and franchises, and compensations or fees for franchises and licenses, subject to the approval of or submission to the City Council only in those instances and in such manner as may be provided in the Charter, and collect such charges, rentals, compensations and fees, such as to provide revenues, after payment of all Operation and Maintenance costs for each Fiscal Year, which will at least equal one hundred twenty-five percent (125%) of Debt Service and other amounts required to be paid by the Department under the Issuing and Paying Agent Agreement for such Fiscal Year, and during such period the City Council shall, when its approval is required by the Charter, approve rates, tolls, charges, rentals, compensations and fees so fixed by the Department sufficient for the purposes aforesaid.

"Debt Service" means, for any period of calculation, the sum of principal of and interest on the Notes, Parity Obligations and other bonds, notes, certificates and other evidences of indebtedness of the Department and bonds, notes, certificates and other evidences of indebtedness of the City payable or serviced out of the Harbor Revenue Fund (as calculated based on the reasonable assumptions of the Department) on a parity with the Notes during such period.

Covenant as to Additional Debt

Pursuant to the Issuing and Paying Agent Agreement, no additional Parity Obligations will be created or incurred:

(i) unless the Net Revenues (calculated under the Issuing and Paying Agent Agreement as Revenues less Operation and Maintenance costs) for any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of adoption by the Board of the resolution authorizing the issuance or execution of such Parity Obligations, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Financial Consultant on file with

the Department, will have produced a sum equal to at least one hundred twenty-five percent (125%) of the Debt Service due and payable during such twelve calendar month period; and

(ii) the Net Revenues for any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of the execution of such Parity Obligations or the date of adoption by the Board of the resolution authorizing the issuance of such Parity Obligations, including adjustments to give effect as of the first day of such twelve month period to increases or decreases in tolls, charges, rentals, compensations or fees approved and in effect as of the date of calculation, as evidenced by a special report prepared by an Independent Certified Public Accountant or Independent Financial Consultant on file with the Department, shall have produced a sum equal to at least one hundred twenty-five percent (125%) of average Annual Debt Service (as defined in the Issuing and Paying Agent Agreement), including such Parity Obligations being created or incurred, but excluding Parity Obligations to be redeemed or defeased simultaneously with the issuance and with the proceeds of the Parity Obligations being created or incurred;

provided that, as to any such Parity Obligations bearing or comprising interest at other than a fixed rate, the rate of interest on such Parity Obligations shall be equal to the rate per annum of the Bond Buyer Revenue Bond Index most recently published in The Bond Buyer preceding the date of calculation, or if such index is no longer in existence, a comparable index selected by the Department; and

provided further that if any series or issue of such Parity Obligations have twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one year, principal of and interest on such series or issue shall be determined for the Fiscal Year of determination as if the principal of and interest on such series or issue of such Parity Obligations were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of twenty-five (25) years from the date of calculation; and

provided further that, as to any such Parity Obligations or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Parity Obligations or portions thereof, such accreted discount will be treated as interest in the calculation of Debt Service; and

provided further that the amount on deposit in a debt service reserve fund on any date of calculation of principal of and interest on such Parity Obligations shall be deducted from the amount of principal due at the final maturity of the Parity Obligations for which such reserve fund was established and in each preceding year until such amount is exhausted; and

provided further that if the Parity Obligations constitute Paired Obligations, the interest rate on such bonds or contracts shall be the resulting linked rate or the effective fixed interest rate to be paid by the Department with respect to such Paired Obligations.

"Paired Obligation" means any Parity Obligations (or portion thereof) designated as Paired Obligations in the resolution, indenture or other document authorizing the issuance or execution and delivery thereof, which are simultaneously issued or executed and delivered (i) the principal of which is of equal amount maturing and to be redeemed or prepaid (or cancelled after acquisition thereof) on the same dates and in the same amounts, and (ii) the interest rates which, taken together, result in an irrevocably fixed interest rate obligation of the Department for the term of all or any portion of the term of such Parity Obligation.

