

2010 Financial Performance

Port of Seattle

March 1, 2011

Background

Zero Based Budgeting for 2010 Budget:

- Reduced and eliminated some programs and functions
- Implemented Voluntary Separation Program (VSP)
- Introduced premium sharing for Port sponsored medical plan
- Eliminated 110 positions (6.2% of the total workforce)
- 2010 budget was very lean.

Operating Income Summary

\$ in 000's	2009	2010	2010	2010 Act vs. Bud	
	Actual	Actual	Budget	Var \$	Var %
Aeronautical Revenues	182,534	198,329	210,367	(12,038)	-5.7%
Other Operating Revenues	266,901	272,161	266,416	5,745	2.2%
Total Operating Revenues	449,435	470,490	476,784	(6,293)	-1.3%
Total Operating Expenses	245,767	253,195	262,696	9,501	3.6%
Income before Depreciation	203,668	217,295	214,088	3,208	1.5%
Depreciation	157,068	160,775	158,575	(2,199)	-1.4%
Income after Depreciation	46,600	56,521	55,512	1,008	1.8%

2010 Major Revenue Variances

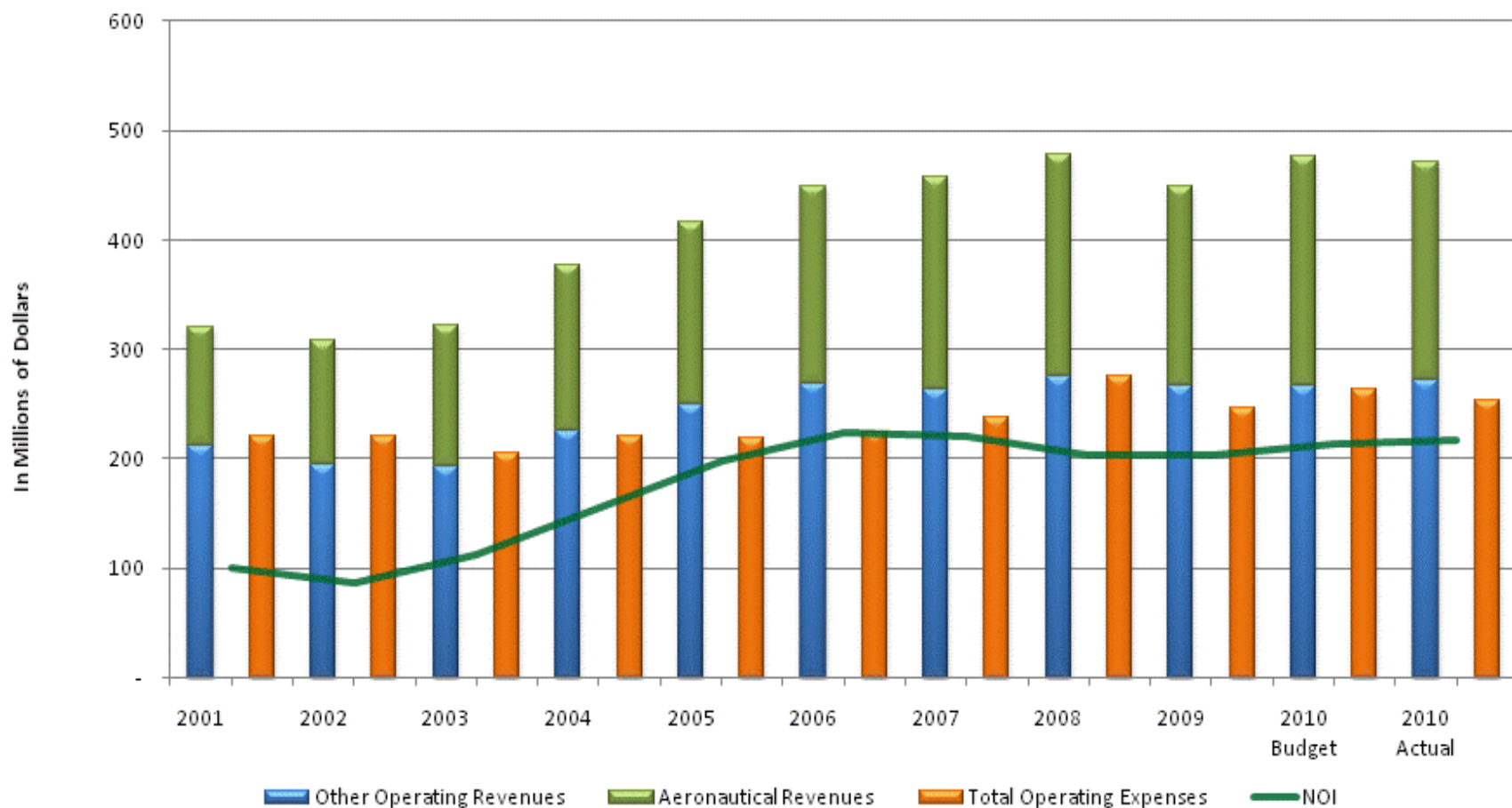
Major Revenues (\$ in 000's)	Bud Var.
Aeronautical Revenues	(12,038)
Public Parking	(2,396)
Rental Cars	(705)
Concessions	3,177
Container	4,838
Cruise	1,359
Grain	502
Dock & Industrial Properties	1,183
Seaport Security Grants	(744)
Seaport Environmental Grants	(1,600)
Commercial Properties	(405)
Real Estate Third Party Mgmt	358
Other	178
Total Non-Aero Revenues	5,745
TOTAL	<u>(6,293)</u>

2010 Major Expense Variances

Operating Expenses (<i>\$ in 000's</i>)	Actual/Budget	
	Var. \$	Var. %
Salaries & Benefits	6,399	7.3%
Wages & Benefits	(860)	-1.1%
Payroll to Capital Projects	6,566	29.0%
Equipment Expense	(1,230)	-23.6%
Supplies & Stock	(915)	-15.8%
Outside Services	5,686	12.1%
Utilities	927	4.6%
Travel & Other Employee Exps	806	18.9%
Promotional Expenses	389	25.8%
Other	(485)	3.6%
Charges to Capital Projects	<u>(7,782)</u>	<u>21.5%</u>
Total	<u>9,501</u>	<u>3.6%</u>

