



FRA RRIF Financing and Fitch Rating Update

As of December 14, 2011

PROPOSED FRA RRIF FINANCING UPDATE

As previously reported, Alameda Corridor Transportation Authority (ACTA) submitted proposals (ACTA Proposal) to the US Department of Transportation Federal Rail Administration (FRA) for a financing under the Railroad Rehabilitation & Improvement Financing (RRIF) program. Following a February 8, 2011 approval by the US Department of Transportation Credit Council Committee (CCC), of the ACTA Proposal for a RRIF financing of \$83.7 million, ACTA and FRA began negotiations-to finalize the RRIF transaction. While nearly completed, the negotiations were suspended in September when FRA's agreement with its legal advisor ended. Before resuming negotiations, FRA determined that with the new Federal fiscal year beginning on Oct 1, 2011, it would be necessary for the CCC to re-approve and for the Office of Management and Budget (OMB) to re-score the ACTA Proposal. The CCC re-approved the ACTA Proposal on December 13, 2011 and, as of the date of this update, OMB re-scoring is pending. When the results of the OMB re-scoring are available, ACTA plans to continue negotiations with FRA to finalize RRIF transaction documents. The forms of RRIF transaction documents must be presented to ACTA's Board, the Port of Long Beach, the Port of Los Angeles, and the Los Angeles City Council for approval and authorization to close the RRIF transaction.

Pursuant to the ACTA Proposal, the proceeds of the RRIF financing, if funded, would be used to refund a portion of ACTA's outstanding senior lien bonds and ACTA's payment obligation under the RRIF financing would be at parity with ACTA's remaining outstanding senior lien bonds. As previously reported, a key objective of the financing is to substantially reduce or eliminate the need for Port Shortfall Advance payments in future years to fund portions of ACTA debt service. Each of the Ports of Los Angeles and Long Beach made Port Shortfall Advance Payments in the amount of \$2.95 million in September 2011. If ACTA and FRA are able to successfully conclude negotiations of the terms of the RRIF Financing, ACTA anticipates the RRIF Financing transaction could close in the first half of 2012.

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FITCH RATINGS UPDATE

On December 13, 2011 Fitch Ratings completed a periodic review of ACTA's outstanding debt. Fitch affirmed its "A" unenhanced/underlying rating of ACTA's senior lien bonds and its "BBB+" unenhanced/underlying rating of ACTA's first subordinate lien bonds.

Fitch Ratings also revised its Rating Outlook with respect to the unenhanced/underlying ratings on ACTA's bonds to "Stable" from "Negative".

The ratings actions described above express only the view of Fitch Ratings. An explanation of the significance of such ratings may be obtained from Fitch Ratings provided, however, that no information provided by Fitch Ratings is incorporated herein. The actions of Fitch Ratings are not a recommendation to buy, sell or hold any of ACTA's bonds. There is no assurance that any ratings on any of ACTA's bonds will remain in effect for any given period of time or that they will not be revised, either downward or upward, or withdrawn entirely, by Fitch Ratings or any other agency ratings ACTA's bonds, if, in such rating agency's judgment, circumstances so warrant. ACTA undertakes no responsibility to oppose any revision or withdrawal of such ratings. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of ACTA's bonds.

DISCLAIMER

The information provided in this update should not be construed as a prediction or representation about future events or the financial performance of ACTA or any other party. The proposed events described herein are subject to approvals, conditions and other events and circumstances that may or may not occur and no assurances are given that any of the proposed events, including but not limited to the approval or funding of the RRIF Financing, any redemption of ACTA's bonds or any other restructuring of ACTA's outstanding debt, will in fact occur.

FURTHER INFORMATION

For further information, please contact ACTA's Chief Financial Officer at (310) 847-4314.