The issuance of bonds, notes or other evidences of indebtedness, or certificates of participation, for the purpose of refunding at or prior to maturity the principal of bonds, notes or other evidences of indebtedness and paying any premium upon redemption of any thereof so refunded, shall not be limited or restricted by the provisions of the preceding paragraphs if the Debt Service for such bonds, notes or other

evidences of indebtedness in each year shall be lower than the Debt Service on the bonds, notes or other evidences of indebtedness being refunded.

Parity and Subordinate Obligations

The Department has authorized and issued certain Parity Obligations that are payable from Revenues of the Department on a parity with the payment of the Notes. "Parity Obligations" means all bonds and obligations currently outstanding or subsequently issued or incurred by the Department, the security for which includes a pledge or assignment of or a lien on the Revenues on a parity with that of the Notes. The Department's obligations to repay Liquidity Advances under the Credit Agreements are a revenue obligations, are payable as to both principal and interest from and are secured by a pledge of and lien on revenues on a parity with Parity Obligations. The Department had $_____ of Parity Obligations outstanding as of June 30, 2012.

The Department may issue additional Parity Obligations in the future subject to the provisions of the Issuing and Paying Agent Agreement. No senior obligations are currently outstanding. The Issuing and Paying Agent Agreement does not prohibit the Department from issuing subordinate obligations payable out of the Harbor Revenue Fund.

THE CREDIT AGREEMENTS

Mizuho Credit Agreement

[TO COME FROM BANK COUNSEL]

Wells Fargo Credit Agreement

[TO COME FROM BANK COUNSEL]

Substitution of Liquidity Facility

The Department has covenanted in the Issuing and Paying Agent Agreement that for so long as any Note remains outstanding, it will at all times maintain in effect the Credit Agreements or another liquidity facility or combination of liquidity facilities, provided that the combined Principal Components (as defined in the Issuing and Paying Agent Agreement) under the Liquidity Facilities in effect at any one time shall not exceed $250,000,000, and provided further that the provisions described below shall have been met in connection with any liquidity facility substitution. As of the date hereof the Credit Agreements are the only Liquidity Facilities, and under each Credit Agreement the Principal Components are limited to $125,000,000.

The Department may obtain one or more Substitute Liquidity Facilities to replace one or more Liquidity Facilities then in effect under the Issuing and Paying Agent Agreement, or any portion thereof, so long as the combined Principal Components of said Substitute Liquidity Facility or Facilities does not exceed the aggregate principal amount of Notes maturing on the substitution date, plus the aggregate principal amount of Notes authorized but not then Outstanding under the Issuing and Paying Agent Agreement. At no time shall a Substitute Liquidity Facility replace one or more Liquidity Facilities then in effect with respect to Notes that were Outstanding prior to such replacement and that will remain Outstanding following such replacement. Said Substitute Liquidity Facility shall go into effect at least one Business Day prior to the termination of the Liquidity Facility (or portion thereof) it replaces. Each Substitute Liquidity Facility shall have a commitment at least as great as the Principal Component thereunder plus interest thereon at the Maximum Rate for a period of 270 days. The following are further conditions to the Issuing and Paying Agent's ability to accept each Substitute Liquidity Facility:

(i) the Department shall deliver written notice of the proposed substitution to the Issuing and Paying Agent, the Agent, the Banks (or other provider of the Liquidity Facility) and each dealer appointed by the Department from time to time not less than twenty (20) days prior to the substitution date;

(ii) there shall be delivered to the Department and the Issuing and Paying Agent written evidence from each rating agency then maintaining a rating on the Notes at the request of the Department, that the substitution of the Liquidity Facilities then in effect will not, in and of itself, result in any rating then assigned to the Notes being suspended, reduced or withdrawn;

(iii) the Issuing and Paying Agent shall deliver written notice as provided in the Issuing and Paying Agent Agreement to the holders of the Notes at least fifteen days prior to the substitution date;

(iv) an opinion or opinions of counsel to any successor bank or banks shall be delivered to the effect that the Substitute Liquidity Facility is a legal, valid and binding obligation of the issuing bank or banks and is enforceable against the bank or banks in accordance with its terms;

(v) an opinion or opinions of Note Counsel shall be delivered to the effect that the substitution of the Liquidity Facilities is authorized under the Issuing and Paying Agent Agreement and will not, in and of itself, adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series A Notes, the Series B Notes and the Series C Notes; and

(vi) each provider of a Substitute Liquidity Facility shall be rated "A" or better by each rating agency then maintaining a rating on the Notes.

