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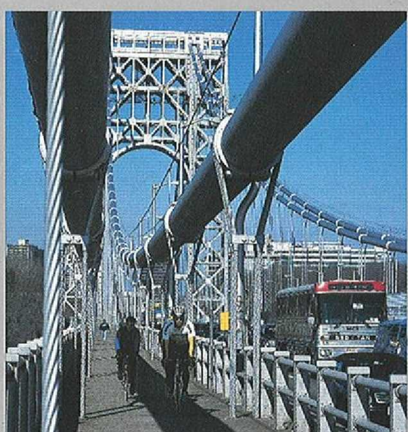

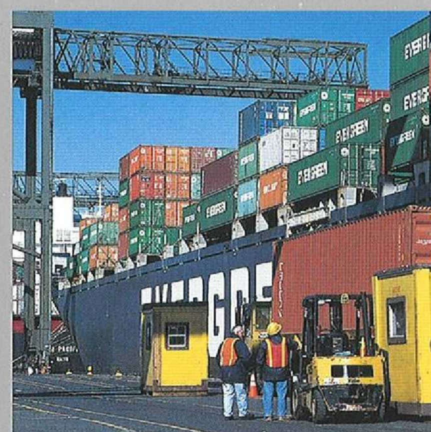

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2000

THE PORT AUTHORITY
OF NEW YORK & NEW JERSEY

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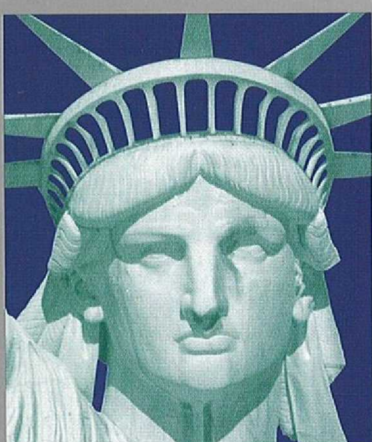
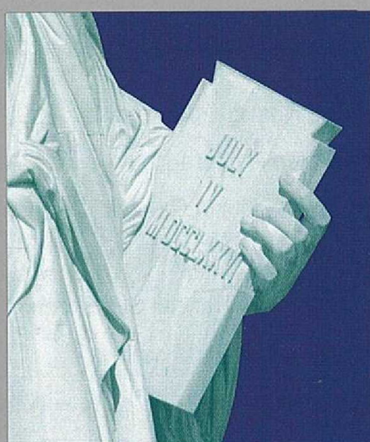
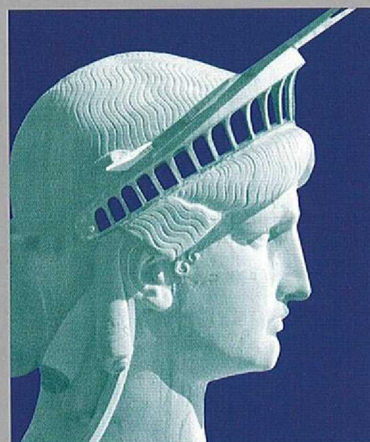






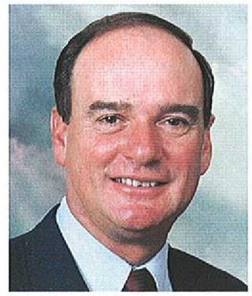
> Mission

To identify and meet the critical transportation infrastructure needs of the bistate region's businesses, residents and visitors: providing the highest quality, most efficient transportation and port commerce facilities and services that move people and goods within the region, provide access to the rest of the nation and to the world, and strengthen the economic competitiveness of the New York-New Jersey metropolitan region.

Letter of Transmittal to the Governors

The Honorable Donald T. DiFrancesco
Acting Governor
State of New Jersey

The Honorable George E. Pataki
Governor
State of New York



Dear Governors:

In accordance with the Port Compact of 1921, we are pleased to submit to you and to the legislatures of New Jersey and New York this 2000 Annual Report of The Port Authority of New York and New Jersey.

The year 2000 was notable for the Port Authority in many areas. We found new ways to operate more efficiently and cost-effectively; we improved customer service at our facilities, and we invested more than $1 billion in our transportation and trade infrastructure. Perhaps most significant, staff developed a comprehensive capital improvement program to begin the millennium with record levels of investments that will serve our customers and this region for many years to come. These investments — beginning with a record $2.05 billion of capital spending in 2001 — will create more than 15,000 jobs for the region's residents and $2.3 billion in economic activity.

Governors, thanks to your leadership and support, we are prepared to undertake the most ambitious five-year capital program in the 80-year history of this agency. We are inspired by the sense of mission that has marked the Port Authority since its founding, and we look forward to working with you to build an even stronger economy and even better quality of life throughout the region we serve.

Very truly yours,

Lewis M. Eisenberg
Chairman

Charles A. Gargano
Vice Chairman

April 26, 2001

Board of Commissioners

Origins of the Port Authority

The Port Authority of New York and New Jersey was established on April 30, 1921. It was the first interstate agency ever created under a clause of the Constitution permitting compacts between states with Congressional consent.

The new agency's area of jurisdiction was called the Port District, a bistate region generally within a 25-mile radius of the Statue of Liberty. The mandate of the agency was to promote and protect the commerce of the bistate port and to undertake port and regional improvements not likely to be financed by private enterprise nor to be attempted by either state alone: a modern wharfage for the harbor shared by the two states, tunnel and bridge connections between the states and, in general, trade and transportation projects to promote the region's economic well-being.

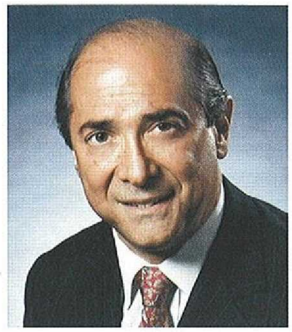
Governance of the Port Authority

The Governor of each state appoints six Commissioners to the agency's Board of Commissioners, each appointment subject to the approval of the respective state senate.

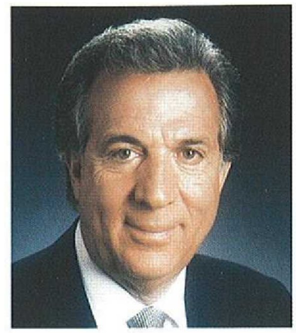
The twelve Commissioners serve as public officials without remuneration.

The Governors retain the right to veto the actions of the Commissioners. Within the Port District, the Port Authority undertakes projects and activities in accordance with the Port Compact of 1921 and amendatory and supplemental bistate legislation.

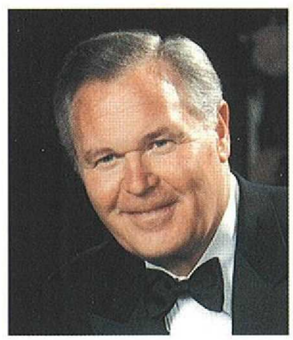
The Board of Commissioners appoints an Executive Director to effect its policies and manage day-to-day operations.



Lewis M. Eisenberg
Co-Chairman
Granite Capital International Group

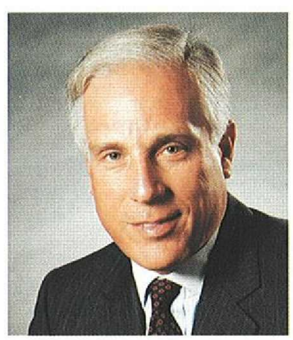


Charles A. Gargano
Chairman & CEO
Empire State Development Corp.



Michael J. Chasanoff
Managing Partner
Chasanoff Properties

Kathleen A. Donovan
County Clerk
Bergen County, New Jersey

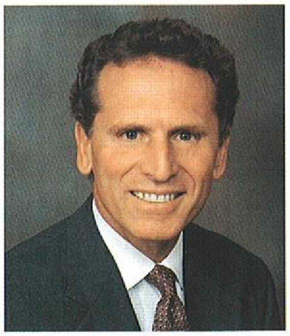


Peter S. Kalikow
President
H. J. Kalikow & Co., LLC

David S. Mack
Senior Partner
The Mack Company

Board of Commissioners

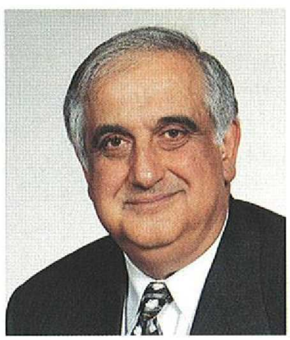
Lewis M. Eisenberg, Chairman
Charles A. Gargano, Vice Chairman
Michael J. Chasanoff
Kathleen A. Donovan
Peter S. Kalikow
David S. Mack
William J. Martini
Alan G. Philibosian
Bradford J. Race Jr.
Anthony J. Sartor
Anastasia M. Song
James Weinstein



William J. Martini
Attorney
Sills Cummis Radin Tischman
Epstein & Gross, PA

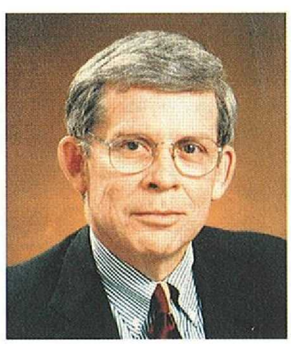
Alan G. Philibosian
Attorney-at-Law

Bradford J. Race Jr.
Secretary & Chief of Staff to the
Governor of the State of New York

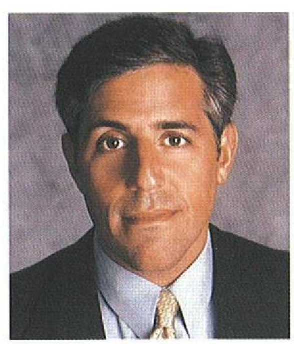


Anthony J. Sartor
President
KeySpan Business Solutions

Anastasia M. Song
Director
Global Capital Finance Americas
LLC

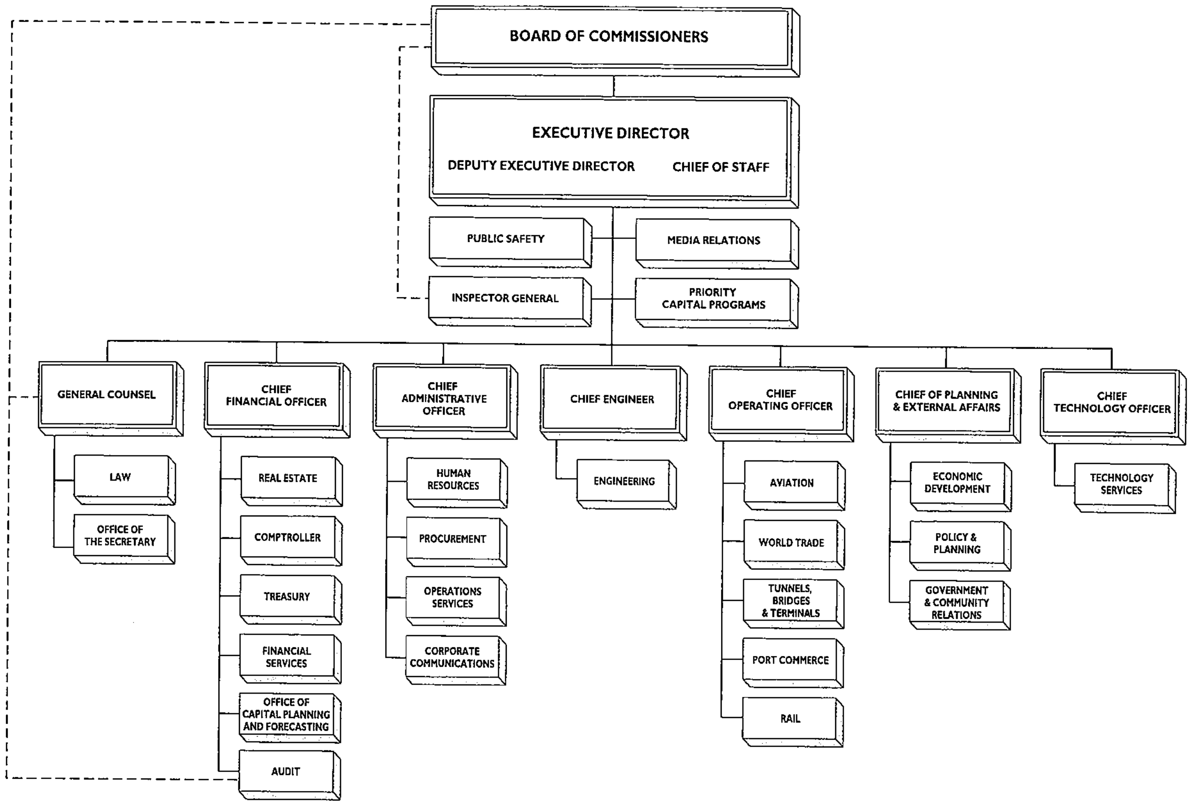


James Weinstein
Commissioner
Department of Transportation
of the State of New Jersey



Neil D. Levin
Executive Director

Organization Chart*



Officers and Directors

Executive Director .... **Neil D. Levin**
Deputy Executive Director .... **Ronald H. Shiftan**
Chief of Staff .... **Louis J. LaCapra**
Audit .... **John D. Brill**
Aviation .... **William R. DeCota**
Chief Engineer .... **Francis J. Lombardi**
Chief Financial Officer .... **Charles F. McClafferty**
Chief Operating Officer .... **Ernesto L. Butcher**
Chief of Planning & External Affairs .... **Christopher O. Ward**
Chief Technology Officer .... **Gregory G. Burnham**
Comptroller .... **Margaret R. Zoch**
Corporate Communications .... **Carolyne Bowers**
Economic Development .... **A. Paul Blanco**
Financial Services .... **Edward L. Jackson**
General Counsel .... **Jeffrey S. Green**
Human Resources .... **Paul D. Segalini**
Inspector General .... **Robert E. Van Etten**
Media Relations .... **Kayla M. Bergeron**
Office of Capital Planning & Forecasting .... **Douglas L. Smith**
Office of the Secretary .... **Daniel D. Bergstein**
Operations Services .... **Alan I. Rhome**
Policy & Planning .... **Cruz C. Russell**
Port Commerce .... **Richard M. Larrabee**
Priority Capital Programs .... **Anthony G. Cracchiolo**
Procurement .... **Charlotte Frank**
Public Safety .... **Fred V. Morrone**
Rail .... **Michael P. DePallo**
Real Estate .... **Cherrie L. Nanninga**
Treasury .... **Bruce D. Bohlen**
Tunnels, Bridges & Terminals .... **Kenneth P. Philmus**
World Trade .... **Alan L. Reiss**

* As of April 6, 2001

Letter from the Executive Director

I am pleased to present this 2000 Annual Report, my first as Executive Director. The achievements reflected in the pages that follow are a tribute to the staff of the Port Authority, to the Board of Commissioners, and to the energy and dedication of Robert E. Boyle, who retired earlier this month as Executive Director.