Net Operating Income Comparison

Operating Revenues, Operating Expenses and NOI



Comprehensive Summary

(\$ in 000s)	2009	2010	2010	Actual/Budget	
<u>Revenues</u>	Actual	Actual	Budget	Var. \$	Var. %
Aeronautical Revenues	182,534	198,329	210,367	(12,038)	-5.7%
Other Operating Revenues	266,901	272,161	266,416	5,745	2.2%
Tax Levy	75,587	73,125	73,500	(375)	-0.5%
PFCs	59,689	59,744	58,535	1,209	2.1%
CFCs	21,866	23,243	22,475	768	3.4%
Non-Capital Contributions	7,153	12,087	2,209	9,878	447.2%
Capital Contributions	76,781	30,518	50,152	(19,634)	-39.1%
Interest Income	17,251	13,096	24,489	(11,393)	-46.5%
Total	707,763	682,304	708,143	(25,839)	-3.6%
<u>Expenses</u>					
O&M Expense	245,767	253,195	262,696	9,501	3.6%
Depreciation	157,068	160,775	158,575	(2,200)	-1.4%
Revenue Bond Interest Expense	121,148	135,277	150,070	14,793	9.9%
GO Bond Interest Expense	15,785	17,463	14,432	(3,031)	-21.0%
PFC Bond Interest Expense	10,956	10,187	10,497	310	3.0%
Non-Op Environmental Expense	14,676	22,828	20,000	(2,828)	-14.1%
Public Expense	20,370	25,085	39,464	14,379	36.4%
Misc. Non-Op Rev/Expense	10,004	8,988	2,217	(6,771)	-305.3%
Total	595,773	633,798	657,951	24,153	3.7%
Change In Net Assets	111,989	48,506	50,192	(1,686)	-3.4%

Capital Spending by Division

Division	2009 Actual	2010 Actual	2010 Budget	Budget Variance	Plan of Finance
(\$ in millions)					
Aviation	191.5	183.6	247.6	64.0	275.8
Seaport	44.7	11.2	30.9	19.7	30.6
Real Estate	74.0	4.0	11.8	7.8	12.1
Corporate	7.7	3.8	16.7	12.8	10.5
Total	317.9	202.6	306.9	104.3	329.1

The background of the slide is a dark blue-tinted photograph of a port terminal. It shows large gantry cranes, a ship's hull, and silhouettes of people walking on a pier. A grid pattern is overlaid on the right side of the image.

2010 Performance Report

Aviation Division

Aviation Business Highlights

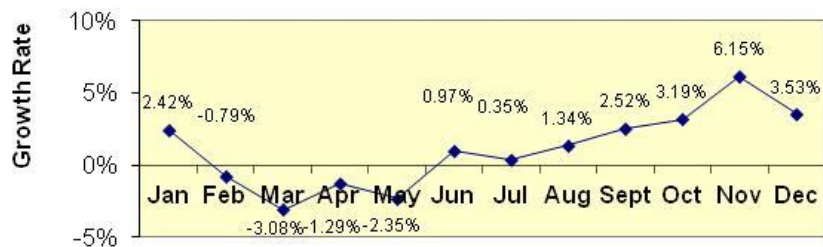
- Airline activity:
 - Enplanements up 1.06% from 2009, with positive YOY enplanements since June
- Operating budget:
 - Total O&M expenses are 2.2% below budget due to savings of benefits and Corporate allocations
- Non-airline NOI:
 - \$2.6 million over budget; primarily due to cost savings
 - Revenues favorable \$290K – strong Concessions offset negative variances in public parking and rental cars
- Airline cost per enplanement (CPE) of 11.63 vs. budget of \$12.69
- Capital spending at 74.2% of 2010 annual budget

Strategic Initiatives

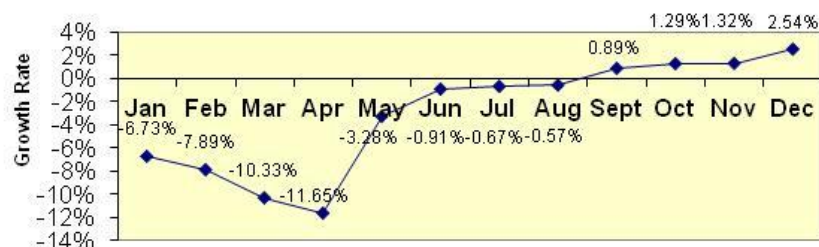
- Customer Service:
 - New service to Osaka started in June
 - Initiated terminal realignment with airline agreement
- Non-Aeronautical Business:
 - New concession agreements with taxis and limousine service
- Environmental Leadership:
 - Completed design and initiated construction on PC Air project
 - Secured grants for electric ground service equipment project
- Supportive Community:
 - Executed voluntary runway use plan with FAA
- Employee Development:
 - Completed internal internship program with eight interns
- Asset Management – South Satellite as prototype

Activity

Enplanements vs. Prior Year



Landed Weight vs. Prior Year



<i>Figures in 000s</i>	2009	2010	%	2009	2010	%
	Q4	Q4	Variance	Actual	Actual	Variance
Enplanements	3,686	3,842	4.2%	15,610	15,773	1.0%
Landed Weight	4,792	4,874	1.7%	20,388	19,786	-3.0%

- Enplanements growth of 1.0% over 2009 actual, up from forecast of 0.5%.
- Landed weight in 2009 (March & April) included 267 wide-body cargo diversions from Anchorage due to volcanic activity.
- Q4 landed weight showed positive growth – airlines adding capacity