THE BANKS

The statements and information in this section and incorporated by reference have been furnished by the Banks expressly for inclusion in this Offering Memorandum. The Department cannot and does not make any representation as to the accuracy or completeness of such information, or as to the information incorporated herein by reference, or the absence of material adverse changes in such information as of the date hereof or as of any subsequent date and assumes no responsibility therefor. The Department urges prospective investors in the Notes to review the most recent information regarding the business operations and financial condition of the Banks as provided below.

Mizuho

[TO COME]

Wells Fargo

[TO COME]

THE PORT AND THE DEPARTMENT

The Port is located in San Pedro Bay approximately 20 miles south of downtown Los Angeles. The Department operates the Port independently from the City, using its own revenues, and administers and controls its fiscal activities, subject to oversight by the City Council. Under the City Charter, the Department is a proprietary or independent department of the City similar to the Department of Water and Power and Department of Airports.

The Port's facilities lie within the shelter of a nine-mile long breakwater constructed by the Federal government in several stages, the first of which commenced in 1899. The breakwater encloses the largest manmade harbor in the Western Hemisphere. The Port encompasses approximately 7,500 acres of land and water which are currently being increased through dredging, landfill and reconfiguration. With its neighbor, the Port of Long Beach, the San Pedro Bay Ports comprise the fifth largest port complex in the world.

The Port is held in trust by the City for the people of the State pursuant to a series of tideland grants. These tidelands were granted to the City under the State Tidelands Trust Act by the California

State Legislature in 1911 for the purpose of promoting commerce, navigation and fishery. California Assembly Bill 2769 expanded the permitted uses of tidelands to include maritime commerce, fishing, navigation and recreation and environmental activities that are water-oriented and are intended to be of statewide benefit. Certain additional requirements and restrictions are imposed by the tidelands grants, including limitations on the sale and long-term leasing of tidelands and limitations on the use of funds generated from the tidelands and tidelands trust assets. Under the tidelands trusts, funds from the tidelands may be transferred to the City's General Fund only for tidelands trust purposes and may not be transferred to the City General Fund for general municipal purposes. All amounts in the Harbor Revenue Fund are subject to the tidelands trust use restrictions. The Department does not expect that restrictions on the use of tidelands or with respect to tidelands funds will materially adversely affect the operations or finances of the Department.

The Department is governed by a five-member Board. Commissioners are appointed to staggered five-year terms by the Mayor, subject to confirmation by the City Council. The Board makes policy for the Department, controls all Department funds, adopts the budget and sets rates in connection with permit agreements for the Department's land facilities and services, subject, in some instances, to City Council review. The management and operations of the Department are under the direction of the Executive Director. Four Deputy Directors oversee and manage the following divisions: Development, Finance and Administration, Operations and Business Development

The Department has three major sources of revenue: shipping revenue, a function of cargo throughput; revenue from permit agreements (agreements similar to leases) from flat permit agreements that are not dependent on cargo movement; and the smallest component, fee and royalty revenue. The Department's primary expenses include salaries and benefits, outside and professional services and payments for services rendered by the City to the Department. In recent years, the Department's operating expenses have increased due to increased expenditures for Port security and environmental initiatives.

The Department operates the Port as a landlord, issuing permits to Port occupants for the use of Port land, docks, wharves, transit sheds, terminals and other facilities. The Department is also landlord to various shipyards, fish markets, boat repair yards, railroads, restaurants and other similar operations. These arrangements are entered into under various permit agreements, which are similar in form to lease agreements. Under the permit agreements, the occupants agree to pay to the Department tariffs or fees established by the Department. Permittees are generally shipping or terminal companies, agents and other private firms. The Department has no direct role in managing the daily movement of cargo. The Department also recovers its costs of providing services and improvements through tariff charges for shipping services. It currently provides facilities for over 80 shipping companies and agents which include 27 terminals and 43 miles of waterfront berthing. The inbound cargo handled at the Port and the nearby Port of Long Beach, which is adjacent to and east of the Port, is distributed throughout the Southern California region and the rest of the nation. For the purpose of establishing a comprehensive transportation corridor which facilitates a continuous movement of intermodal cargo, the San Pedro Bay Ports cooperatively established the Alameda Corridor Transportation Authority ("ACTA"), an independent joint powers authority under California law. The Port of Long Beach is a financially separate entity governed by its own Board of Harbor Commissioners and is part of the City of Long Beach.