This annual report highlights a stellar year, including significant progress in advancing the JFK light rail link and Newark Airport monorail extension, the massive reinvestment program at the New York airports, and the ambitious redevelopment plan for the New York-New Jersey port.

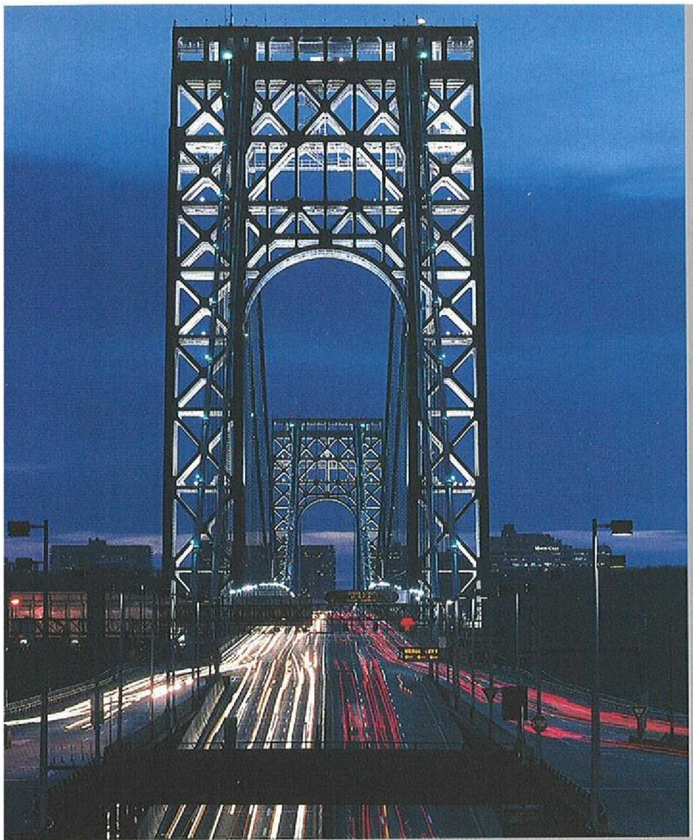
In March, the Port Authority implemented a congestion pricing structure at our tunnels and bridges and a new fare structure on the PATH system. These adjustments will not only address the congestion that clogs our highways, but will also enable the agency to move forward with a $9.5 billion capital improvement plan to rebuild and renew our regional infrastructure.

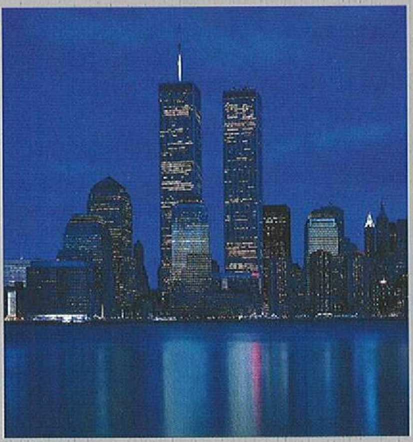
As I begin my tenure as Executive Director, I want to thank Governor Pataki, Acting Governor DiFrancesco and the Port Authority Commissioners for their support. With their strong vision and commitment and the continued dedication and hard work of the agency's exemplary staff, the Port Authority will build upon the successes of 2000 to strengthen the New York-New Jersey region as the global capital of commerce.

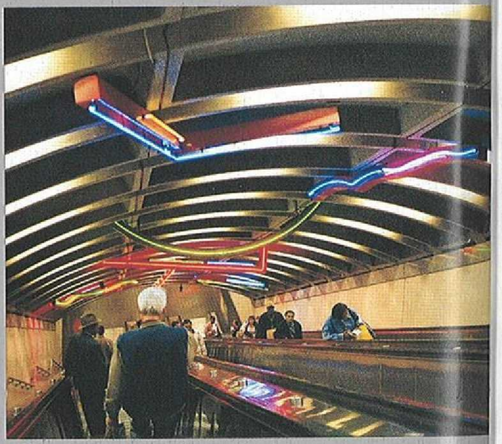
Sincerely,

Neil D. Levin
Executive Director

April 26, 2001







> The first year of the new millennium was one of progress and results for The Port Authority of New York and New Jersey.

2000 Overview

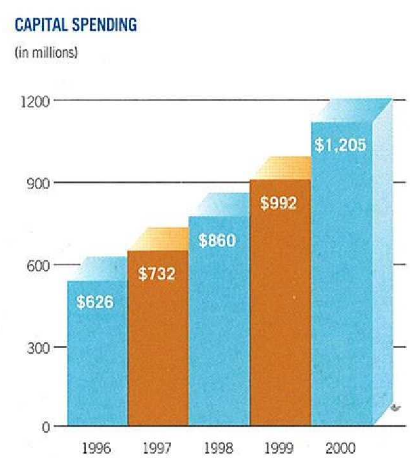
At 12:01 a.m. on January 1, 2000, the bistate region's three major airports were in full operation, E-ZPass functioned flawlessly at the interstate tunnels and bridges, lights at the World Trade Center's Twin Towers illuminated the night sky a quarter of a mile up, PATH trains were on schedule to take New Year's revelers home, and the harbor's vessel tracking system guided containerships safely into port.

There were no signs of "Y2K" problems. These early hours of the new millennium presaged a year of continuing success for The Port Authority of New York and New Jersey. Indeed, our performance in 2000 set records in all areas, including capital investments, revenues and income, and facility traffic.

Our financial results reflected a robust regional economy that generated the highest volumes ever at bridges, tunnels and airports. Gross revenues of $2.6 billion in 2000 were up from $2.5 billion in 1999. Net income was $254 million, compared with $191 million the previous year.

An unprecedented $1.2 billion in capital investments and customer service improvements saw new roadways, passenger terminals and light rail connections take shape at the airports. Partnerships were established to help advance the multibillion-dollar redevelopment of the New York-New Jersey port. Facility upgrades and innovative technologies enhanced service and traffic flow at our tunnels, bridges and terminals. PATH's station renovations put the customer first. New flooring and better signage welcomed shoppers at the World Trade Center Mall. Contract awards to minority-owned, women-owned and small business enterprises reached an all-time high in 2000, with nearly 1,500 firms receiving more than $200 million, versus $188 million in 1999.

While these achievements were under way, an even bigger capital plan was in development for 2001-2005 at a level of investment that would dwarf all previous infrastructure spending. This $9.5 billion, five-year capital investment program, to be funded in part by toll and fare adjustments, will include new technologies to improve mobility at congested bridges, tunnels and on the PATH system, completion of airport rail links, and deeper shipping channels and modernized marine terminals capable of handling twice as much cargo as today.



The Port Authority's investment in regional transportation and trade facilities and services moved forward in tandem with continued emphasis on streamlined management procedures and productivity improvements. As a result, the agency is operating with the smallest work force in 30 years.

• **AVIATION.** A new high of 92.4 million passengers traveled through John F. Kennedy International, Newark International and LaGuardia airports, an increase of 3.2 million over 1999. Passenger volume was up from 31.7 million to 32.9 million at Kennedy International, which in August welcomed the one billionth passenger in its 52-year history. Newark International served 34.2 million travelers, compared with 33.6 million in 1999, and LaGuardia welcomed 25.4 million, versus 23.9 million the previous year. Air cargo rose to just under 3 million tons, a 3.3 percent increase over 1999.

• **THE WORLD TRADE CENTER.** At year-end 2000, the World Trade Center's office space occupancy rate towered at 97.5 percent. The Mall at the World Trade Center enjoyed another significant jump in retail sales, which topped $185 million, or nearly $900 per square foot for stores open a full year. These figures — an 18 percent gain over 1999 — placed the Mall among the nation's top-producing retail properties. Several prominent retailers opened for business in 2000, including Tourneau, Victoria's Secret and Cole Haan.

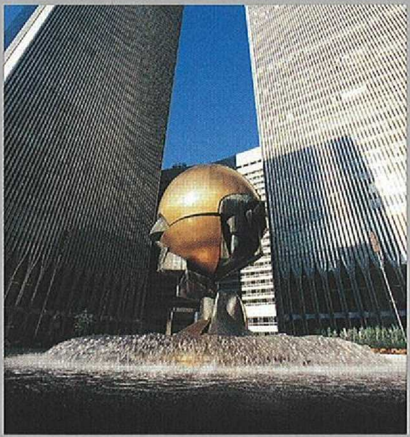
• **PATH.** More than 74 million passengers used PATH in 2000, up 10 percent over 1999. Average weekday ridership rose more than 10 percent, to nearly 255,000. In addition, strong results were posted in weekend passengers, up by almost 8 percent to an average of nearly 173,000.

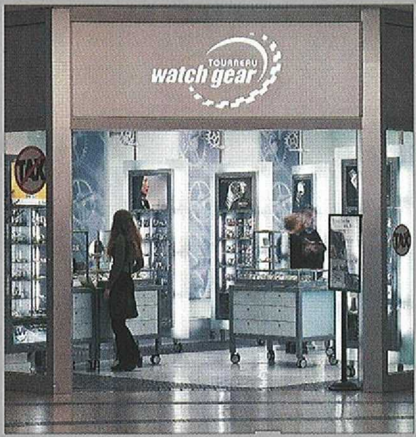
• **TUNNELS, BRIDGES & TERMINALS.** A record 126 million eastbound vehicles used the George Washington Bridge, Bayonne Bridge, Outerbridge Crossing, Goethals Bridge and Holland and Lincoln tunnels in 2000 — a 1.6 percent increase over 1999. The number of customers using the E-ZPass electronic toll collection system also continued to rise. By year-end, 59 percent of all Port Authority tunnel and bridge customers used E-ZPass, up from 50 percent in 1999 and 38 percent in 1997, the year it was introduced. The Port Authority Bus Terminal, which marked its 50th anniversary in 2000, served 58 million short- and long-haul customers, virtually unchanged from 1999. At the George Washington Bridge Bus Station, major renovations helped push bus passenger volume to 5.7 million, from 5.4 million the previous year.

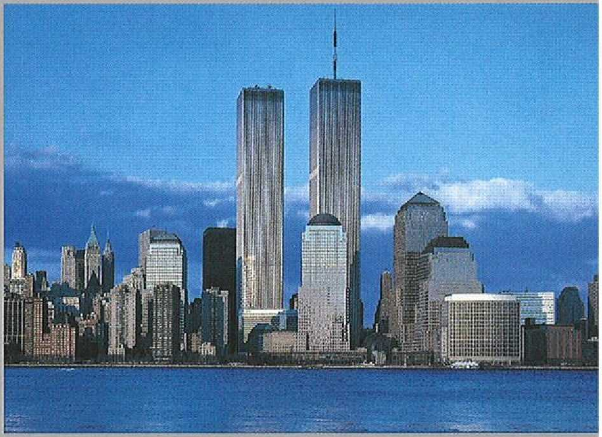
Port Authority police reported a decrease in crime at all facilities for the eleventh straight year.