Division Summary

\$ in 000's	2008 Actual	2009 Actual	2010 Actual	2010 Budget	Actual/Budget	
					Var \$	Var %
Operating Revenues						
Aeronautical	204,361	182,534	198,329	210,367	(12,038)	-5.7%
Non-Aeronautical	150,528	137,348	135,418	135,128	290	0.2%
Other	3,440	8,359	8,426	8,803	(377)	-4.3%
Operating Revenues	358,329	328,241	342,173	354,299	(12,126)	-3.4%
Operating Expenses	192,641	175,482	177,871	182,075	4,203	2.3%
Environmental Remediation Liability	2,542	1,991	3,271	2,971	(300)	-10.1%
VSP, HR10 & Unemployment	-	1,196	-	-	-	n/a
OPEB Reversal	-	(4,016)	-	-	-	n/a
Total Operating Expenses	195,183	174,654	181,142	185,045	3,903	2.1%
Net Operating Income	163,146	153,587	161,031	169,254	(8,223)	-4.9%
Capital Expenditures	209,813	191,479	183,578	247,567	63,989	25.8%
Traffic						
Enplanements	16,085	15,610	15,773	15,361	412	2.7%
Landed Weight	21,516	20,388	19,786	20,364	(578)	-2.8%
Key Measures						
Non-Aero NOI (\$ in 000s)	86,474	81,159	78,203	75,688	2,515	3.3%
Passenger Airline CPE	11.89	10.92	11.63	12.69	1.06	8.3%
Total Operating Cost / Enpl	12.13	11.19	11.48	12.05	0.56	4.7%
Debt Service Coverage	1.40	1.41	1.39	1.35	0.04	2.6%

- Exceeded budget for all key performance measures

Operating Expense

\$ in 000's	2008	2009	2010	2010	Actual/Budget	
	Actual	Actual	Actual	Budget	Var \$	Var %
Total Operating Revenues	358,329	328,241	342,173	354,299	(12,126)	-3.4%
Operating Expenses						
Salaries & Benefits	89,458	80,804	76,036	78,103	2,067	2.6%
Outside Services	31,928	21,509	22,519	24,848	2,329	9.4%
Utilities	12,636	13,209	11,381	12,762	1,381	10.8%
VSP, HR10 & Unemployment Savings	-	1,196	-	-	-	n/a
OPEB Reversal	-	(4,016)	-	-	-	n/a
Environmental Remediation Liability	2,542	1,991	3,271	2,971	(300)	-10.1%
Other Expenses	6,135	8,183	13,275	9,063	(4,212)	-46.5%
Baseline Airport Expenses	142,699	122,877	126,481	127,745	1,264	1.0%
Corporate Expenses	34,940	31,181	32,558	34,776	2,217	6.4%
Police Expenses	15,287	14,461	14,317	15,170	853	5.6%
Capital Development/Other Expenses	2,257	6,135	7,785	7,354	(431)	-5.9%
Total Operating Expenses	195,183	174,654	181,142	185,045	3,903	2.1%
Net Operating Income	163,146	153,587	161,031	169,254	(8,223)	-4.9%

- Operating expense is \$3.9 million favorable.
 - Savings are from payroll benefits \$2.0M, utilities commodities \$1.4M, International Lounge expenses \$390K, deferral of South Access Study \$450K, FTE vacancies \$218K and Corporate and Police allocations \$3.0M.
 - Budget deficits are from back-up power generators not budgeted for Fall season \$1.6M, litigated injury and damages claims \$1M, janitorial contract cost of living increase \$255K, unemployment benefits \$400K, and B&O taxes \$530K.

Aeronautical Business

\$ in 000's	2008	2009	2010	2010	Actual/Budget	
	Actual	Actual	Actual	Budget	Var \$	Var %
Revenues requirement:						
Capital Costs	81,535	72,013	82,083	92,610	10,527	11.4%
Operating Costs net Non-Aero	131,024	118,456	122,985	125,605	2,620	2.1%
Total Costs	212,559	190,469	205,067	218,215	13,147	6.0%
FIS Offset	(5,250)	(5,250)	(7,000)	(7,000)	-	0.0%
Other Offsets	(15,686)	(16,441)	(14,825)	(15,062)	(237)	-1.6%
Net Revenue Requirement	191,623	168,778	183,243	196,153	12,911	6.6%
Other Aero Revenues	12,738	13,757	15,087	14,215	(871)	-6.1%
Total Aero Revenues	204,361	182,534	198,329	210,369	12,039	5.7%
Less: Non-passenger Airline Costs	13,039	12,074	14,885	15,485	(599)	-3.9%
Net Passenger Airline Costs	191,323	170,460	183,444	194,884	12,639	6.5%

- Airline revenues based on cost recovery.
 - Landing Fee revenues were less than budget due to savings from not utilizing commercial paper financing \$2M, operating costs \$900K, and ramp tower \$1M.
 - Terminal Rental revenues lower than budget due to savings from lower interest rate of variable rate bonds.
- Operating costs lower due to cost savings from payroll benefits and Corporate allocations.

Aeronautical Key Indicators

	2008	2009	2010	2010	Actual/Budget	
	Actual	Actual	Actual	Budget	Var \$	Var %
Cost Per Enplanement:						
Capital Costs / Enpl	5.22	4.61	5.20	6.03	0.83	13.7%
Operating Costs / Enpl	8.39	7.59	7.80	8.18	0.38	4.6%
Offsets	(1.30)	(1.39)	(1.38)	(1.44)	(0.05)	3.7%
Other Aero Revenues	0.79	0.88	0.96	0.93	(0.03)	-3.4%
Non-passenger Airline Costs	<u>(0.84)</u>	<u>(0.77)</u>	<u>(0.94)</u>	<u>(1.01)</u>	<u>(0.06)</u>	<u>6.4%</u>
Passenger Airline CPE	11.89	10.92	11.63	12.69	1.06	8.3%

- Actual passenger airline cost per enplanement (CPE) came in at \$11.66, forecasted at \$11.99.
- If enplanements equal to budget, CPE would be \$11.98.