The Port is the busiest container port in the nation with [7,935,000] TEUs handled during the Fiscal Year 2010-11. The Port also leads the nation in number of revenue tons handled, value of cargo shipped, revenue and net income. The Port's major trading partners are the "Pacific Rim" countries, including China, Japan, Taiwan, Thailand, South Korea, Vietnam, Hong Kong, Indonesia and the Philippines. China alone was the destination for approximately [34.5%] of the Department's Fiscal Year 2010-11 exports, and approximately [58.17%] of the Department's Fiscal Year 2010-11 imports.

With East Asia being the primary trade origin and destination of the ships of the terminal operators at the Port, these growing economies have historically provided the Department with a level of

steady growth in its shipping revenues. Even so, the Department has included minimum guarantee provisions in all major permit agreements and seeks the extra security of letter of credit collateralization from certain occupants. Permit agreement income is derived from over 337 separate permit agreements, and provides further stabilization of the Department's revenue stream.

The revenues of the Department depend to a large extent on shipping activity. The shipping industry as a whole and the level of shipping traffic activity at the Port specifically are dependent upon a variety of factors, including: (i) local, regional, national and international economic and trade conditions, (ii) international political conditions and hostilities, (iii) cargo security concerns, (iv) shipping industry economics, including the cost and availability of labor, fuel, vessels, containers and insurance, (v) competition among shipping companies and ports, including with respect to timing, routes and pricing, (vi) governmental regulation, including security regulations and taxes imposed on ships and cargo, as well as maintenance and environmental requirements and (vii) demand for shipments.

INFORMATION INCORPORATED BY REFERENCE

Pursuant to Rule 15c2-12 ("Rule 15c2-12") promulgated by the SEC, the Department has entered into undertakings, for the benefit of the holders of certain series of the Department's revenues bonds, to provide specified disclosure information from time to time. This disclosure information consists of: (i) a report (an "Annual Report") containing specified updated disclosure information to be filed not later than 181 days after the end of the Department's fiscal year (which currently ends June 30) with the Municipal Securities Rulemaking Board (the "MSRB"), through its Electronic Municipal Market Access system ("EMMA"); and (ii) a notice of each occurrence of certain enumerated events, to be filed with EMMA.

The Department hereby incorporates by specific reference into this Offering Memorandum the following information:

1. The last Annual Report filed by the Department, which is made available through EMMA at the following Internet address: http://emma.msrb.org/ER547596-ER424174-ER826311.pdf;

2. The Department's Comprehensive Annual Financial Report for Fiscal Year 2011, which includes the Department's audited basic financial statements as of and for the fiscal year ended June 30, 2011, and which is made available through EMMA at the following Internet address: http://emma.msrb.org/EP599585-EP469179-EP869379.pdfhttp://emma.msrb.org/EP599585-EP469179-EP869379.pdf; and

3. The following sections from the Official Statement with respect the Department's Revenue Refunding Bonds, 2011 Series A (AMT) and 2011 Series B (Non-AMT):

   - "THE PORT AND THE DEPARTMENT"
   - "FINANCIAL INFORMATION CONCERNING THE DEPARTMENT"
   - "CERTAIN INVESTMENT CONSIDERATIONS"
   - "APPENDIX B — CERTAIN INFORMATION REGARDING THE CITY OF LOS ANGELES"

The Department also hereby incorporates by specific reference into this Offering Memorandum any future Annual Report or Comprehensive Annual Financial Report, or similar sections of any future Official Statement, in each case made available through EMMA.