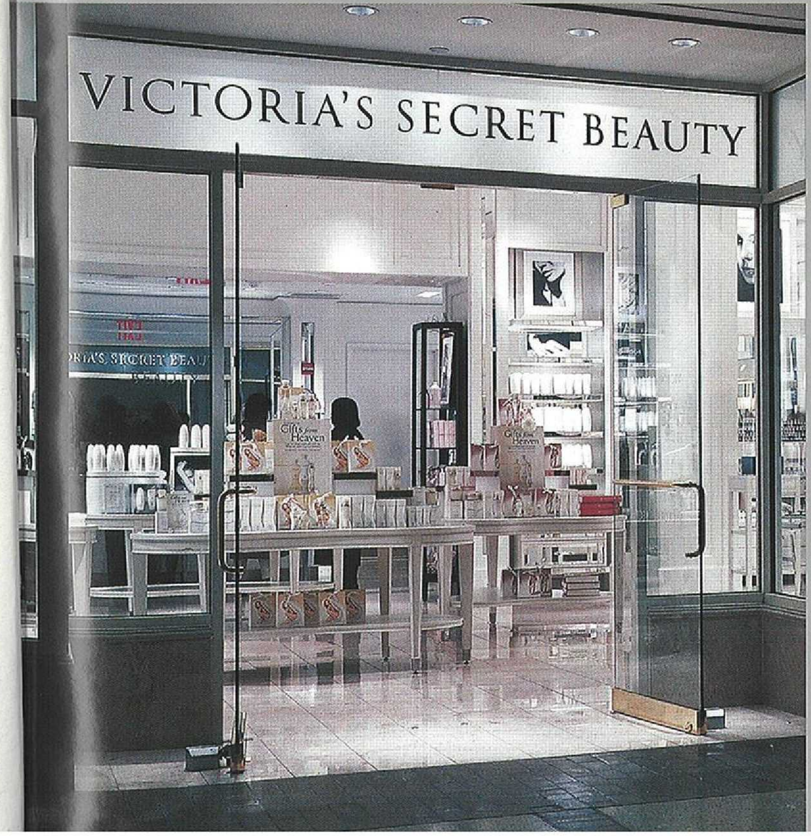
• **PORT COMMERCE.** The New York-New Jersey port handled a record 3 million containers (measured in 20-foot equivalent units, or TEUs), up six percent over 1999. Total oceanborne general cargo rose 3.2 percent to 18.5 million long tons. The overall value of general cargo was $82 billion, a 13 percent increase. The ExpressRail on-dock intermodal rail facility handled nearly 180,000 containers, 12 percent higher than 1999.

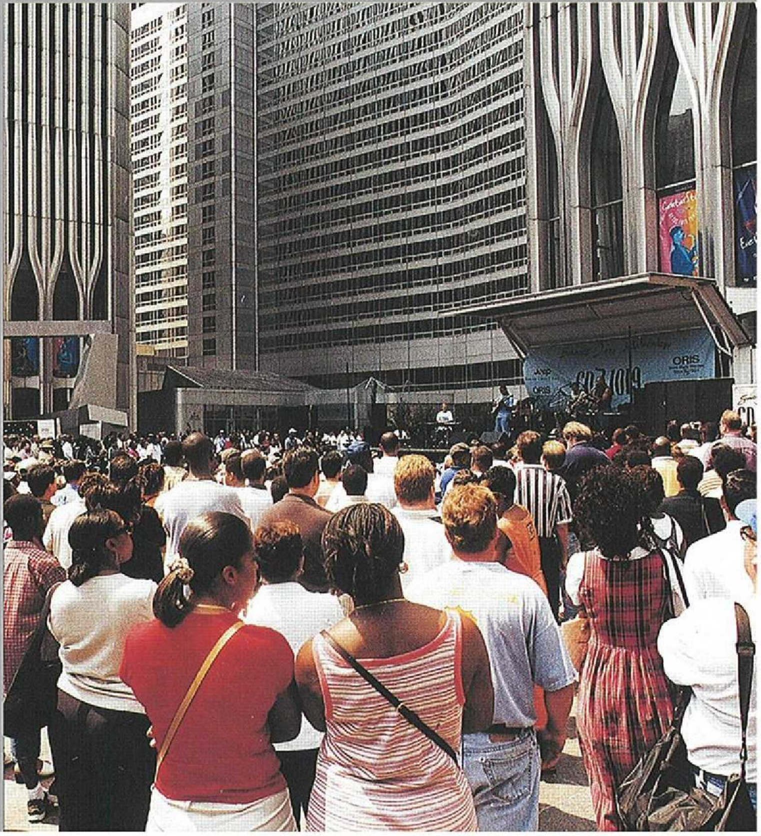
> The World Trade Center received the prestigious 1999-2000 Office Building of the Year Award and the Middle Atlantic Regional Building of the Year Award from the Building Owners and Managers Association of New York.

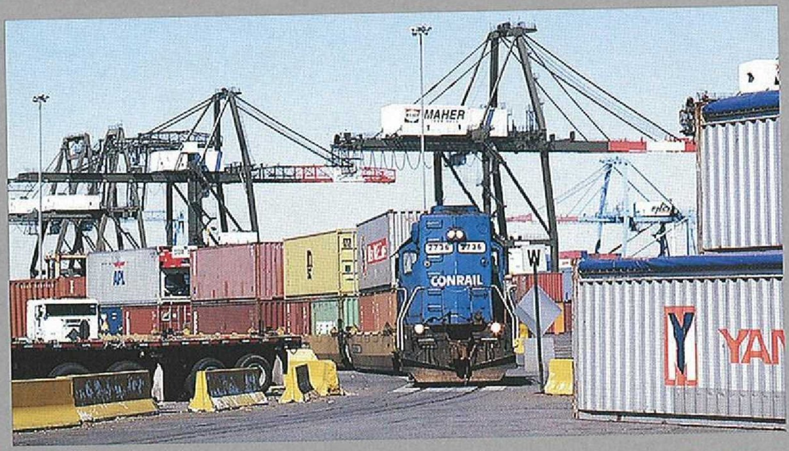












>The New York-New Jersey port handled a record 3 million containers in 2000, up six percent over 1999.

Revitalization of the region's transportation and trade infrastructure was the focus of the Port Authority's capital investment program.

Infrastructure reinvestment in the New York-New Jersey port was mapped out in a comprehensive strategic plan. A blueprint for this effort, "Building a 21st Century Port," was released in October, and before the ink was dry, the Port Authority had launched some of the key recommendations.

Port redevelopment efforts began with the Port Authority entering into new partnerships with key tenants to reinvest jointly in marine terminal facilities and attract more cargo. The major terminal operators — Maersk Sealand, P&O Nedlloyd, and Maher Terminals — signed new 30-year leases at the Port Newark/Elizabeth Marine Terminal complex. Not only were these significant votes of confidence in the New York-New Jersey region by major players in the industry, the lease agreements also spelled out the substantial investment in capital improvements that each party is to make. In addition, the Port Authority acquired a 124-acre tract adjacent to the Howland Hook Marine Terminal on Staten Island to provide for the future expansion of that facility's container-handling capacity.

The Port Authority also achieved key approvals for channel deepening projects, which are the linchpin for all future efforts to improve productivity and expand capacity in the port. Federal funding was secured to deepen to 41 feet the Arthur Kill and the Port Jersey channels, leading to the Howland Hook Marine Terminal and the Global Marine Terminal, respectively. Even more significantly, Congress approved the future deepening of all major port channels to 50 feet.

Implementation of new technologies to help customers get information about their shipments and expedite the movement of cargo also advanced. The Freight Information Real-Time System for Transport (FIRST) is a Web-based information system that will go online in spring 2001. FIRST will be a "one-stop shop" for port customers to get information on ship arrivals, the status of cargo at the terminal, as well as weather and traffic conditions on and around the facility.

Transportation Revitalization

Innovative technology also bolstered customer service at our tunnels and bridges. Travelers using the George Washington Bridge benefited from an Intelligent Transportation System (ITS) that provides real-time, decision-aiding traffic information directly to customers through 32 electronic variable message signs, some as far as 12 miles from the bridge.

ITS also enables transportation authorities throughout the metropolitan region to learn of traffic accidents or other incidents faster, so they can respond and get traffic back to normal sooner.

At the Port Authority Bus Terminal in midtown Manhattan, we entered into an agreement with a joint venture of two private-sector firms to develop a 35-story office tower above the North Wing, providing one million square feet of office space.

The developer will also renovate the existing facility, add new retail space, bus gates and elevators, and refurbish public areas of the North Wing.

In upper Manhattan at the George Washington Bridge Bus Station, a $14 million improvement program progressed, resulting in new seating in waiting areas and modernized restrooms on the main concourse. A customer survey gave the bus station's revitalization efforts high marks for appearance, amenities and bus service options.

The PATH rail transit system's $35 million station improvement program showed results. Major renovation of the Journal Square Station in Jersey City, NJ, included a new ceiling over platforms and tracks, new floors, lights and a new public address system. The Grove Street Station now features new floor tiles at the mezzanine level, new wall and column appointments at the Victorian-style main entrance, and a new canopy.

Among other capital projects, construction of a new, $38 million state-of-the-art permanent ferry terminal in Battery Park City in lower Manhattan was approved in May. To be known as the Port Authority Ferry Terminal at the World Financial Center, the new facility will serve the growing number of commuters traveling between Battery Park City and Hoboken and Jersey City, NJ.

Managed as a public-private partnership, with the Port Authority acting as developer and owner of the terminal and NY Waterway as the operator, the new ferry terminal will be able to accommodate up to five vessels at a time. It will feature a spacious waiting area and improved amenities for passengers.

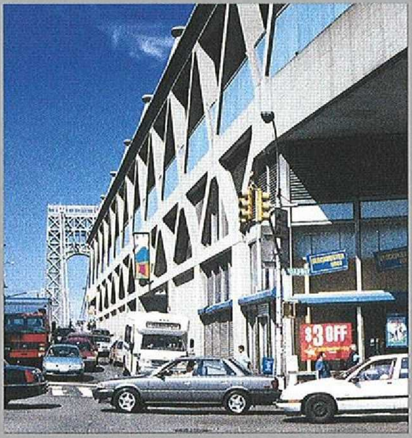
At the landmark World Trade Center, $55 million in improvements provided benefits for tenants and visitors alike, including expanded electrical capacity, new terrazzo flooring in the Mall, and new signage and awnings. J.P. Morgan Chase, Citibank, and airline and courier services were relocated to the plaza level of Five World Trade Center. The combination of the banks and airline and courier counters transformed the lobby of Five World Trade Center into a customer-oriented business service area.

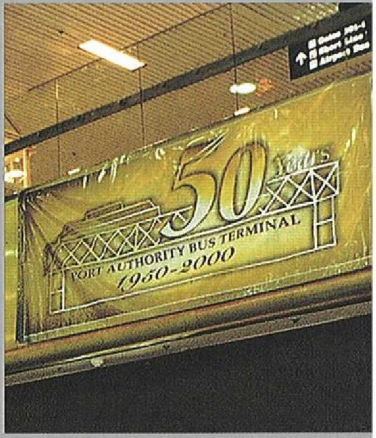
Airports Reimagined

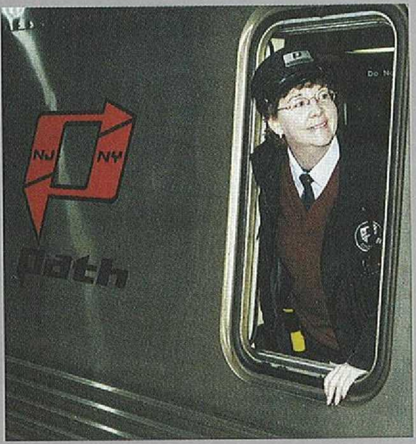
The largest share of Port Authority capital spending, $816 million, was devoted to vital airport projects. The public-private redevelopment program that the Port Authority spearheaded at Kennedy International entered a new phase when the agency and United Airlines jointly announced plans to redevelop Terminals 5 and 6.

In the first stage of the $1.2 billion project, United will invest $350 million to build a new facility on part of the Terminal 5 site, while preserving the integrity of the original TWA terminal, a New York City landmark. United's work will be completed in 2005 and will include 15 new gates, additional ticketing and baggage areas, and a new Customs and Immigration area for international passengers.

> The 600-foot-high towers of the George Washington Bridge were illuminated for the first time on July 4, 2000 – all to considerable customer acclaim.







> PATH ridership in 2000 reached its highest level since the Port Authority acquired the former Hudson & Manhattan Railroad in 1962.

The Port Authority will invest $270 million over the next several years in additional improvements adjacent to Terminals 5 and 6, including better roads and 1,500 new parking spaces. This joint project pushes the ongoing investment in the airport's redevelopment into the range of $10 billion, the largest airport construction program in U.S. history.

The other major tenant in Terminal 6 is JetBlue Airways, which launched service in February. By the end of 2000, JetBlue was the airport's sixth-busiest airline, serving more than 1.1 million passengers on 58 daily flights to Florida, upstate New York and several other domestic destinations. Significantly, the airline's $130 million start-up investment included $60 million in passenger terminal improvements at Kennedy.

Construction of Terminal 4, the spectacular $1.2 billion replacement for the International Arrivals Building, proceeded for a planned opening in mid-2001. Meanwhile, another key piece of Kennedy International's record redevelopment fit into place as American Airlines began construction of its new 57-gate, $1.5 billion terminal. Scheduled for completion in 2006, its three concourses will be able to accommodate more than 14 million passengers a year.

AirTrain JFK, the Port Authority's light rail system, moved closer to completion. The first vehicle was delivered in November, and at year-end 2000, the system's main power substation, its operations, maintenance and storage facility, and all on-airport guideway construction were virtually complete. The on-airport portion of AirTrain JFK will begin operating in 2002 and the full system is slated to be in service in 2003.

AirTrain Newark, as the extended monorail at Newark Airport will be known, marked a milestone in June, as the guideway was completed from the on-airport Station E to the new station being built on the Northeast Corridor rail line. By the end of 2001, New Jersey Transit and Amtrak riders on the Northeast Corridor will be able to switch to AirTrain Newark for transportation directly to passenger terminals. During the year, monorail service was suspended for four months to repair the running surface and heating system.

Also at Newark Airport, Terminal C began its metamorphosis into a three-story structure with additional aircraft gates and federal inspection services. Construction began on two new parking garages – to feature 6,500 new spaces, as well as quick and easy access to all three passenger terminals.