Non Aeronautical Business

	\$ in 000's	2008	2009	2010	2010	Actual/Budget	
		Actual	Actual	Actual	Budget	Var \$	Var %
Revenues:							
Public Parking		59,111	49,688	49,416	51,812	(2,396)	-4.6%
Rental Cars		35,592	33,321	30,309	31,014	(705)	-2.3%
Concessions		33,181	33,482	33,765	29,953	3,812	12.7%
Other		22,644	20,858	21,929	22,350	(421)	-1.9%
Total Revenues		150,528	137,348	135,418	135,128	290	0.2%
Operating Expense							
Share of terminal O&M		16,396	17,011	16,935	17,174	238	1.4%
Less utility internal billing		(13,515)	(16,738)	(14,464)	(14,466)	2	0.0%
Net Operating & Maint		64,160	56,189	57,215	59,440	2,225	3.7%
Net Operating Income		<u>86,367</u>	<u>81,159</u>	<u>78,203</u>	<u>75,688</u>	<u>2,515</u>	<u>3.3%</u>

- Public Parking actual variance of \$2.4M is better than forecasted of \$5M below budget. Growth in 1-4 day transactions.
- Rental Car revenues were budgeted using higher industry gross sales.
- Concessions revenues were better than expected due to space rental income \$1.1M, advertising \$500K, food & beverages \$1.1M, retail/duty free \$1M, Google Wi-Fi deal.
- Other Non-airline revenues shortfall due to delay in South Access Planning study (\$450K) and Club International (\$700K) offset by increase in ground transportation revenues from Yellow Cab contract which began November 1.
- Operating expense under spent due to outside services not utilized for the Club International Lounge \$512K.

Non Aeronautical Key Indicators

	2008 Actual	2009 Actual	2010 Actual	2010 Budget	Actual/Budget	
					Var \$	Var %
Revenues Per Enplanement						
Parking	3.67	3.18	3.13	3.37	(0.24)	-7.1%
Rental Car	2.21	2.13	1.92	2.02	(0.10)	-4.8%
Concessions	2.06	2.14	2.14	1.95	0.19	9.8%
Other	1.41	1.34	1.39	1.45	(0.06)	-4.4%
Total Revenues	9.36	8.80	8.59	8.80	(0.21)	-2.4%
Primary Concessions Sales / Enpl	10.29	9.66	9.99	9.78	0.21	2.1%

- Concessions sales per enplanement was 10.32 for Q4.

Non Aeronautical Activity

	2008 Actual	2009 Actual	2010 Actual	2010 Budget	2010 Var to Budget	2010 vs 2009 Actual	Yr to Yr % Var
Garage Parking							
Transactions: 0-3 Hours	1,676,276	1,581,271	1,413,600	1,516,420	(102,820)	(167,671)	-10.6%
Transactions: 3-24 Hours	195,224	164,924	168,604	171,501	(2,897)	3,680	2.2%
Transactions: 1-4 Days	419,077	351,011	357,594	368,104	(10,510)	6,583	1.9%
Transactions: +4 Days	130,758	105,862	105,670	113,468	(7,798)	(192)	-0.2%
Revenue to Port (\$000)	\$ 53,548	\$ 44,797	\$ 45,060	\$ 46,911	\$ (1,851)	\$ 263	0.6%
Rental Cars							
Transactions Cars	1,210,954	1,019,534	1,075,568	1,064,000	11,568	56,034	5.5%
Transactions Days	5,199,183	4,388,906	4,695,879	4,495,000	200,879	306,973	7.0%
Revenue to Port (\$000)	\$ 28,474	\$ 26,140	\$ 23,129	\$ 23,834	\$ (705)	\$ (3,011)	-11.5%
Ground Transportation							
Trips	2,145,898	1,919,508	1,790,374	1,949,389	(159,015)	(129,134)	-6.7%
Revenue to Port (\$000)	\$ 4,691	\$ 4,629	\$ 4,814	\$ 4,432	\$ 383	\$ 185	4.0%
Primary Concessions							
Sales	165,391,237	150,682,463	157,551,180	150,123,000	7,428,180.00	6,868,717.00	4.6%
SPE	10.29	9.66	9.99	9.78	0.21	0.33	3.4%
Revenue to Port (\$000)	\$ 22,594	\$ 20,593	\$ 21,617	\$ 19,516	\$ 2,101	\$ 1,024	5.0%

Garage Parking

Transactions: Number of vehicles paying to park in the General & Direct garage parking.
Revenue to Port: Revenue from airport garage parking (net of all taxes).

Rental Cars

Revenue to Port: 10% of gross sales generated by rental cars (does not include space rent).

Primary Concessions

Sales: Total sales generated by the Primary Concessionaires (Food/Beverage and Retail/Duty Free.)

Net Cash Flow: NOI After Debt Service & Interest Income

	\$ in 000's	2008	2009	2010	2010	Actual/Budget	
		Actual	Actual	Actual	Budget	Var \$	Var %
<u>Aeronautical</u>							
Net Operating Income (NOI)		72,583	65,985	74,402	84,763	(10,360)	-12.2%
Debt Service		78,526	68,767	73,080	83,607	10,527	12.6%
NOI After Debt Service		(5,943)	(2,781)	1,323	1,156	167	14.5%
<u>Non-Aeronautical</u>							
Net Operating Income (NOI)		86,474	81,159	78,203	75,688	2,515	3.3%
Debt Service		41,762	39,241	41,752	40,921	(830)	-2.0%
NOI After Debt Service		44,712	41,917	36,451	34,767	1,684	4.8%
Fuel Hydrant Revenue		3,440	8,359	8,426	8,803	(377)	-4.3%
<u>Total Aviation</u>							
NOI		162,496	155,503	161,031	169,254	(8,223)	-4.9%
Debt Service		120,288	108,008	114,831	124,528	9,697	7.8%
NOI After Debt Service		42,208	47,495	46,200	44,726	1,474	3.3%
Add ADF Interest Income		11,462	8,853	6,297	7,065	(768)	-10.9%
Less Non-Cash Fuel Hydrant Revenue		(2,926)	(7,845)	(7,912)	(7,845)	(67)	0.8%
Net Cash Flow after D/S & Interest Inc.		50,745	48,503	44,585	43,946	639	1.5%

- In spite of negative variance for NOI, NOI after debt service and net cash flow show positive variances.
- Savings in aeronautical debt service reduce NOI due to cost recovery nature of revenue formulas.