The Department also maintains a website on which it posts various financial and operating information about the Port and the Department. Investors can access this website at the following Internet address: http://www.portoflosangeles.org/idx_finance.asp

THE DEALERS

The Department has entered into dealer agreements (the "Dealer Agreements" and each, a "Dealer Agreement") with each of the following dealers for the Notes: Loop Capital Markets LLC ("Loop Capital Markets") and Morgan Stanley & Co. Incorporated ("Morgan" and together with Loop Capital Markets, the "Dealers" and each a "Dealer").

The Department may terminate each Dealer Agreement upon thirty days' notice to the applicable dealer. Each of Loop Capital Markets and Morgan, as the case may be, may terminate their respective Dealer Agreements upon one hundred twenty (120) days notice to the Department.

In the event that a Dealer delivers a notice of termination under its Dealer Agreement, the Department is required under the Dealer Agreements to use its reasonable efforts to provide for a commercial paper dealer (other than the other commercial paper dealers then serving as dealers for the Notes) which is reasonably satisfactory to the Banks to assume the obligations of such Dealer under such Dealer Agreement.

Morgan Stanley, parent company of Morgan, a Dealer of the Notes, has entered into a retail brokerage joint venture with Citigroup Inc. As part of the joint venture, Morgan will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Morgan will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Notes.

[Update] On July 23, 2008, the City filed a complaint which named a number of defendants, including Morgan. The Department is not a party to such litigation. The complaint alleges that the defendants manipulated the municipal derivatives market by various means to decrease the returns the City earned on guaranteed investment contracts and municipal derivative instruments. Neither the Department nor Morgan can predict the outcome of these lawsuits.

NO CONTINUING DISCLOSURE

The offering and sale of the Notes is exempt from the rules of the SEC relating to the continuing disclosure of annual financial and operating information and certain material events, and the Department does not intend to enter into any undertaking to provide updated disclosure information to holders of the Notes.

Pursuant to continuing disclosure undertakings of the Department in connection with certain of its outstanding revenue bonds, the Department is obligated to provide certain financial information, operating data relating to the Department and the Port, including audited financial statements and notice of certain enumerated events, if material, as provided by the Rule 15c2-12, by not later than 181 days following the end of each Fiscal Year (presently June 30) of the Department. Since July 1, 2009 such filings have been made with the Municipal Securities Rulemaking Board through EMMA, available at www.emma.msrb.org. Except for information included by specific reference, nothing contained on that website is incorporated in this Offering Memorandum.

RATINGS

The following table sets forth (i) the ratings assigned to the Banks, (ii) the ratings assigned to the Mizuho Supported Notes based on the issuance of the Mizuho Credit Agreement, (ii) the ratings assigned to the Wells Fargo Supported Notes based on the issuance of the Wells Fargo Credit Agreement and (iii) the underlying/unenhanced ratings assigned to the Department's outstanding parity indebtedness by Moody's Investors Service ("Moody's), Standard & Poor's Ratings Services, a Standard and Poor's Financial Services LLC business ("S&P"), and Fitch Ratings ("Fitch").

	Moody's	S&P	Fitch
Mizuho Supported Notes			
Wells Fargo Supported Notes			
Parity Bonds			

Such ratings reflect only the views of such organizations and an explanation of the significance of such ratings may be obtained only from the respective rating agencies. In connection with the reoffering of the Notes, the Commission furnished to such rating agencies certain information regarding the Notes and the Department. In addition, the Banks furnished certain information to such rating agencies regarding the Banks and the Credit Agreements. 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 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, if in the judgment of such rating agencies, circumstances so warrant. Any such change in or withdrawal of such ratings could have an adverse effect on the market price of the Notes. The Department undertakes no responsibility to oppose any such change or withdrawal. The above ratings are not recommendations to buy, sell or hold the Notes.

FORWARD-LOOKING STATEMENTS

The statements contained in this Offering Memorandum and in the Appendices hereto, and in any other information provided by the Department, that are not purely historical, are forward-looking statements, including statements regarding the Department's expectations, hopes, intentions or strategies regarding the future. Prospective investors should not place undue reliance on forward-looking statements. All forward-looking statements included in this Offering Memorandum are based on the expectations, hopes, intentions or strategies considered and assumed by the Department as of the date hereof, and the Department assumes no obligation to update any such forward-looking statements. It is important to note that the Department's actual results could differ materially from those in such forward-looking statements.