At LaGuardia Airport, work neared completion on strengthening runway/taxiway decks to accommodate a new generation of larger but quieter aircraft. Handling the new larger aircraft such as the wide-body Boeing 767-400 will allow the airport to handle more passengers on fewer flights.

LaGuardia faced worsening air traffic delays and congestion in 2000 because of federal legislation that permitted airlines to schedule an unlimited number of new flights. The Port Authority demonstrated our commitment to reducing delays by instituting a temporary moratorium on new flights. Subsequently, the Federal Aviation Administration held a lottery to reduce and reallocate the number of added flights. Praised as a fair and equitable first-step solution, the lottery helped reduce the 300 new flights to 159, beginning in 2001.

The year 2000 marked a new era at Teterboro Airport, the Port Authority-owned general aviation facility in Bergen County, NJ. We hired a new operator, American Port Services, Inc. (AMPORTS), and took a more active role in the airport's day-to-day management — ensuring a stronger emphasis on community relations. The Port Authority will also make significant capital investments to refurbish and renovate the 81-year-old facility.

Travelers' airport experiences continued to be a top priority at all of our aviation facilities. The 2000 "Terminal by Terminal" survey conducted by J.D. Power and Associates showed that customer service and facility improvements at Kennedy International, Newark International and LaGuardia were being recognized. Newark enjoyed a 25-point increase in approval, Kennedy moved up 24 points, and LaGuardia gained 14 points. Kennedy also ranked as the world's most improved airport after Hong Kong among those with 25 million passengers or more, according to the annual International Air Transport Association survey. Kennedy and Newark International collected three first-place awards in the Airport Retail News Best Concessions 2000 competition.

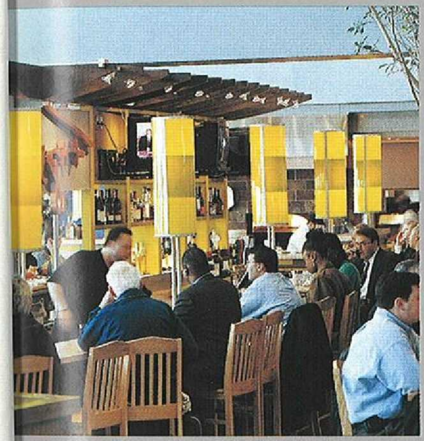
In another customer service initiative, the Port Authority approved a $30 million project to install E-ZPass in all 27 parking lots at Kennedy International, Newark International and LaGuardia. E-ZPassPlus, as the new service is called, will be the nation's first significant use of E-ZPass beyond electronic toll collection. E-ZPassPlus will debut at Kennedy in 2001.

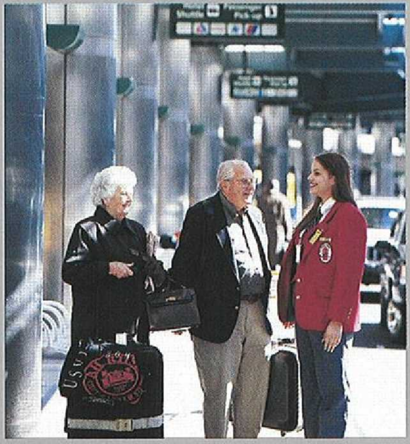
Regional Vision

The Port Authority took a leadership role during the year in advancing a multi-agency strategy for the development of a regional transit fare card, underwriting a study by the federal government's Volpe National Transportation Systems Center, and forming a steering committee of the region's mass transit providers.

Also in 2000, the Port Authority released a groundbreaking study on the importance of the interstate transportation network to the regional economy. According to the report, the annual economic benefit of our facilities ranges from $23 million for the Bayonne Bridge to $1.2 billion for the George Washington Bridge. A copy of the study — *The Economic Impact of the Port Authority Interstate Transportation Facilities* — can be requested on the Port Authority's Web site: www.panynj.gov.

> The Port Authority's regional airport network marked 2000 with notable customer service and facility improvements and record passenger and cargo traffic.





THE PORT AUTHORITY OF NY & NJ

One World Trade Center
New York, NY 10048

212 435-7000
201 961-6600

**To The Board of Commissioners of
The Port Authority of New York and New Jersey**

The Comprehensive Annual Financial Report of The Port Authority of New York and New Jersey, including its wholly-owned subsidiaries, for the year ended December 31, 2000, is enclosed. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Port Authority. To the best of my knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the Port Authority's financial results of operations, financial position, and cash flows in conformity with accounting principles generally accepted in the United States of America. The accompanying Schedules A, B, and C have been prepared pursuant to the requirements of law and Port Authority bond resolutions and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial and Statistical. The Introductory Section includes this transmittal letter, the letter of transmittal to the Governors, the Executive Director's Letter, a listing of the Commissioners comprising the Board, the Port Authority's organization chart, including a listing of Officers and Directors, and a Port Authority overview. The Financial Section includes the combined financial statements, schedules and notes as well as the independent auditors' report. The Statistical Section includes selected facility and demographic information.

Reporting Entity and its Services

The Port Authority of New York and New Jersey is a municipal corporate instrumentality and political subdivision of the States of New York and New Jersey, created in 1921 by Compact between the two states and thereafter consented to by the Congress of the United States, which undertakes only those projects authorized by the two states. The Port Authority presently has three wholly-owned subsidiaries, Port Authority Trans-Hudson Corporation, the Newark Legal and Communications Center Urban Renewal Corporation and the New York and New Jersey Railroad Corporation. The Governor of each state appoints six of the twelve members of the governing Board of Commissioners. Actions taken by the Commissioners at Port Authority meetings are subject to a gubernatorial review period during which the Governors have power to veto the actions of Commissioners from their respective state.

The Compact envisions the Port Authority as being financially self-sustaining and, as such, it must raise the funds necessary for the improvement, construction or acquisition of its facilities generally upon the basis of its own credit. The Port Authority has neither the power to pledge the credit of either state or any municipality nor to levy taxes or assessments. It is authorized and directed to plan, develop, and operate terminals and other facilities of transportation and commerce, and to advance projects in the general fields of transportation, economic development, and world trade that contribute to promoting and protecting the commerce and economy of the Port District, which, as described and defined in the statutes creating the Port Authority, comprises an area of about 1,500 square miles in both states centering about New York Harbor.

Economic Condition and Outlook

The New York and New Jersey Region registered another year of robust growth in 2000, even in the wake of a slowing national economy during the second half of the year. The region gained 161,000 wage and salary jobs, a 2.1% increase over 1999. The employment growth rate for the region exceeded the average gain for the United States economy for the second consecutive year. Inflation in the region edged up to 3.1%, reflecting higher petroleum and natural gas prices. Regional inflation has remained at or below national inflation for the past eight years.

Employment in service industries continued to lead the region's expansion, growing 3.6% and adding 98,000 jobs. Business services, which include advertising, temporary help agencies, and computer related services were a driving force behind the gains. Other sectors contributing to economic growth include wholesale and retail trade with an additional 33,000 jobs; construction up 16,000 jobs; finance, insurance and real estate up 11,000 jobs and transportation, communications and public utilities adding 3,000 jobs. The government sector of the economy also added 12,000 jobs, aided by activities related to Census 2000. Manufacturing continued its secular decline, shedding more than 12,000 jobs.

The national economy slowed markedly in the second half of the year following two quarters of strong growth. The combined effects of rising interest rates, soaring energy prices and significant declines in equity markets all contributed to a softening economy during the latter part of the year. Business profitability weakened and, with it, so did business investment in equipment, computers and software. The consumer, whose consumption led this ten year economic expansion, began to lose confidence and slow purchases. The United States trade deficit reached a new record as imports outpaced exports by $437 billion.

The Federal Reserve reacted to the weakening economy by lowering the Federal Funds target rate by a full point to 5.5% in January 2001. While it is anticipated that United States economic output will slow in 2001, regional employment growth is expected to moderate off of the robust gains of 2000. Nonetheless, the New York and New Jersey region is expected to remain as one of the healthiest economic regions of the country.

Additional information concerning current and future economic conditions and how they may impact on operations and the future commitment of Port Authority resources, as well as highlights of current and future initiatives and programs of the Port Authority, are presented throughout the Introductory Section. So far as estimates of future revenues or expenditures of the Port Authority are given, they merely constitute estimates, which may or may not be actually realized; so far as statements are made regarding other estimates or future construction, development, plans or other matters, they merely constitute statements of expectations which may or may not be actually fulfilled.

Financial Systems, Structure and Control

The Port Authority's accounting records are maintained in conformity with accounting principles generally accepted in the United States and pursuant to the requirements of law and Port Authority bond resolutions. The Port Authority maintains an infrastructure of financial systems to record financial operations and provide an audit trail to be used in a review of accountability.

To reasonably assure compliance with published policies and procedures and to protect the Port Authority's assets, a system of internal control, including budget guidelines, has been developed. This system is strengthened and supplemented by internal auditors who conduct audits of the Port Authority's operations and report on management's performance to the Audit Committee of the Board of Commissioners. The Port Authority's budget provides an outline of estimated expenditures for the year. Approval of the budget by the Board of Commissioners does not in itself authorize specific expenditures. The budget, upon approval, becomes a mechanism that facilitates the systematic review of program expenditures to ensure that they are made consistent with statutory, contractual and other commitments of the Port Authority, the policies and financial decisions of the Board of Commissioners and the requirements of the By-Laws of the Port Authority.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal control. The concept of reasonable assurance is based on the recognition that the cost of a system of internal control should not exceed the benefits derived and that the evaluation of those factors requires estimates and judgments by management.

Results of Operations:

Gross operating revenues totaled $2.6 billion in 2000, an increase of $101 million from 1999. This increase was primarily attributable to higher facility rentals, flight fees and concession revenues at John F. Kennedy International (JFK) and Newark International (EWR) Airports, increased toll revenues due to continued record vehicular activity primarily at the Hudson River crossings, increased tenant rental activity at the World

Trade Center, and a 10% increase in PATH ridership over 1999 activity.

Operating expenses totaled $1.8 billion in 2000, an increase of $95 million over 1999. The increase was primarily the result of customer service enhancements at JFK and EWR Airports, higher system administration expenses resulting from continued growth of the E-ZPass^{sm} system at all of our tunnel and bridge facilities, and additional customer service and operational expenses attributable to increased occupancy at the World Trade Center.

Portfolio Management

The Port Authority's investments consist of United States Government securities (including securities held pursuant to repurchase agreements and reverse repurchase agreements), securities of United States government agencies and commercial paper. The Port Authority also employs interest rate exchange contracts in hedging strategies to minimize interest rate risk. The investment portfolio generated a return of $158 million in 2000, which includes unrealized gains and losses due to the fair valuation of investments held at year end.

Invested In Facilities

Invested in facilities, pursuant to Port Authority bond resolutions, totaled $16.1 billion at year-end 2000, which reflects a net increased investment of $1.2 billion for the operating segments and $7 million for Regional and Other Programs. The additional investment in Port Authority operating segments and major projects, is primarily comprised of:

Air Terminals — $816 million
- Roadways, runways and taxiways;
- Improvements to buildings, terminals and parking facilities;
- JFK AirTrain and Northeast Corridor Connection at EWR Airport.

Interstate Transportation Network — $210 million
- Roadway and toll plaza improvements;
- Mechanical, structural and electrical improvements;
- George Washington and Goethals Bridge painting;
- Security and safety improvements.

Port Commerce — $106 million
- Berth and wharf improvements;
- Channel dredging;
- Land acquisition at Howland Hook;
- Roadway, utility and building improvements.

Economic and Waterfront Development — $9 million
- Waterfront development programs;
- Building improvements.

World Trade Center — $55 million
- Building improvement and modernization;
- Fire and security system enhancements;
- Elevator and escalator upgrades;
- Electrical capacity and HVAC upgrades.

Passenger Facility Charge Program

In 1992, the Federal Aviation Administration (FAA) granted the Port Authority the right to impose a Passenger Facility Charge (PFC) at LaGuardia, John F. Kennedy and Newark International Airports to be collected by the airlines on behalf of the Port Authority. The Port Authority has been authorized to collect an aggregate amount, including interest, up to $1.7 billion, net of air carrier handling charges. PFC eligible projects approved by the FAA include AirTrain (a light rail system linking the passenger terminals within JFK Airport with each other and with existing transit lines in Jamaica and Howard Beach, Queens), the implementation of a monorail and landside access project at EWR Airport, and the related monorail extension linked to the northeast corridor rail line used by Amtrak and New Jersey Transit Corporation. As of December 31, 2000, total cumulative gross investment provided by PFCs in connection with these projects amounted to $900 million. The amount of PFCs available for and restricted to future PFC project payments was $47 million.

Risk Management

The Port Authority uses a combination of risk retention, risk transfer and structured safety management and loss control programs in an attempt to avoid losses resulting from property damage and personal injury. The Port Authority carries or requires insurance to be carried (if available) on or in connection with its facilities to protect against direct physical loss or damage and resulting loss of revenue and against liability in such amounts as it deems appropriate, considering self-insured retentions, exceptions or exclusions of portions of facilities and the scope of insurable hazards.

Debt Management

As of December 31, 2000, outstanding obligations of the Port Authority pursuant to Port Authority bond resolutions totaled $7 billion, which is comprised of Consolidated Bonds, Commercial Paper Notes, Variable Rate Master Notes, Versatile Structure Obligations (VSO) and Equipment Notes. The total amount of outstanding obligations in connection with Special Project Bonds as of December 31, 2000, was $1.5 billion. The total debt service pursuant to Port Authority bond resolutions was $537 million exclusive of amounts relating to the Equipment Notes and Special Project Bonds. Capitalized interest added to the cost of facilities totaled $55 million. In 2000, the Port Authority issued Consolidated Bonds, one hundred twentieth and one hundred twenty-first series in an aggregate principal amount of $500 million while refunding and retiring $531 million of outstanding bonds.