Capital Spending

	\$ in 000's	2010	2010	Actual/Budget		2010
		Actual	Budget	Var \$	Var %	Plan of Finance
Rental Car Facility		143,076	174,699	31,623	18.1%	157,818
All Other		40,502	72,868	32,366	44.4%	118,014
		<u>183,578</u>	<u>247,567</u>	<u>63,989</u>	<u>25.8%</u>	<u>275,832</u>

- Rental Car Facility:
 - \$10M in savings due to favorable bids on the Off-site Roadway Improvement (ORI), Bus Maintenance Facility (BMF) and Bus Purchases.
 - Turner's construction expenditures have lagged behind the cash flows they provided because ORI, BMF and Main Terminal Improvements projects have experienced schedule delays.

2010 Performance Report

Seaport Division

Seaport Business Goals

Provide Compelling Value and Asset Utilization

- TEU volume was a record 2,140K TEU's, up 35.0% from 2009 and surpassing previous high volume set in 2005.
- Grain volume at 5.5 million metric tons or 10% over 2010 budget.
- Cruise passengers and sailings also set a new record 931,698 passengers and 223 sailings.
- Inaugural year for use of Smith Cove Cruise Terminal as an event site.
- Executed new lease with PCC Logistics at Terminal 104.
- Louis Dreyfus exercised option for 5 year lease extension at Terminal 86.

Seaport Organizational Goals

Environmental Stewardship

- Continuing implementation of Northwest Ports Clean Air Strategy.
 - 72% of frequent calls meeting Northwest Ports Clean Air Standards target
 - Drayage truck registry launched in Q3: More than 6,000 trucks registered. 270 pre 1994 trucks scrapped since program inception
 - Clean Air Truck program successfully implemented at terminal gates on January 1, 2011
- AAPA award for Environmental Compliance Assessment Program

Seaport Organizational Goals

Regional Transportation

- Authorization of \$3.4 million investment in the Spokane Street Widening project.
- Closely monitored south harbor road construction projects and detour routes.

Seaport 2010 Operating Results

\$ in 000's	2009	2010	2010	2010 Bud Var	
	Actual	Actual	Budget	\$	%
Operating Revenue	89,844	96,060	90,134	5,925	7%
<u>Security Grants</u>	<u>847</u>	<u>1,791</u>	<u>2,535</u>	<u>(744)</u>	-29%
Total Revenue	90,691	97,850	92,669	5,181	6%
Direct Expenses	25,108	20,780	22,698	1,918	8%
Security Grant Expense	860	1,983	2,689	706	26%
Envir Remediation Liability	24	1,170	1,500	330	22%
<u>Allocations</u>	<u>14,553</u>	<u>15,387</u>	<u>16,437</u>	<u>1,050</u>	6%
Total Expense	40,545	39,321	43,324	4,004	9%
Net Operating Income (NOI)	50,145	58,530	49,345	9,185	19%

Seaport Division Key Variances

Revenue Detail (\$ in 000's)

2010 Business Unit Results	Variance to Budget Better (Worse)
Containers	\$4,843
Support Properties	(\$362)
Cruise	\$1,359
Grain	\$502
Docks/Industrial Properties	\$1,183
Security	(\$744)
Environmental Grant	(\$1,600)
Total	\$5,181

Seaport Division Key Variances

Expense Detail (\$ in 000's)

2010 Expenses	Variance to Budget Better (Worse)
Outside Services	\$1,104
Corporate	\$1,225
Security Grant Expense	\$706
Salaries and Benefits (Seaport)	\$415
Envir Remediation Liability	\$330
CDD	(\$280)
All Other	\$504
Total Expense	\$4,004

Seaport Business Groups

NOI Before Depreciation (\$'s in Millions)

	2010 Actual NOI	Variance to Budget Better (Worse)
Containers	\$44.5	\$6.8
Container Support Props	\$.6	(\$.4)
Cruise	\$7.0	\$1.9
Grain	\$4.9	\$.6
Docks/Indust Props	\$4.1	\$ 1.4
Security	(\$1.4)	\$.1
Envir Remediation Liability	(\$1.2)	(\$1.2)
Total Seaport	\$58.5	\$9.2

Seaport Capital 2010

\$'s in Millions

Actual	Approved Budget	Variance to Budget	Actual as % of App. Bud	Plan of Finance
\$11.2	\$30.8	\$19.6	36%	\$30.6

The background of the slide is a dark blue image. On the left, there is a silhouette of a large cargo ship docked at a pier with a crane. On the right, there are silhouettes of several people in an office setting, some standing and some sitting, with a grid pattern overlaid on the scene.

2010 Performance Report

Real Estate Division

Real Estate 2010 Key Events

- Exceeded 2010 Net Operating Income Budget by \$1.5 million:
 - Revenue \$22K favorable to budget
 - Expenses \$1,457K favorable to budget
- Vessel liability insurance requirement in effect at Fishermen's Terminal & all recreational facilities. Monitoring/tracking procedure in place for 2,000+ customers. 100% compliance at year-end.
- Executed new lease with Arctic Storm Management group at Pier 69.

Real Estate 2010 Key Events

- Changed Portside Café from 3rd party management agreement to leased property.
- 2010 event activity for BHICC, MEC and SCCT, as measured by number of attendees/guests, was 26% over budget and 23% over 2009.
- Eastside Rail Corridor
 - 100% complete with first round of billings
 - Closed sales on portions to City of Redmond and Puget Sound Energy
- Over \$1.2 million in projects completed on Deferred Maintenance Correction Program.

Real Estate 2010 Key Events

- Electrical consumption at Pier 69 headquarters was the lowest recorded in the history of the building. 50% reduction in consumption compared to 2000.
- Reached settlement with the City of Des Moines regarding South Correctional Entity (SCORE) jail facility.

Real Estate Business Goals

Provide Compelling Value and Asset Utilization

- **Occupancy Rates:** Commercial property at 88% occupancy, below target of 90% and above 2010 Q4 local market average of 84%.
- **FT/Marina Occupancy:** Recreational Marinas average occupancy was at target of 94%. Fishing and Commercial was at 87%, above target of 78%.