TAX MATTERS

Series A Notes

In the opinion of Note Counsel, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Series A Notes, when issued in accordance with a Tax and Nonarbitrage Certificate and the Issuing and Paying Agent Agreement, will be excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), except that no opinion is expressed as to the federal tax status of interest on any Series A Note for any period that such Series A Note is held by a "substantial user" of the facilities financed or refinanced by the Series A Notes or by a "related person" to such a substantial user within the meaning of Section 147(a) of the Code. Note Counsel observes that interest on the Series A Notes will be a specific preference item for purposes of the federal individual and corporate alternative minimum taxes. Note Counsel is further of the opinion that interest on the Series A Notes is exempt from personal income taxes of the State of California under present state law.

Series B Notes

In the opinion of Note Counsel, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Series B Notes, when issued in accordance with a Tax and Nonarbitrage Certificate and the Issuing and Paying Agent Agreement, will be excluded from gross income for federal income tax purposes under Section 103 of the Code, except that no opinion is expressed as to the federal tax status of interest on any Series B Note for any period that such Series B Note is held by a "substantial user" of the facilities

financed or refinanced by the Series B Notes or by a "related person" to such a substantial user within the meaning of Section 147(a) of the Code. Pursuant to provisions of the American Recovery and Reinvestment Act of 2009 ("ARRA"), interest on tax-exempt obligations that would be treated as a specific preference item for purposes of the federal alternative minimum tax provisions will not be subject to such treatment if initially issued after December 31, 2008 and before January 1, 2011 and either finance new projects costs or refund obligations originally issued after December 31, 2003. Any notes that qualify for such provisions of the ARRA will be issued as Series B Notes. Thus, Note Counsel observes that interest on the Series B Notes will not be a specific preference item for purposes of the federal individual and corporate alternative minimum taxes but is included in the adjusted current earnings when calculating corporate alternative minimum taxable income. Note Counsel is further of the opinion that interest on the Series B Notes is exempt from personal income taxes of the State of California under present state law.

Series C Notes

In the opinion of Note Counsel, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Series C Notes, when issued in accordance with a Tax and Nonarbitrage Certificate and the Issuing and Paying Agent Agreement, will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Note Counsel observes that interest on the Series C Notes will not be a specific preference item for purposes of the federal individual and corporate alternative minimum taxes but is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Note Counsel is further of the opinion that interest on the Series C Notes is exempt from personal income taxes of the State of California under present state law.

Original Issue Discount

Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the "IRS") is studying whether the amount of the payment at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes is (i) the stated interest payable at maturity or (ii) the difference between the issue price of the short-term debt obligations and the aggregate amount to be paid at maturity of the short-term debt obligations (the "original issue discount"). For this purpose, the issue price of the short-term debt obligations is the first price at which a substantial amount of the short-term debt obligations is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of Dealers, placement agents or wholesalers). Until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, taxpayers may treat either the stated interest payable at maturity or the original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayer must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of the Tax-Exempt Notes if the taxpayer elects original issue discount treatment.

Original Issue Premium

Tax-Exempt Notes purchased, whether at original issuance or otherwise, of an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Notes") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of notes, like the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Holder's basis in a Premium Note, will be reduced by the amount of amortizable bond premium properly allocable to such Holder. Holders of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Limitations Applicable to the Tax-Exempt Notes