The following is a summary of credit ratings that are assigned to the outstanding obligations of the Port Authority:

Obligation	S&P	Fitch	Moody's
Consolidated Bonds	AA-	AA-	A1
Commercial Paper*	A-1+	F-1+	P-1
VSO short term*	A-1+	F-1+	VMIG1
VSO long term	A-	A+	A2

Each rating reflects only the view of the ratings service issuing such rating and is not a recommendation by such ratings service to purchase, sell or hold any securities or as to the market price or suitability of any securities for a particular investor. Credit ratings are not assigned to variable rate master notes and equipment notes.

* Ratings assigned to these financial instruments are the highest ratings for short term obligations given by each of the rating agencies.

In addition, the Port Authority had an outstanding obligation, as of December 31, 2000, to pay $420 million to the States of New York and New Jersey as a result of the termination of the Fund for Regional Development.

Reserve Funds

At December 31, 2000, the General Reserve Fund balance was approximately $848 million, satisfying the General Reserve Fund statutes, and the Consolidated Bond Reserve Fund had a balance of approximately $827 million. The sum of the reserve fund balances exceeded the next two years' mandatory debt service on bonds secured by a pledge of the General Reserve Fund.

Independent Audit

A firm of independent certified public accountants is retained each year to conduct an audit of the financial statements of the Port Authority in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States. In planning and performing such audits, consideration is given to the internal control structure in order to determine auditing procedures for the purpose of expressing an opinion on the financial statements. The auditors meet directly with the Audit Committee of the Board of Commissioners. The independent auditors' report is included in the Financial Section.

Responsibilities of the Audit Committee of the Board of Commissioners

Consistent with best industry practices, the Audit Committee, in consultation with the independent auditors and appropriate staff, provides oversight of the quality and integrity of the accounting, auditing and financial reporting processes. The Audit Committee also reviews the performance and independence of the independent auditors, who are required to provide written disclosure and discuss with the Committee any significant relationships or issues, which would have a bearing on their independence.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to The Port Authority of New York and New Jersey for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 1999. This was the sixteenth consecutive year that the Port Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

February 23, 2001

Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

The Port Authority of New York and New Jersey

For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 1999

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Government Finance Officers Association of the United States and Canada Corporation Seal Chicago

Anne Spray Kinney
President

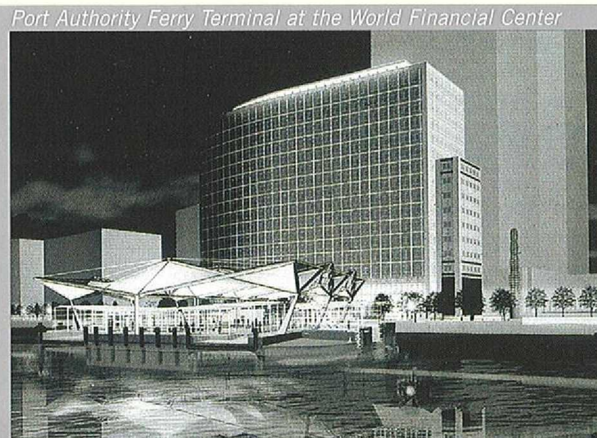
Jeffrey L. Esser
Executive Director

For the sixteenth consecutive year, The Port Authority of New York and New Jersey was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada for its 1999 Comprehensive Annual Financial Report.

2000

AirTrain Newark's Northeast Corridor Station

Port Authority Ferry Terminal at the World Financial Center



FINANCIAL SECTION

PREPARED BY

THE COMPTROLLER'S DEPARTMENT

Deloitte & Touche LLP
Two Hilton Court
P.O. Box 319
Parsippany, New Jersey 07054-0319

Tel: (973) 683 7000
Fax: (973) 683 7459
www.us.deloitte.com

Deloitte & Touche

Report of Independent Auditors

Board of Commissioners
The Port Authority of New York and New Jersey

We have audited the accompanying combined statements of financial position of The Port Authority of New York and New Jersey, which includes its wholly-owned subsidiaries, (the Port Authority) as of December 31, 2000 and 1999, and the related combined statements of income and cash flows for the years then ended. We also audited the financial information included in Schedules A, B, and C. These financial statements and schedules are the responsibility of the Port Authority's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement and schedule presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Port Authority as of December 31, 2000 and 1999, and the combined results of its operations and its combined cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying Schedules A, B, and C have been prepared pursuant to the requirements of law and Port Authority bond resolutions and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America. However, in our opinion, Schedules A, B, and C present fairly, in all material respects, the assets and liabilities of the Port Authority at December 31, 2000 and 1999, and the revenues and reserves for the years then ended in conformity with the accounting principles described in Note A-2.

Our audits were conducted for the purpose of forming opinions on the combined financial statements and Schedules A, B, and C taken as a whole. The supplemental information, which is the responsibility of the Port Authority's management, presented in Schedules D and E, is presented for purposes of additional analysis and is not a required part of the combined financial statements or schedules. Such information has been subjected to the auditing procedures applied in our audits of the combined financial statements and schedules, and in our opinion, is fairly stated in all material respects when considered in relation to the combined financial statements and schedules taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated February 23, 2001, on our consideration of the Port Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Deloitte & Touche LLP

February 23, 2001

Deloitte
Touche
Tohmatsu

	Year Ended December 31, 2000			1999
	Port Authority Operations	PFC Program	Combined	Combined
	(In thousands)			
Gross operating revenues	$2,648,328	$ —	**$2,648,328**	$2,547,512
Operating expenses:				
Employee compensation, including benefits	638,821	—	**638,821**	621,900
Contract services	613,795	—	**613,795**	554,155
Materials, equipment and other	147,596	—	**147,596**	137,508
Utilities	142,935	—	**142,935**	132,213
Rents and amounts in-lieu-of taxes	131,344	—	**131,344**	133,452
Interest on Special Project Bonds	97,870	—	**97,870**	98,036
Total operating expenses	1,772,361	—	**1,772,361**	1,677,264
Depreciation of facilities	404,706	6,230	**410,936**	400,103
Amortization of costs for regional and other programs	19,749	—	**19,749**	19,468
Income from operations	451,512	(6,230)	**445,282**	450,677
PFC revenues	—	120,404	**120,404**	115,837
Financial income and expense:				
Income on investments	96,409	898	**97,307**	97,385
Net increase in fair value of investments	66,297	3,424	**69,721**	20,199
Interest expense in connection with bonds and other asset financing	(361,912)	—	**(361,912)**	(368,701)
Gain (loss) on disposition of assets	1,620	—	**1,620**	(1,377)
Net income	253,926	118,496	**372,422**	314,020
Add depreciation of assets acquired with capital funding provided by others	31,686	—	**31,686**	33,180
Net income invested in Port Authority facilities, operations and reserves	285,612	118,496	**404,108**	347,200
Retained earnings, January 1	3,344,432	803,341	**4,147,773**	3,800,573
Retained earnings invested in Port Authority facilities, operations and reserves, December 31	$3,630,044	$921,837	**$4,551,881**	$4,147,773

See Notes to Combined Financial Statements.

Combined Statements of Financial Position

	December 31, 2000 Port Authority Operations	PFC Program	Combined	December 31, 1999 Combined
	(In thousands)			
ASSETS				
Current assets:				
Cash	$ 52,731	$ –	**$ 52,731**	$ 44,243
Investments	1,085,473	32,706	**1,118,179**	1,118,731
Current receivables, net	320,015	14,698	**334,713**	234,387
Other current assets	55,186	–	**55,186**	163,335
Total current assets	1,513,405	47,404	**1,560,809**	1,560,696
Noncurrent assets:				
Investments	1,195,321	–	**1,195,321**	1,373,416
Other amounts receivable, net	338,461	–	**338,461**	344,945
Deferred charges and other noncurrent assets	443,136	–	**443,136**	431,516
Unamortized costs for Fund buy-out	402,348	–	**402,348**	405,238
Amounts receivable – Special Project Bonds	1,449,980	–	**1,449,980**	1,457,559
Unamortized costs for regional and other programs	433,114	–	**433,114**	445,718
Facilities, net	8,192,463	874,433	**9,066,896**	8,286,369
Total noncurrent assets	12,454,823	874,433	**13,329,256**	12,744,761
Total assets	13,968,228	921,837	**14,890,065**	14,305,457
LIABILITIES				
Current liabilities:				
Accounts payable	460,944	–	**460,944**	433,591
Accrued interest and other current liabilities	218,795	–	**218,795**	208,959
Accrued payroll and other employee benefits	68,400	–	**68,400**	66,657
Current portion bonds and other asset financing obligations	671,563	–	**671,563**	628,033
Total current liabilities	1,419,702	–	**1,419,702**	1,337,240
Noncurrent liabilities:				
Accrued pension and other noncurrent employee benefits	376,649	–	**376,649**	322,361
Other noncurrent liabilities	77,438	–	**77,438**	85,253
Amounts payable – Special Project Bonds	1,449,980	–	**1,449,980**	1,457,559
Bonds and other asset financing obligations	6,602,725	–	**6,602,725**	6,548,067
Total noncurrent liabilities	8,506,792	–	**8,506,792**	8,413,240
Total liabilities	9,926,494	–	**9,926,494**	9,750,480
NET ASSETS	$ 4,041,734	$921,837	**$ 4,963,571**	$ 4,554,977
Net assets are composed of:				
Retained earnings invested in Port Authority facilities, operations and reserves	$ 3,630,044	$921,837	**$ 4,551,881**	$ 4,147,773
Capital funding provided by others	411,690	–	**411,690**	407,204
Net assets	$ 4,041,734	$921,837	**$ 4,963,571**	$ 4,554,977

See Notes to Combined Financial Statements.

Combined Statements of Cash Flows

	Year Ended December 31, 2000			1999
	Port Authority Operations	PFC Program	Combined	Combined
	(In thousands)			
1. Cash flows from operating activities:				
Cash received from operations	$ 2,431,553	$ —	**$ 2,431,553**	$ 2,343,816
Cash paid to suppliers	(829,294)	—	**(829,294)**	(850,565)
Cash paid to or on behalf of employees	(582,791)	—	**(582,791)**	(567,845)
Cash paid to municipalities	(144,597)	—	**(144,597)**	(87,120)
Net cash provided by operating activities	874,871	—	**874,871**	838,286
Cash flows from capital and related financing activities:				
Proceeds from sales of capital obligations	296,493	—	**296,493**	292,609
Principal paid on capital obligations	(213,845)	—	**(213,845)**	(238,397)
Proceeds from capital obligations issued for refunding purposes	1,391,497	—	**1,391,497**	857,023
Principal paid through capital obligations refundings	(1,391,497)	—	**(1,391,497)**	(857,023)
Interest paid on capital obligations	(372,404)	—	**(372,404)**	(361,772)
Investment in facilities and construction of capital assets	(783,471)	(263,671)	**(1,047,142)**	(893,983)
Investment in regional and other programs	(7,019)	—	**(7,019)**	(10,786)
Proceeds from disposition of facilities	2,108	—	**2,108**	(635)
Proceeds from passenger facility charges	—	120,393	**120,393**	117,044
Financial income allocated to capital projects	7,496	—	**7,496**	5,551
Interest paid on equipment notes	(3,677)	—	**(3,677)**	(2,807)
Principal paid on equipment notes	(2,950)	—	**(2,950)**	—
Payments for Fund buy-out obligation	(28,063)	—	**(28,063)**	(28,063)
Capital funding provided by others	28,408	—	**28,408**	45,608
Net cash used for capital and related financing activities	(1,076,924)	(143,278)	**(1,220,202)**	(1,075,631)
Cash flows from investing activities:				
Purchase of investment securities	(10,558,675)	(120,393)	**(10,679,068)**	(4,563,252)
Proceeds from maturity and sale of investment securities	10,672,942	262,773	**10,935,715**	4,705,732
Interest received on investment securities	77,925	898	**78,823**	73,514
Miscellaneous financial income	18,349	—	**18,349**	20,652
Net cash provided by investing activities	210,541	143,278	**353,819**	236,646
Net increase (decrease) in cash	8,488	—	**8,488**	(699)
Cash at beginning of year	44,243	—	**44,243**	44,942
Cash at end of year	$ 52,731	$ —	**$ 52,731**	$ 44,243

(Combined Statements of Cash Flows continued on next page.)

See Notes to Combined Financial Statements.

	Year Ended December 31, 2000			1999
	Port Authority Operations	PFC Program	Combined	Combined
		(In thousands)		
2. Reconciliation of income from operations to net cash provided by operating activities:				
Income from operations	$451,512	$(6,230)	**$445,282**	$ 450,677
Adjustments to reconcile income from operations to net cash provided by operating activities:				
Depreciation of facilities	404,706	6,230	**410,936**	400,103
Amortization of costs for regional and other programs	19,749	—	**19,749**	19,468
Amortization of other assets	71,110	—	**71,110**	76,402
Change in operating assets and operating liabilities:				
Increase in receivables	(89,374)	—	**(89,374)**	(95,491)
Increase in prepaid expenses	(67,550)	—	**(67,550)**	(172,480)
Decrease in deferred costs	2,890	—	**2,890**	3,222
Increase in payables	17,954	—	**17,954**	49,689
Increase in employee benefits	56,030	—	**56,030**	54,055
(Decrease) increase in other liabilities	(2,188)	—	**(2,188)**	55,087
Increase (decrease) in deferred income	10,032	—	**10,032**	(2,446)
Total adjustments	423,359	6,230	**429,589**	387,609
Net cash provided by operating activities	$874,871	$ —	**$874,871**	$ 838,286

3. Capital obligations:

Consolidated bonds, commercial paper, variable rate master notes and versatile structure obligations.