Real Estate Division 2010 Operating Results

\$ in 000's	2009	2010	2010	2010 Bud Var	
	Actual	Actual	Budget	\$	%
Operating Revenue	30,132	29,820	29,798	22	0%
Total Revenue	30,132	29,820	29,798	22	0%
Direct Expenses	27,525	29,502	30,949	1,447	5%
Divisional Allocations	(3,200)	(3,485)	(3,802)	(317)	-8%
<u>Corporate Allocations</u>	<u>5,244</u>	<u>5,481</u>	<u>5,808</u>	<u>327</u>	6%
Total Expense	29,569	31,499	32,956	1,457	4%
Net Operating Income (NOI)	563	(1,678)	(3,158)	1,479	47%

Real Estate Division 2010 Key Variances

Revenue Detail (\$ in 000's)

2010 Business Unit	Variance to Budget Better (Worse)
Recreational Boating	\$28
Fishing & Commercial	\$260
Commercial Properties	(\$405)
Third Party Management	\$358
RE Development & Planning	\$6
Eastside Rail	(\$41)
Facilities/Maintenance	(\$184)
Total	\$22

Real Estate Division 2010 Key Variances

Expense Detail (\$ in 000's)

2010 Expense	Variance to Budget Better (Worse)
Third Party Management	\$635
Salaries and Benefits (Real Estate)	\$541
Outside Services	\$457
Corporate	\$437
Maintenance Expense	\$419
Litigated Damages	(\$470)
Utilities	(\$255)
All Other	(\$307)
Total Expense	\$1,457

Real Estate Business Groups

NOI Before Depreciation (\$ in 000's)

	2010 Actual NOI	Variance to Budget Better (Worse)
Recreational Boating	\$1,878	\$642
Fishing & Commercial	(\$2,543)	\$571
Commercial & Third Party	\$212	\$648
RE Development & Planning	(\$591)	(\$105)
Eastside Rail	(\$637)	(\$279)
Envir Remediation Liability	\$2	\$2
Total Real Estate	(\$1,678)	\$1,479

Real Estate Capital 2010

\$ in Millions

Actual	Approved Budget	Variance to Budget	Actual as % of App. Bud	Plan of Finance
\$4.0	\$11.8	\$7.8	34%	\$12.1

The background of the slide is a dark blue-tinted image of a port terminal. On the left, a large ship is docked at a pier. In the center and right, there are silhouettes of people, including one person in the foreground talking on a mobile phone. The overall scene is industrial and active.

2010 Performance Report

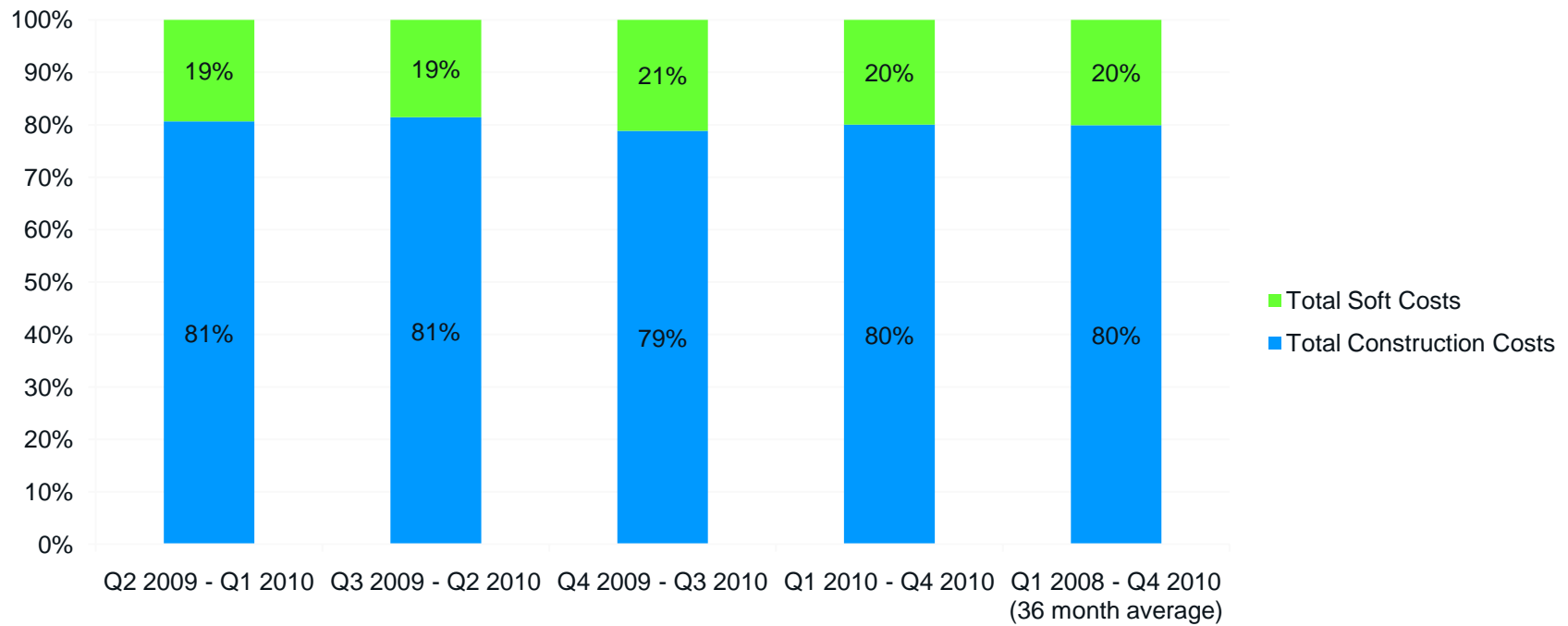
Capital Development Division

Capital Development Division 2010 Business Events

- RCF, PC Air, 16C, Escalators, Parking Revenue, eGSE, Backup Power
- AVPMG reorganization
- CPO Training, P-Card, Public Users' Forum, Auction
- Engineering position refresh, Water Tower upgrade
- PCS Generators, Demolitions, Move from Kilroy to AOB
- T115, Mooring Dolphins, EMWGS, T86, T91, T5, T18
- Revisions to Overhead and Capitalization