In rendering the opinions regarding the federal income tax treatment of interest on the Tax-Exempt Notes above, Note Counsel will rely upon representations and covenants in the Issuing and Paying Agent Agreement and Tax and Nonarbitrage Certificate concerning the use of the property financed or refinanced with Tax-Exempt Note proceeds, the investment and use of Tax-Exempt Note proceeds and the rebate to the federal government of certain earnings thereon and representations and covenants to be contained in a Tax and Nonarbitrage Certificate executed and delivered by the Department in connection with each new issuance of Tax-Exempt Notes. In addition, Note Counsel has assumed that all such representations are true and correct and that the Department will comply with such covenants. Note Counsel has expressed no opinion with respect to the exclusion of the interest on the Tax-Exempt Notes from gross income under Section 103(a) of the Code in the event that any of such representations are untrue or the Department fails to comply with such covenants, unless such failure to comply is based on the advice or the opinion of Note Counsel. Note Counsel has expressed no opinion regarding the effect, if any, of legislation enacted or a court decision issued after the date of the issuance of the Tax-Exempt Notes on the exclusion of interest on the Tax-Exempt Notes from gross income for federal income tax purposes or on the exemption of such interest from California personal income taxation. In addition, no assurance can be given that any such legislation or court decision could not directly or indirectly reduce the benefit of the receipt of interest which is otherwise excluded from gross income for federal income tax purposes and exempt from California personal income taxation.

Note Counsel has expressed no opinion regarding the impact of ownership of, receipt of interest on, or disposition of the Tax-Exempt Notes other than as expressly described above. Prospective purchasers of the Tax-Exempt Notes should be aware that ownership of, receipt of interest on, or disposition of the Tax-Exempt Notes may be affected by additional federal income tax provisions. Prospective purchasers are advised to consult with their tax advisors regarding the impact of any additional federal income tax provisions on the ownership of, receipt of interest on, or disposition of the Tax-Exempt Notes.

The opinion of Note Counsel described herein shall be deemed in effect on each Business Day during which a Tax-Exempt Note is outstanding to the extent that (i) there is no change in applicable existing state or federal law, (ii) the Issuing and Paying Agent Agreement, in the form in effect on the date of such opinion, remains in full force and effect and has not been materially amended or supplemented, (iii) the representations and covenants of the parties contained in the Issuing and Paying Agent Agreement, the Dealer Agreements, a Tax and Nonarbitrage Certificate and other documents pertaining to the Tax-Exempt Notes, and certain certificates dated the date of an opinion of Note Counsel and delivered by authorized officers of the Department remain true and accurate and are complied with in all material respects, and (iv) no litigation affecting the issuance or validity of the Tax-Exempt Notes is pending at the time of delivery of any such Tax-Exempt Notes. Note Counsel undertakes no obligation to determine, at any time, whether the conditions described in (i) through (iv) of the preceding sentence have been met.

Ownership of, or the receipt of interest on, tax-exempt obligations may result in collateral income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit. Note Counsel expresses no opinion as to any collateral tax consequences and, accordingly, prospective purchasers of the Tax-Exempt Notes should consult their tax advisors as to the applicability of any such collateral consequences.

Interest paid on tax-exempt obligations is subject to information reporting in a manner similar to interest paid on taxable obligations. While this reporting requirement does not, by itself, affect the excludability of interest from gross income for federal income tax purposes, the reporting requirement causes the payment of interest on the Tax-Exempt Notes to be subject to backup withholding if such interest is paid to beneficial owners that (a) are not "exempt recipients," and (b) either fail to provide certain identifying information (such as the beneficial owner's taxpayer identification number) in the required manner or have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner are allowed as a refund or credit against such beneficial owner's federal income tax liability so long as the required information is furnished to the IRS.

Taxable Notes

Interest on the Taxable Notes is fully taxable for federal income tax purposes. Except as stated in the preceding sentence, Note Counsel will not render an opinion with regard to federal income tax consequences with respect to the Taxable Notes. Each owner of the Taxable Notes should seek advice based on such owner's particular circumstances from an independent tax advisor. Note Counsel is of the opinion that interest on the Taxable Notes is exempt from personal income taxes of the State of California under present state law.

CERTAIN LEGAL MATTERS

The legal opinions delivered on the date hereof by Nixon Peabody LLP, Note Counsel and Disclosure Counsel, with respect to the issuance of the Notes, are set forth in APPENDIX A hereto. See also "TAX MATTERS." Certain legal matters in connection with the Notes will be passed upon for the Department by the City Attorney and for the Bank by Chapman & Cutler LLP, Chicago, Illinois.