4. Noncash capital financing activity:

Noncash activity of $103,332,000 in 2000 and $108,086,000 in 1999 includes amortization of discount and premium on consolidated bonds, accretion associated with capital appreciation bonds and amounts payable in connection with Special Project Bonds. Noncash capital financing did not include any activities that required a change in fair value.

See Notes to Combined Financial Statements.

Note A Summary of Significant Accounting Policies

1. Accounting Policies

a. The Port Authority of New York and New Jersey was created in 1921 by Compact between the two States and consented to by the Congress of the United States. Cash derived from Port Authority operations and other cash received may be disbursed only for specific purposes in accordance with provisions of various statutes and agreements with holders of its obligations and others. The costs of providing facilities and services to the general public on a continuing basis are recovered primarily in the form of tolls, fares, fees, rentals and other user charges.

b. The financial statements and schedules include the accounts of the Port Authority and its wholly-owned subsidiaries, Port Authority Trans-Hudson Corporation (PATH), the Newark Legal and Communications Center Urban Renewal Corporation and the New York and New Jersey Railroad Corporation.

In its accounting and financial reporting, the Port Authority follows the pronouncements of the Governmental Accounting Standards Board (GASB). In addition, the Port Authority follows the pronouncements of all applicable Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

c. The Passenger Facility Charge (PFC) Program is accounted for as a separate enterprise fund of the Port Authority since, pursuant to Federal law, amounts attributable to collection and investment of PFCs are restricted and can only be used for Federal Aviation Administration approved airport related projects. Revenue derived from the collection of PFCs, net of the air carriers' handling charges, is recognized and reported as non-operating revenue in the year the fees are due from the air carriers. PFC revenue applied to eligible projects is reflected as a component of "Facilities, net" on the Combined Statements of Financial Position.

d. Facilities are carried at cost and include the expenditure of capital funding provided by federal, state and other entities to acquire, construct, place in operation and improve the facilities of the Port Authority (see Note F). Facilities do not include regional and other programs, undertaken at the request of the Governor of the State of New Jersey or the Governor of the State of New York (see Note H). Capital costs for facilities include net interest expense incurred from the date of issuance of debt for purposes of a capital project until such project is completed and ready for its intended use (see Note B).

e. Depreciation of facilities is computed on the straight-line method based on estimated useful lives of the related assets. In distributing net income to retained earnings, a charge representing depreciation of assets acquired with capital funding provided by federal, state and other entities is made against the related contributed capital amounts (see Note F). Costs of regional and other programs are amortized on a straight-line basis; the buy-out of the Fund for Regional Development is amortized in proportion to its future expected revenue flow (see Note H). Certain operating costs which provide benefits for periods exceeding one year are deferred and amortized over the period benefited.

f. All Port Authority investments whose values are affected by interest rate changes have been reported at their fair value, using published market prices.

The Port Authority may use a variety of financial instruments to assist in the management of its financing and investment objectives. The Port Authority also employs hedging strategies to minimize interest rate risk and enters into various derivative instruments, including interest rate option contracts, repurchase and reverse repurchase (yield maintenance) agreements, United States Treasury and municipal bond futures contracts (see Note C) and interest rate exchange contracts (swaps) (see Note D).

g. When issuing new debt for refunding purposes the difference between the acquisition price of the new debt and the net carrying amount of the refunded debt is deferred and amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.

h. "Net income (loss) Port Authority operations" presented by operating segment (see Note K) consists of "Income from operations" less net interest expense and gain (loss) on disposition of assets. Net interest expense (interest expense less financial income) that cannot be specifically identified with any particular operating segment is allocated to all operating segments on the basis of unamortized investment in use (completed construction less accumulated depreciation). Financial income or interest expense which can be specifically identified with a particular facility within an operating segment is credited/charged directly to that segment. Gain or loss generated by the disposition of assets is included in the calculation of net income (loss) for the operating segment from which the assets were included.

i. Inventories are valued at average cost.

j. Environmental contamination treatment costs, including costs associated with the Port Authority's comprehensive dredging and disposal plan, are generally charged as an operating expense. However, such costs, when they result in the construction of a new asset or the improvement of an existing asset compared with its condition when it was constructed or acquired, are capitalized. Improved asset conditions include the extension of the useful life, increased capacity, and improvement of safety or efficiency.

k. Cash consists of cash on hand and demand deposits.

l. The 1999 financial statements contain the reclassification of certain amounts, which have been made in order to conform to the classifications used in 2000.

2. Reconciliation of Combined Statements to Schedules Prepared Pursuant to Bond Resolutions

Schedules A, B, and C, which follow the notes to the combined financial statements, have been prepared in accordance with legal requirements and Port Authority bond resolutions which differ in some respects from accounting principles that are generally accepted in the United States, as follows:

The revenues and expenses of facilities are accounted for in the operating fund. The financial resources expended for the construction or acquisition of major facilities or improvements are accounted for in the capital fund. Transactions involving the application of net revenues are accounted for in the reserve funds.

The Port Authority's bond resolutions provide that net operating revenues shall not include an allowance for depreciation on facilities other than of ancillary equipment. Thus, depreciation is not a significant factor in determining the net revenues and the reserves of the Port Authority or their application as provided in the Port Authority's bond resolutions. Instead, facility capital costs are provided for through deductions from net revenues and reserves of amounts equal to principal payments on debt or through direct investment in facilities. These amounts are credited at par to "Debt retired through income" and to "Appropriated reserves invested in facilities", respectively.

Debt service in connection with operating asset obligations is paid from the same revenues and in the same manner as operating expenses of the Port Authority.

Charges for regional and other programs are included in "Invested in facilities" in accordance with Port Authority bond resolutions.

Consolidated Bonds are recorded as outstanding at their par value commencing on the date that the Port Authority is contractually obligated to issue and sell such obligations. Discounts and premiums are capitalized at issuance.

Furthermore, to reflect the cumulative amount invested by the Port Authority since 1921 in connection with its facilities, the cost of assets removed from service is not deducted from "Invested in facilities". However, in the event of the sale of assets removed from service, the amount of proceeds received from such sale is deducted from "Invested in facilities".

A reconciliation of Combined Statements to Schedules A and B follows:

Combined Statements of Income to Schedule A, Revenues and Reserves

	Year ended December 31, 2000	1999
	(In thousands)	
Net income reported on Combined Statements of Income	$372,422	$314,020
Add: Depreciation of facilities	410,936	400,103
Amortization of costs for regional and other programs	19,749	19,468
Amortization of discount and premium	9,694	8,919
(Gain) loss on disposition of assets	(1,620)	1,377
	811,181	743,887
Less: Debt maturities and retirements	158,435	138,225
Call premium on refunded bonds	3,777	—
Repayment of commercial paper obligations	10	172
Debt retirement acceleration	60,000	—
Appropriations for self-insurance	5,101	4,247
Direct investment in facilities	404,388	233,260
Net PFC revenue	120,404	115,837
PFC income on investments (including net increase in fair value of investments)	4,322	13,056
	756,437	504,797
Increase in reserves reported on Schedule A, Revenues and Reserves (pursuant to Port Authority bond resolutions)	$ 54,744	$239,090

Combined Statements of Financial Position to Schedule B, Assets and Liabilities

	December 31, 2000	1999
	(In thousands)	
Net assets reported on Combined Statements of Financial Position	$ 4,963,571	$ 4,554,977
Add: Accumulated depreciation of facilities	5,282,556	4,937,957
Accumulated retirements and gains and losses on disposal of invested in facilities	557,302	492,584
Cumulative amortization of costs for regional and other programs (including retired assets)	575,224	555,475
Cumulative amortization of discount and premium	41,209	35,292
	11,419,862	10,576,285
Less: Deferred income in connection with PFCs	47,405	186,350
Net assets reported on Schedule B, Assets and Liabilities (pursuant to Port Authority bond resolutions)	$11,372,457	$10,389,935

Passenger Facility Charges are deferred until spent on approved project costs consistent with Port Authority bond resolutions. Unspent PFC program amounts are a Port Authority liability, which are reflected as "Deferred income in connection with PFCs". A reconciliation of net income, PFC program to net income from sources other than operations attributable to PFCs (pursuant to Port Authority bond resolutions) follows:

	Year ended December 31, 2000	1999
	(In thousands)	
Net income, PFC program	$ 118,496	$ 123,296
Add: Depreciation of PFC facilities	6,230	5,597
Less: Direct PFC project payments	(263,671)	(284,778)
Transfer from deferred income in connection with PFCs	138,945	155,885
Net income from sources other than operations attributable to PFCs (pursuant to Port Authority bond resolutions)	$ 0	$ 0

Note B Facilities

1. Facilities, net is comprised of the following:

	December 31, 2000	1999
	(In thousands)	
Completed construction:		
Interstate Transportation Network	$ 3,679,809	$ 3,479,524
Air Terminals (including PFC Program)	5,086,381	4,963,790
Port Commerce	1,313,274	1,260,712
Economic and Waterfront Development	319,704	314,192
World Trade	1,722,888	1,624,396
	12,122,056	11,642,614
Construction in progress	2,227,396	1,581,712
Facilities	14,349,452	13,224,326
Less accumulated depreciation	5,282,556	4,937,957
Facilities, net	$ 9,066,896	$ 8,286,369

Asset lives used in the calculation of depreciation are generally as follows:

Tunnels and bridges	100 years
Buildings	25 to 50 years
Runways and other paving	10 to 20 years
Machinery and equipment	5 to 35 years

Assets located at facilities leased by the Port Authority from others are depreciated over the remaining term of the facility lease or the asset life stated above, whichever is shorter.

2. Net interest expense added to the cost of facilities was $41,885,000 in 2000 and $36,555,000 in 1999.

Note C Cash and Investments

1. The components of cash and investments are:

	December 31, 2000	1999
	(In thousands)	
CASH		
Cash on hand	$ 1,140	$ 1,168
Demand deposits	51,591	43,075
Total cash	$52,731	$44,243

	December 31, 2000	1999
	(In thousands)	
INVESTMENTS		
United States Treasury notes	$1,030,567	$1,270,249
United States Treasury bills	821,331	1,053,407
United States government agency obligations	272,579	99,481
United States Treasury obligations held pursuant to repurchase agreements	175,451	55,679
Accrued interest receivable	13,572	13,331
Total investments	2,313,500	2,492,147
Less current investments	1,118,179	1,118,731
Noncurrent investments	$1,195,321	$1,373,416

2. Port Authority policy provides for funds of the Port Authority to be deposited in banks with offices located in the Port District, provided that the total funds on deposit in any bank do not exceed 50% of the bank's combined capital and permanent surplus. These funds must be fully secured by deposit of collateral having a minimum market value of 110% of targeted average daily balances in excess of that part of the deposits secured through the Federal Deposit Insurance Corporation (FDIC). Actual daily balances may differ from the targeted daily balance. The collateral must consist of obligations of the United States of America, the Port Authority, the State of New York or the State of New Jersey held in custodial bank accounts in banks in the Port District having combined capital and surplus in excess of $1,000,000.

Total actual bank balances were $44,832,000 as of December 31, 2000. In accordance with the aforementioned policy, $29,651,000 was either secured through the FDIC or was fully collateralized by collateral held by a bank acting as the Port Authority's agent and held by such bank in the Port Authority's name, and $12,901,000 was fully collateralized by collateral held by a bank's trust department or the bank's agent in the Port Authority's name. The balance of $2,280,000 was not collateralized.

3. The investment policies of the Port Authority are established in conformity with its agreements with the holders of its obligations, generally through resolutions of the Board of Commissioners or its Committee on Finance. Individual investment transactions are executed with recognized and established securities dealers and commercial banks. Port Authority investments are maintained, in the Port Authority's name, by a third party financial institution acting as the Port Authority's agent. Securities transactions are conducted in the open market at competitive prices. Transactions (including repurchase and reverse repurchase agreement transactions) are completed when the Port Authority's securities custodian, in the Port Authority's name, makes or receives payment upon receipt of confirmation that the securities have been transferred at the Federal Reserve Bank of New York or other repository in accordance with the Port Authority's instructions.

Proceeds of "Bonds and other asset financing obligations" are invested, on an interim basis, in conformance with applicable Federal law and regulations, in obligations of (or fully guaranteed by) the United States of America (including such securities held pursuant to repurchase agreements) and collateralized time accounts. The Consolidated Bond Reserve Fund and the General Reserve Fund amounts may be invested in obligations of (or fully guaranteed by) the United States of America, the State of New York or the State of New Jersey, collateralized time accounts, and Port Authority bonds actually issued and secured by a pledge of the General Reserve Fund. Operating funds may presently be invested in direct obligations of the United States of America and obligations of United States government agencies and sponsored enterprises, investment grade negotiable certificates of deposit, negotiable bankers' acceptances, commercial paper, United States Treasury and municipal bond futures contracts, certain interest rate exchange contracts with banks and investment firms, and certain interest rate options contracts with primary dealers in United States Treasury securities. The Board has from time to time authorized other investments of operating funds.