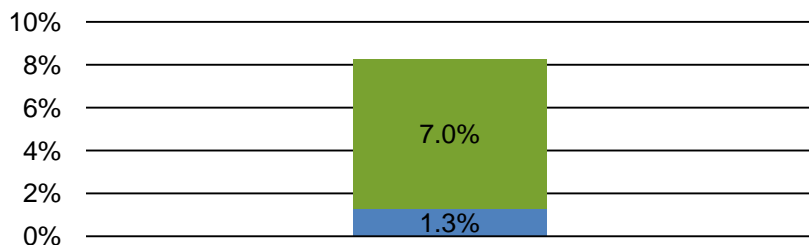
Capital Development Division Key Indicators continued

CDD Construction Soft Costs %



Capital Development Division Key Indicators

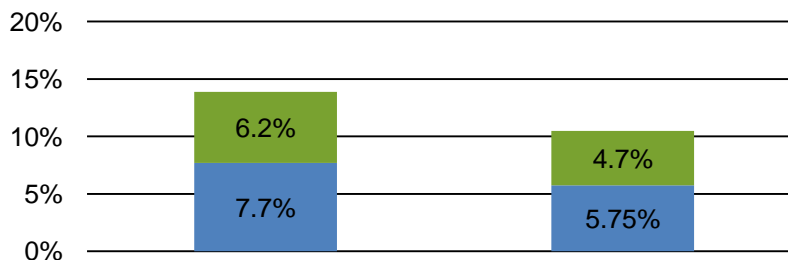
Completed Projects Q4 2010



2010 Airport Improvement Projects - Contract 1

■ Mandatory Change ■ Discretionary Change

Completed Projects Summary

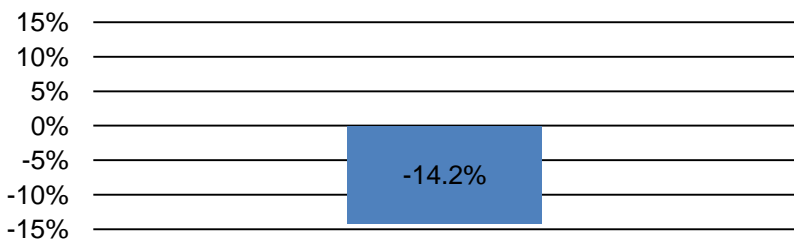


■ Mandatory Change ■ Discretionary Change

Cost Growth During Construction

Capital Development Division Key Indicators continued

Completed Projects Q4 2010

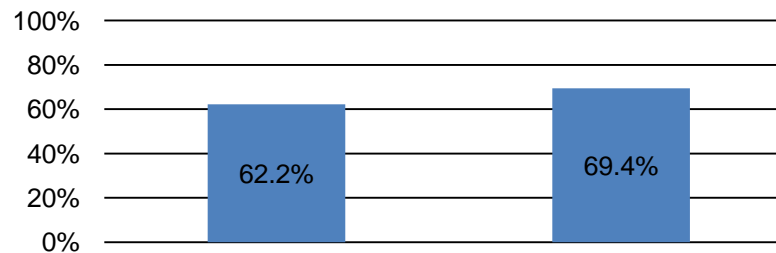


2010 Airport Improvement Projects - Contract 1

\$2,876,365.00

Project
Value

Completed Projects Summary



2009
(23 Projects)

2010
(11 Projects)

Cumulative
Value

\$365,794,281

\$65,227,922

Project Schedule Growth

Project	Original Construction Contract Amount	Non-Discretionary Change	Discretionary Change	Initial Commission Authorized Start of Design	Planned Substantial Completion of Construction	Actual Substantial Completion of Construction	Schedule Growth
4th Quarter 2010							
2010 Airport Improvement Projects - Contract 1	\$2,876,365.00	1.3%	7.0%	1-Jun-09	31-Dec-10	10-Oct-10	-14%

2010 Cost and Schedule Growth

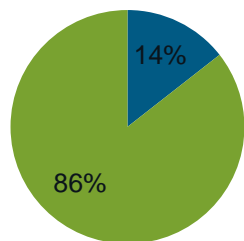
Project	Original Construction Contract Amount	Non-Discretionary Change	Discretionary Change	Initial Commission Authorized Start of Design	Planned Substantial Completion of Construction	Actual Substantial Completion of Construction	Schedule Growth
1st Quarter 2010							
Trash Handling and Recycling	\$269,101.00	11.3%	-0.8%	22-Apr-08	30-May-09	26-Feb-10	67%
Duwamish Trail Link	\$263,865.85	-3.9%	-5.5%	25-Jul-00	31-Dec-01	15-May-09	514%
T-91 Cruise Terminal Bird Control	\$189,000.00	0.0%	0.0%	14-Apr-09	12-Dec-09	26-Dec-09	6%
2nd Quarter 2010							
North/South Satellite Food Court Flooring*	\$918,000.00	20.4%	40.0%	1-Jul-07	30-Jun-08	15-Mar-10	171%
Main Terminal Fire Piping Upgrades*	\$237,233.00	-4.2%	0.0%	1-Sep-08	31-Mar-10	22-Apr-10	4%
2nd Floor HVAC Project	\$790,000.00	14.5%	0.0%	1-Apr-08	28-Feb-10	9-Apr-10	6%
AV Warehouse	\$4,660,754.00	9.3%	7.2%	1-Apr-08	28-Feb-10	23-Mar-10	3%
4th Floor Walkway Project	\$571,900.00	18.2%	0.0%	1-Feb-06	31-Jul-09	9-Feb-10	15%
3rd Quarter 2010							
Pedestrian Bridge	\$2,851,000.00	1.6%	3.8%	26-May-06	17-Dec-09	4-Mar-10	6%
2009 16L/34R Reconstruction	\$51,600,702.90	-5.2%	0.3%	26-Feb-08	31-Dec-09	1-Oct-09	-14%
4th Quarter 2010							
2010 Airfield Improvement Projects - Contract 1	\$2,876,365.00	1.3%	7.0%	1-Jun-09	31-Dec-10	10-Oct-10	-14%
2010 Total/Averages	\$65,227,921.75	5.75%	4.73%				69.45%

* % of Non-Discretionary and Discretionary Change has been corrected from the values reported previously.