LITIGATION REGARDING THE NOTES

[Update / Confirm] There is no action, suit or proceeding known to be presently pending or threatened against the Department seeking to restrain or enjoin the execution, issuance or delivery of the Notes or any of the documents related thereto or in any way contesting or affecting the validity of the actions of the Department taken with respect to the issuance or delivery thereof.

FINANCIAL ADVISOR

Frasca & Associates, L.L.C. (the "Financial Advisor") has assisted the Department with various matters relating to the planning, structuring and delivery of the Notes. The Financial Advisor has not been engaged, nor has it undertaken, to make an independent verification or assume responsibility for the accuracy, completeness or fairness of the information contained in this Offering Memorandum. The Financial Advisor is an independent financial advisory firm and is not engaged in the business of underwriting or distributing municipal securities or other public securities.

MISCELLANEOUS

The covenants and agreements of the Department for the benefit of the Owners of the Notes are set forth in the Issuing and Paying Agent Agreement and reference is made to the Issuing and Paying Agent Agreement for a statement of the rights of the Owners of the Notes and the covenants and obligations of the Department. All references to the Notes are qualified in their entirety to the definitive form thereof and the information with respect thereto included in the Issuing and Paying Agent Agreement.

Neither this Offering Memorandum, nor any statements which may have been made orally or in writing, are to be construed as a contract with the Owners of any of the Notes.

The Board of Harbor Commissioners has authorized the execution and delivery of this Offering Memorandum by its Executive Director.

Geraldine Knatz, Executive Director
Harbor Department
of the City of Los Angeles

APPENDIX A-1

FORM OF OPINION OF NIXON PEABODY LLP

REGARDING SERIES A NOTES

[TO BE PROVIDED BY NOTE COUNSEL]

APPENDIX A-2

FORM OF OPINION OF NIXON PEABODY LLP

REGARDING SERIES B NOTES

[TO BE PROVIDED BY NOTE COUNSEL]

APPENDIX A-3

FORM OF OPINION OF NIXON PEABODY LLP

REGARDING SERIES C NOTES

[TO BE PROVIDED BY NOTE COUNSEL]

APPENDIX A-4

FORM OF OPINION OF NIXON PEABODY LLP

REGARDING SERIES D NOTES

[TO BE PROVIDED BY NOTE COUNSEL]

APPENDIX B

SUMMARY OF CERTAIN LEGAL DOCUMENTS

[TO BE PROVIDED BY NOTE COUNSEL]

APPENDIX C

DTC BOOK-ENTRY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Department believes to be reliable, but the Department assumes no responsibility for its accuracy.

The DTC, New York, New York, will act as securities depository for the Notes. The Notes 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 note certificate will be issued for each issue of the Notes, each in the aggregate principal amount of such issue, 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; however, nothing contained in such website is incorporated into this Offering Memorandum.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("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 Notes 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes 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 Notes 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 Notes: DTC records reflect only the identity of the Direct Participants to whose accounts such Notes 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 Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the related documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes 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 registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer 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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes 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 Department or the Issuing and Paying Agent, on 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 securities 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 Issuing and Paying Agent or the Department, subject to any statutory, or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Department or the Issuing and Paying Agent, 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 Notes at any time by giving reasonable notice to the Department or the Issuing and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

The Department may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered to DTC.

THE DEPARTMENT AND THE ISSUING AND PAYING AGENT SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, ANY BENEFICIAL OWNER OR ANY OTHER PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN THE NOTES UNDER OR THROUGH DTC OR ANY DTC PARTICIPANT, OR ANY OTHER PERSON WHICH IS NOT SHOWN ON THE REGISTRATION BOOKS OF THE ISSUING AND PAYING AGENT AS BEING AN OWNER, WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT, THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OF OR INTEREST ON THE NOTES; ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNERS; ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS AN OWNER; OR ANY OTHER PROCEDURES OR OBLIGATIONS OF DTC UNDER THE BOOK-ENTRY SYSTEM.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE NOTES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE HOLDERS OR OWNERS OR REGISTERED HOLDERS OR REGISTERED OWNERS OF THE NOTES SHALL MEAN CEDE & CO., AS AFORESAID, AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE NOTES.