The Port Authority has entered into reverse repurchase (yield maintenance) agreements under which the Port Authority contracted to sell a specified United States Treasury security to a counterparty and simultaneously agreed to purchase it back from that party at a predetermined price and future date. All reverse repurchase agreements sold are matched to repurchase agreements bought, thereby minimizing market risk. The credit risk is managed by a daily evaluation of the market value of the underlying securities and periodic cash adjustments, as necessary, in accordance with the terms of the repurchase agreements. Although there were no investments in reverse repurchase agreements at December 31, 2000, during 2000 reverse repurchase agreements in effect at any one time ranged as high as $288,295,000. Repurchase agreements in effect at any one time during 2000 ranged as high as $631,189,000.

Although there were no investments in commercial paper notes at December 31, 2000, during 2000 investments in commercial paper notes in effect at any one time ranged as high as $100,000,000.

The obligations noted with "(*)" on original issuance were subject to the alternative minimum tax imposed under the Internal Revenue Code of 1986, as amended, with respect to individuals and corporations. Obligations noted with "(**)" are subject to Federal taxation.

1. Outstanding bonds and other asset financing obligations

	December 31, 2000		
	Current	Noncurrent	Total
		(In thousands)	
A. Consolidated Bonds	$171,340	$5,560,877	$5,732,217
B. Commercial paper notes	251,885	–	251,885
C. Variable rate master notes	214,990	–	214,990
D. Versatile structure obligations	5,285	566,015	571,300
E. Port Authority equipment notes	–	84,200	84,200
F. Fund buy-out obligation	28,063	391,633	419,696
	$671,563	$6,602,725	$7,274,288

	December 31, 1999		
	Current	Noncurrent	Total
		(In thousands)	
A. Consolidated Bonds	$252,835	$5,506,384	$5,759,219
B. Commercial paper notes	123,595	–	123,595
C. Variable rate master notes	215,990	–	215,990
D. Versatile structure obligations	4,600	571,300	575,900
E. Port Authority equipment notes	2,950	84,200	87,150
F. Fund buy-out obligation	28,063	386,183	414,246
	$628,033	$6,548,067	$7,176,100

A. Consolidated Bonds

		Dec. 31, 1999	Issued/ Accreted	Refunded/ Retired	Dec. 31, 2000
			(In thousands)		
Thirty-first series	4% due 2002	$ 15,000	$ –	$ 5,000	$ 10,000
Thirty-second series	5% due 2003	20,000	–	5,000	15,000
Thirty-third series	4 3/4% due 2003	20,000	–	5,000	15,000
Sixty-seventh series	6.8%-6.9% due 2005-2025	100,000	–	100,000	–
Sixty-eighth series*	7 1/8%-7 1/4% due 2005-2025	100,000	–	100,000	–
Sixty-ninth series (a)	6.8%-7 1/8% due 2000-2025	101,606	1,698	79,670	23,634
Seventieth series*	7%-7 1/4% due 2005-2025	100,000	–	100,000	–
Seventy-first series	6 1/2%-7% due 2006-2026	78,000	–	–	78,000
Seventy-second series	7.4% due 2012, 7.35% due 2027	100,000	–	–	100,000
Seventy-third series*	6 1/2%-6 3/4% due 2006-2026	100,000	–	–	100,000
Seventy-fourth series (b)	6.1%-6 3/4% due 2000-2026	104,043	1,651	1,585	104,109
Seventy-sixth series*	6.3%-6 1/2% due 2006-2026	100,000	–	–	100,000
Seventy-seventh series*	6 1/8%-6 1/4% due 2007-2027	100,000	–	–	100,000
Seventy-eighth series	5.9%-6 1/2% due 2000-2011	79,900	–	3,700	76,200
Seventy-ninth series	5 1/2%-6% due 2000-2005	41,255	–	6,190	35,065
Eightieth series	5 1/2%-6% due 2000-2005	20,795	–	3,100	17,695
Eighty-first series	4 7/8%-5.8% due 2000-2014	99,405	–	5,110	94,295
Eighty-second series	4 7/8%-5.8% due 2000-2013	79,800	–	4,500	75,300
Eighty-third series	5.4%-6 3/8% due 2000-2017	85,560	–	2,995	82,565
Eighty-fourth series*	5 3/4%-6% due 2008-2028	97,250	–	–	97,250
Eighty-fifth series	5%-5 3/8% due 2008-2028	98,000	–	–	98,000
Eighty-sixth series	4.4%-5.2% due 2000-2012	100,325	–	9,470	90,855
Eighty-seventh series	4 1/2%-7 1/2% due 2000-2021	92,710	–	2,020	90,690
Eighty-eighth series	4.1%-4 3/4% due 2000-2008	133,375	–	19,610	113,765
Eighty-ninth series	4 1/4%-5 1/8% due 2001-2021	94,000	–	–	94,000
Ninetieth series**	5.6%-6 1/8% due 2000-2005	43,300	–	6,235	37,065
Ninety-first series	4.3%-5.2% due 2000-2020	272,135	–	5,330	266,805
Ninety-second series	4 3/4%-5 5/8% due 2009-2029	90,680	–	–	90,680
Ninety-third series	6 1/8% due 2094	100,000	–	–	100,000
Ninety-fourth series	5.1%-6% due 2003-2017	100,000	–	–	100,000
Ninety-fifth series*	5 1/2%-6 1/8% due 2005-2029	95,000	–	–	95,000
Ninety-sixth series*	5.6%-6.6% due 2003-2023	100,000	–	–	100,000
Ninety-seventh series*	6%-7.1% due 2003-2023	100,000	–	–	100,000
Ninety-eighth series*	5.7%-6.2% due 2005-2015	100,000	–	–	100,000
Ninety-ninth series*	5 1/4%-7% due 2004-2015	86,000	–	–	86,000
One hundredth series	5 5/8%-5 3/4% due 2010-2030	135,000	–	–	135,000
One hundred first series*	5%-6% due 2000-2015	86,915	–	3,680	83,235
One hundred second series (c)	5.1%-5 7/8% due 2007-2027	120,000	–	–	120,000
One hundred third series	4.3%-5 1/4% due 2000-2014	75,000	–	3,500	71,500
One hundred fourth series	4 3/4%-5.2% due 2011-2026	150,000	–	–	150,000
One hundred fifth series*	5%-6 1/4% due 2000-2016	134,310	–	5,620	128,690
One hundred sixth series*	4.9%-6% due 2000-2016	90,700	–	3,400	87,300
One hundred seventh series*	4.9%-6% due 2004-2016	100,000	–	–	100,000
One hundred eighth series*	4 3/4%-6% due 2000-2017	140,435	–	5,075	135,360
One hundred ninth series	5 3/8%-5 1/2% due 2012-2032	150,000	–	–	150,000
One hundred tenth series*	4.25%-5.375% due 2000-2017	93,785	–	3,310	90,475
One hundred eleventh series	5% due 2012-2032	100,000	–	–	100,000
One hundred twelfth series*	4 1/2%-5 1/4% due 2000-2018	145,310	–	4,875	140,435
One hundred thirteenth series	3.9%-4 3/4% due 2000-2013	141,750	–	12,000	129,750
One hundred fourteenth series	4 3/4%-5 1/2% due 2013-2033	100,000	–	–	100,000
One hundred fifteenth series	3 7/8%-4 3/8% due 2000-2008	59,000	–	6,000	53,000
One hundred sixteenth series (d)	4 1/4%-5 1/4% due 2005-2033	450,000	–	–	450,000
One hundred seventeenth series*	4%-5 1/8% due 2000-2018	96,460	–	3,465	92,995
One hundred eighteenth series	3.75%-5.35% due 2000-2014	100,000	–	6,500	93,500
One hundred nineteenth series*	4.5%-5.875% due 2000-2019	300,000	–	8,600	291,400
One hundred twentieth series*	4 1/2%-6% due 2001-2035	–	300,000	–	300,000
One hundred twenty-first series	5%-5 1/2% due 2016-2022	–	200,000	–	200,000
Consolidated Bonds pursuant to Port Authority bond resolutions (e)		5,916,804	$503,349	$530,540	5,889,613
Less unamortized discount and premium (f)		157,585			157,396
Consolidated Bonds		$5,759,219			$5,732,217

A. Consolidated Bonds (continued)

(a) Includes $12,388,000 (initial amounts) serial bonds issued on a capital appreciation basis; the only payments with respect to these bonds will be made at their respective maturities, ranging from years 2000 to 2011, in total aggregate maturity amounts of $38,270,000.

(b) Includes $14,204,000 (initial amounts) serial bonds issued on a capital appreciation basis; the only payments with respect to these bonds will be made at their respective maturities, ranging from years 2002 to 2014, in total aggregate maturity amounts of $44,555,000.

(c) Approximately $110,000,000 of the proceeds of Consolidated Bonds, one hundred second series was allocated to the purchase of U.S. Treasury securities which are expected to provide for both the refunding on the first call date and the payment of interest through the first call date (October 1, 2002) on Consolidated Bonds, seventy-second series.

(d) Approximately $357,155,000 of the proceeds of Consolidated Bonds, one hundred sixteenth series was allocated to the purchase of U.S. Treasury securities which are expected to provide for both the refunding on the first call date and the payment of interest through the first call date on the following series of consolidated bonds:

Consolidated Bonds	Amount to be refunded (In thousands)	First call date
Sixty-seventh series**	$100,000	Jan. 1, 2000
Sixty-ninth series (third installment)**	$ 77,705	Jun. 1, 2000
Seventy-first series**	$ 78,000	Jan. 15, 2001
Seventy-fourth series (third installment)	$ 76,215	Aug. 1, 2001

** Refunded on first call date.

(e) Debt service on Consolidated Bonds outstanding on December 31, 2000 is:

Year Ending December 31:	Principal	Interest	Debt Service
		(In thousands)	
2001	$ 171,340	$ 314,709	$ 486,049
2002	180,740	306,519	487,259
2003	190,730	297,915	488,645
2004	195,210	288,888	484,098
2005	208,385	279,085	487,470
2006-2094	4,974,225	3,549,754	8,523,979
	$5,920,630	$5,036,870	$10,957,500

Total principal of $5,920,630 shown above differs from the total Consolidated Bonds pursuant to Port Authority bond resolutions of $5,889,613 because of differences in the par value at maturity of the capital appreciation bonds of $31,017.

(f) Amount includes the unamortized difference between acquisition price and carrying amount on refunded debt.

Consolidated bonds outstanding as of February 23, 2001 (pursuant to Port Authority bond resolutions) totalled $6,161,887,000.

The Board of Commissioners has authorized the issuance of Consolidated Bonds one hundred twenty-second series through one hundred thirty-fourth series, in aggregate principal amount of up to $300 million of each series, and Consolidated Notes, Series TT, UU, VV, WW and XX of up to $200 million in aggregate principal amount of each series.

The Port Authority operates John F. Kennedy International and LaGuardia Airports under a lease agreement with the City of New York, which expires in 2015. During 1994, the City of New York suspended negotiations to extend the lease term. In this context, the Port Authority initiated a program to accelerate the retirement of certain Consolidated Bonds that were outstanding as of December 31, 1994, with maturities extending beyond 2015. If the lease agreement is not extended beyond 2015 and the program continues through the year 2015, all such Consolidated Bonds (with the exception of Consolidated Bonds, ninety-third series) outstanding as of December 31,1994, with maturities beyond 2015 would be retired. Additionally, from 1994 through 1999 the Port Authority limited the maturity on its future private activity Consolidated Bonds (proceeds of which are used primarily at the

A. Consolidated Bonds (continued)

airports) to twenty years from the date of issue. Beginning in 2000, the principal amount of private activity Consolidated Bonds equal to the amount of such series allocated to John F. Kennedy International and/or LaGuardia Airports would mature on or before December 31, 2015, while the balance of such series would have a final maturity date of up to 35 years. The continuation of the program of accelerated retirements and the maturity limitations, in each case, is subject to change at the discretion of the Port Authority (See Note G).

During 2000 the Port Authority refunded $317,705,000 in outstanding consolidated bonds. Although the refundings resulted in an additional cash outlay (for expenses consisting primarily of call premiums) of $8,350,000, the Port Authority in effect reduced its aggregate debt service payments by approximately $170,515,000 over the life of the refunded issues. The economic gain resulting from the debt refunding (the difference between the present value of the cash flows required to service the old debt and the present value of the cash flows required to service the new debt) is worth approximately $63,537,000 in present value savings to the Port Authority.

B. Commercial paper notes

Port Authority commercial paper obligations may be issued until December 31, 2005, in an aggregate principal amount outstanding at any one time not in excess of $500 million in two separate series. Each series includes a standby revolving credit facility and the maximum aggregate principal amount that may be outstanding at any one time is $300 million for Series A and $200 million for Series B.

	Dec. 31, 1999	Issued	Refunded/ Repaid	Dec. 31, 2000
		(In thousands)		
Series A*	$ 57,215	$ 464,050	$ 429,195	$ 92,070
Series B	66,380	729,665	636,230	159,815
	$123,595	$1,193,715	$1,065,425	$251,885

Interest rates for all commercial paper notes ranged in 2000 from 2.75% to 5.9%.

As of February 23, 2001, commercial paper notes outstanding totalled $221,982,000.

C. Variable rate master notes

Variable rate master notes may be issued in aggregate principal amounts outstanding at any one time not to exceed $400 million.