Capital Development Division Key Indicators continued

Small Business Participation

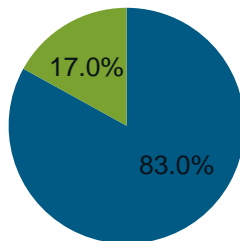
Major Public Works



■ Small Business
\$10,869

■ Large Business
\$64,425

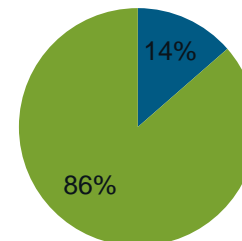
Small Works



■ Small Business
\$3,768

■ Large Business
\$770

Goods & Services



■ Small Business
\$7,553

■ Large Business
\$48,064

Capital Development Division Key Indicators continued

Customer Score Card

- Total Projects 19
- Scorecards Received 15
- Total Points 370
- Total Score 321.16
- Average Score (%) 86.8%

Environmental

- Total Applicable Projects: 19
- Total Environmental incorporated or pending: 16
- Average: 84.2%

Capital Development Division

Key Indicators continued

Safety	2010	2009
• Total Points	2,595.0	1910.0
• Total Score	2,395.8	1724.5
• Average Score (%)	92.5%	90.2%
• Contract TRIR	5.4	1.8
• Contract LTIR	0	0.4

Capital Development Division Key Indicators continued

2010 Procurement Schedule:

Total Time RFS to Execution (Avg # Days)

- | | |
|----------------------|----------|
| • Good & Services | 81 days |
| • Major Public Works | 62 days |
| • Small Works | 56 days |
| • Service Agreements | 256 days |

Capital Development Division Gross Operating Results

\$ in 000's	Notes	2009 YTD	2010 YTD		2010 Bud Var.	
		Actual	Actual	Budget	\$	%
Total Revenues		-	36	-	36	0.0%
<u>EXPENSES BEFORE CHARGES TO CAPITAL PROJECTS</u>						
Capital Development Administration		340	380	387	7	1.8%
Engineering		9,984	9,963	13,574	3,611	26.6%
Port Construction Services		7,354	7,886	8,552	666	7.8%
Central Procurement Office		3,224	3,287	4,171	884	21.2%
Aviation Project Management		5,554	5,134	6,150	1,016	16.5%
Seaport Project Management		2,735	2,693	2,672	(21)	-0.8%
Total Before Charges to Capital Projects		29,192	29,343	35,505	6,163	17.4%

Capital Development Division Key Variances to Net Budget

2010 Expenses \$ in 000's	Variance to Budget	YTD Var. F/(UNF)
	Better (Worse)	%
Salaries and Benefits	5,819	20.2%
Outside Services	(1,199)	(53.4)%
Travel and Other	123	34.9%
Telecommunications	82	42.0%
Property Rentals	199	41.8%
General Expenses	1,322	73.0%
All Other	(184)	(11.4) %
Charges to Capital Projects	(6,600)	24.8%
Total	(437)	(4.9)%

The background of the slide is a dark blue image. On the left, there is a silhouette of a large cargo ship docked at a pier with a crane. On the right, there are silhouettes of several people in an office setting, some standing and some sitting, with a grid pattern overlaid on the scene.

2010 Performance Report

Corporate

Corporate 2010 Key Events

- Completed and unfolded the Port's Centennial Website with map, timeline and stories of the Port.
- Implemented Workplace Responsibility Program.
- Finalized the medical and dental third party administration contracts for the Port's self funded benefit program.
- Selected a vendor for redesigning the Port's internet website.
- Received "Certificate of Achievement for Excellence in Financial Reporting" from GFOA.
- Filed the 2011 statutory budget with King County.
- Completed bonds refunding for \$29.7 million present value savings.

Corporate 2010 Key Metrics

- Wellness Reward participation rate was 98%.
- 530 employees participated in 19 onsite Spirit and Wellness classes.
- Port website received 9.8 million visits.
- 97% completed Health Assessment.
- Responded to 281 public disclosure requests.
- 95% of ICT projects completed on budget.
- Negotiated 4 labor contracts, 9 MOU's and 1 PLA.
- Presented 16 internal audit reports to the Audit Committee.
- Handled 28 litigation and claims.
- 1,162 small businesses registered on the roster.
- Received 58,741 calls for Police services.

2010 Corporate Operating Results

\$ in 000's	2009	2010	2010	2010 Bud Var.	
	Actual	Actual	Budget	\$	%
Total Revenues	\$ 374	\$ 610	\$ 18	\$ 592	3289.4%
Executive Commission	1,551	1,356	1,536	181	11.8%
Legal	750	831	868	37	4.3%
Risk Services	2,702	3,475	3,613	137	3.8%
Health & Safety Services	2,526	2,618	2,859	241	8.4%
External Affairs	913	1,001	1,095	94	8.6%
Economic & Trade Development	4,918	5,553	6,002	449	7.5%
Human Resources & Development	1,441	-	-	-	0.0%
Labor Relations	3,913	4,107	4,988	881	17.7%
Information & Communications Technology	542	675	784	109	14.0%
Finance & Budget	17,505	18,765	19,033	268	1.4%
Accounting & Financial Reporting Services	1,635	1,455	1,529	74	4.8%
Internal Audit	5,836	5,939	6,716	777	11.6%
Office of Social Responsibility	978	990	1,109	119	10.8%
Police	1,431	1,280	1,458	178	12.2%
Contingency	18,409	19,273	20,314	1,040	5.1%
Total Expenses	420	21	55	33	60.8%
	\$ 65,481	\$ 67,391	\$ 71,958	\$ 4,567	6.3%

Corporate Major Expense Variances

Operating Expenses (\$ in 000's)	Actual/Budget	
	Var. \$	Var. %
Salaries & Benefits	921	2.7%
Wages & Benefits	973	5.4%
Payroll to Capital Projects	1,072	31.7%
Equipment Expense	(378)	-30.5%
Outside Services	1,864	15.7%
Travel & Other Employee Exps	182	8.4%
General Expenses	400	14.5%
Other	231	11.2%
Charges to Capital Projects	(698)	-19.3%
Total	4,567	6.3%

2010 Financial Performance

Port of Seattle

March 1, 2011