	Dec. 31, 1999	Issued	Refunded/ Repaid	Dec. 31, 2000
		(In thousands)		
Agreements 1989-1995*	$ 94,900	$ –	$ –	$ 94,900
Agreements 1989-1998	121,090	–	1,000	120,090
	$215,990	$ –	$ 1,000	$214,990

Interest rates, variable, ranged in 2000 from 3.55% to 4.75%.

Variable rate master notes are subject to prepayment at the option of the Port Authority or upon demand of the holders.

D. Versatile structure obligations

	Dec. 31, 1999	Issued	Refunded/ Repaid	Dec. 31, 2000
		(In thousands)		
Series 1R*, 4*, 6*	$293,200	$ –	$ 3,600	$289,600
Series 2, 3, 5	282,700	–	1,000	281,700
	$575,900	$ –	$ 4,600	$571,300

Interest rates, variable based upon contractual agreements, ranged in 2000 from 1.45% to 6.2%.

D. Versatile structure obligations (continued)

The Port Authority has entered into a separate standby certificate purchase agreement pertaining to each series of versatile structure obligations with certain banks, which provides that during the term of the banks' commitment (generally three years, subject to renewal), if the remarketing agent fails to remarket any obligations that are tendered by the holders, the bank may be required, subject to certain conditions, to purchase such unremarketed portion of the obligations. If not purchased prior thereto at the Port Authority's option, the Port Authority has agreed to purchase such portion of the obligations within 90 business days after the purchase thereof by the bank. Bank commitment fees during 2000 in connection with the agreements were $810,000. No bank was required to purchase any of the obligations under the agreements in 2000.

E. Port Authority equipment notes

Equipment notes may be issued in aggregate principal amounts outstanding at any one time not to exceed $250 million.

	Dec. 31, 1999	Issued	Refunded/ Repaid	Dec. 31, 2000
		(In thousands)		
Notes 1995-1998*	$15,850	$ –	$ 2,950	$12,900
Notes 1995-1998	71,300	–	–	71,300
	$87,150	$ –	$ 2,950	$84,200

Interest rates, variable, ranged in 2000 from 3.05% to 6.05%.

F. Fund buy-out obligation

	Dec. 31, 1999	Accretion (a)	Refunded/ Repaid	Dec. 31, 2000
		(In thousands)		
Obligation outstanding	$414,246	$33,513	$28,063	$419,696

(a) Represents the annual implicit interest cost (8.25%) contained in the present value of amounts due to the States of New York and New Jersey upon termination of the Fund for Regional Development.

Payment requirements of the Fund buy-out obligation outstanding on December 31, 2000 are:

Year Ending December 31:	Payments
	(In thousands)
2001	$ 28,063
2002	35,215
2003	35,213
2004	35,211
2005	35,213
2006–2021	773,788
	$942,703

As of February 23, 2001, the Fund buy-out obligation outstanding totalled $424,811,000.

2. Amounts Payable – Special Project Bonds

Neither the full faith and credit of the Port Authority, nor the General Reserve Fund, nor the Consolidated Bond Reserve Fund are pledged to the payment of the principal and interest on Special Project Bonds. Principal and interest on each series of Special Project Bonds are secured solely by a mortgage by the Port Authority of facility rental (to the extent received by the Port Authority from a lessee) as set forth in a lease with respect to a project to be financed with the proceeds of the bonds of such series, by a mortgage by the lessee of its leasehold interest under the lease and by a security interest granted by the lessee to the

2. Amounts Payable – Special Project Bonds (continued)

Port Authority and mortgaged by the Port Authority in certain items of the lessee's personal property to be located at the project, and such other security in addition to the foregoing as may be required by the Port Authority from time to time as appropriate to the particular project.

	Dec. 31, 1999	Issued	Refunded/ Repaid	Dec. 31, 2000
		(In thousands)		
Series 1R, Delta Air Lines, Inc. Project (a)				
6.95% term bonds, due 2008	$ 96,500	$ –	$ –	$ 96,500
Series 2, Continental Airlines, Inc. and Eastern Air Lines, Inc. Project (b)*				
9%-9 1/8%, due 2006-2015	202,075	$ –	$ 6,110	195,965
Less: unamortized discount and premium	7,881			7,325
Total—Series 2	194,194			188,640
Series 4, KIAC Partners Project (c)*				
6 1/2%-7%, due 2001-2019	244,600	$ –	$ 2,200	242,400
Less: unamortized discount and premium	3,746			3,575
Total—Series 4	240,854			238,825
Series 6, JFK International Air Terminal LLC Project (d)*				
5.125%-7%, due 2003-2025	934,100	$ –	$ –	934,100
Less: unamortized discount and premium	8,089			8,085
Total—Series 6	926,011			926,015
Amounts payable—Special Project Bonds	$1,457,559			$1,449,980

(a) Special Project Bonds, Series 1R, Delta Air Lines, Inc. Project, were issued in connection with a project including the construction of a passenger terminal building at LaGuardia Airport leased to Delta Air Lines, Inc.

(b) Special Project Bonds, Series 2, Continental Airlines, Inc. and Eastern Air Lines, Inc. Project, were issued in connection with a project including the construction of a passenger terminal at LaGuardia Airport leased to and to be occupied by Continental Airlines Inc., and Eastern Air Lines, Inc. The leasehold interest of Eastern Air Lines, Inc. was assigned to Continental Airlines, Inc. Continental's leasehold interest in such passenger terminal, including the previously acquired leasehold interest of Eastern, was subsequently assigned to USAir, Inc. (with Continental to remain liable under both underlying leases).

(c) Special Project Bonds, Series 4, KIAC Partners Project, were issued to refund the Series 3 Bonds, and in connection with a project at John F. Kennedy International Airport, which includes the construction of a cogeneration facility, the renovation and expansion of the central heating and refrigeration plant, and the renovation and expansion of the thermal distribution system.

(d) Special Project Bonds, Series 6, JFK International Air Terminal LLC Project, were issued in connection with a project that includes the development and construction of a new passenger terminal at John F. Kennedy International Airport.

3. Interest Rate Exchange Contracts (Swaps)

The Port Authority records interest rate exchange contracts pursuant to the settlement method of accounting whereby cash paid or received under the terms of the swap is charged or credited to the related interest expense account for the purpose of managing interest rate exposure. Each swap transaction involves the exchange of fixed and variable rate interest payment obligations calculated with respect to an agreed upon nominal principal amount called a "notional amount". As of December 31, 2000, eleven interest rate exchange contracts were in place with notional amounts aggregating $776,760,000, including offsetting swaps with aggregate notional amounts of $220,000,000.

Entering into interest rate exchange contracts subjects the Port Authority to the possibility of financial loss in the event of nonperformance by the counterparty to the swap and/or with respect to changes in market rates.

Note E Reserves

The General Reserve Fund is pledged in support of Consolidated Bonds and Notes. Statutes which required the Port Authority to create the General Reserve Fund also established the principle of pooling revenues from facilities with established earning power to aid the development of new projects. The statutes also require that the Port Authority apply surplus revenues from all of its existing facilities to maintain the General Reserve Fund in an amount at least equal to 10% of the par value of outstanding bonds legal for investment. At December 31, 2000, the General Reserve Fund balance was $848,095,000 and met the prescribed statutory amount.

The balance remaining of all net revenues of the Port Authority's existing facilities after deducting payments for debt service upon all Consolidated Bonds and Notes and the amount necessary to maintain the General Reserve Fund at its statutorily required amount, is to be paid into the Consolidated Bond Reserve Fund, which is pledged as additional security for all outstanding Consolidated Bonds and Notes. Consolidated Bonds and Notes have a first lien upon the net revenues (as defined in the Consolidated Bond Resolution) of all existing facilities of the Port Authority and any additional facility financed by Consolidated Bonds.

Other capital asset obligations (versatile structure obligations, commercial paper obligations, and variable rate master notes), and the interest thereon, are not secured by or payable from the General Reserve Fund. Principal of, and interest on, other capital asset obligations are payable solely from the proceeds of obligations issued for such purposes or from net revenues paid into the Consolidated Bond Reserve Fund and, in the event such proceeds or net revenues are insufficient therefor, from other moneys of the Port Authority legally available for such payments. Operating asset obligations (equipment notes and the Fund buy-out obligation) are paid in the same manner and from the same sources as operating expenses. Special Project Bonds are not secured by or payable from the General Reserve Fund or the Consolidated Bond Reserve Fund.

The Port Authority has a long-standing policy of maintaining total reserve funds in an amount equal to at least the next two years' bonded debt service on outstanding debt secured by a pledge of the General Reserve Fund. At December 31, 2000, the Port Authority met the requirements of the Consolidated Bond Resolution to maintain total reserve funds in cash and certain specified securities.

Note F Capital Funding Provided by Others

The Port Authority receives capital funding with respect to its facilities from federal, state and other entities. Federal and state funding (including amounts receivable) was $26,701,000 in 2000 and $37,428,000 in 1999. Funding from other entities was $9,472,000 in 2000 and $18,345,000 in 1999.

Charges representing depreciation of assets relating to capital funding provided by others were $31,687,000 in 2000 and $33,180,000 in 1999.

	December 31, 2000	December 31, 1999
	(In thousands)	
Cumulative capital funding provided by others	$828,140	$791,967
Less accumulated depreciation of assets acquired with capital funding provided by others	416,450	384,763
Capital funding provided by others	$411,690	$407,204

During 1999, the Federal Aviation Administration advised the Port Authority that failure to resolve an extension of the New York City lease might preclude future issuance of Airport Improvement Program grants for projects at LaGuardia and John F. Kennedy International Airports.

Note G Lease Commitments

1. Operating lease revenues

Gross operating revenues attributable to fixed rentals associated with operating leases amounted to $891,825,000 in 2000 and $848,114,000 in 1999.

2. Property held for lease

The Port Authority, and/or one of its subsidiaries, has entered into operating leases with tenants for the use of space at various Port Authority facilities including buildings, terminals, offices and consumer service areas at air terminals, marine terminals, bus terminals, rail facilities, industrial parks, the Newark Legal and Communications Center, the Teleport and the World Trade Center.

Minimum future rentals scheduled to be received on operating leases in effect on December 31, 2000 are:

Year ending December 31:	(In thousands)
2001	$ 734,988
2002	674,724
2003	644,041
2004	630,121
2005	614,247
Later years	5,669,894
Total minimum future rentals	$8,968,015

Investments in such facilities as of December 31, 2000 include property associated with minimum rentals derived from operating leases. It is not reasonably practicable to segregate the value of assets associated with producing minimum rental revenue from the value of assets associated with an entire facility.

3. Property leased from others

Rental expenses under leases, including payments to the cities of New York and Newark for various air terminals, marine terminals and other facilities, aggregated $110,108,000 in 2000 and $111,845,000 in 1999. The terms of such leases expire at various times from 2001 to 2031 and may be renewed for additional periods. Minimum future rentals scheduled to be paid on operating leases in effect on December 31, 2000 are detailed below and additional rentals may be payable based on earnings of specified facilities under some of these leases.

Year ending December 31:	(In thousands)
2001	$ 38,820
2002	39,348
2003	38,713
2004	38,446
2005	38,436
Later years	715,468
Total minimum future rent payments	$909,231

4. Information on leases at the New York City Airports and Newark International Airport and Port Newark and certain agreements relating to other Port Authority facilities located in the City of Newark.

The City of New York has expressed its unwillingness to negotiate an extension of the lease, currently scheduled to expire in 2015, under which the Port Authority operates John F. Kennedy International and LaGuardia Airports. The City of New York, in December 1995, demanded arbitration of certain matters involved in the determination of the amount due the City as rent under the lease. During 2000, the City amended its demand for arbitration to request that it be awarded at least $980 million in this matter. Arbitration hearings commenced in February 2001. The Port Authority continues to dispute the City's allegations in the arbitration proceedings.

The members of the Newark Municipal Council have demanded arbitration, with which the Mayor of the City of Newark concurs, regarding the amount due as rent under the lease between the City of Newark and the Port Authority, pertaining to Newark International Airport and Port Newark. The demand for arbitration states that such amount may exceed $1 billion. Additionally, the members of the Municipal Council have commenced suit, which the Mayor later joined as an additional plaintiff, regarding payments under the aforementioned lease and the agreements with respect to the Essex County Resource Recovery Facility and the Newark Legal and Communications Center. The Port Authority is disputing the allegations in both the arbitration and the suit.

Note H Deferred Costs

1. Buy-out of Fund for Regional Development

In 1983, the Fund for Regional Development (Fund) was established to sublease space in the World Trade Center that was previously held by the State of New York as tenant. An agreement between the Port Authority and the States of New York and New Jersey with respect to the Fund provided that net revenues from the subleasing were to be accumulated subject to disbursements to be made upon the concurrence of the Governors of New York and New Jersey. In 1990, the Port Authority and the States of New York and New Jersey agreed to terminate the Fund. The present value (calculated at the time of the termination agreement) of the cost to the Port Authority of its purchase of the Fund's interest in the World Trade Center subleased space was approximately $430,500,000, including semi-annual payments to the States to be made over a period of years ending in 2021.

	Dec. 31, 1999	Amortization	Dec. 31, 2000
		(In thousands)	
Unamortized costs for Fund buy-out	$405,238	$2,890	$402,348

2. Regional and Other Programs

Pursuant to recommendations outlined by the Governors of New York and New Jersey and to existing legislation, the Port Authority has certified several facilities described briefly below under which certain projects, not otherwise a part of Port Authority facilities, have been and/or will be undertaken.

Regional Programs

Regional Development Facility — This facility was established in conjunction with a program of up to $250,000,000 for transportation, economic development and infrastructure renewal projects authorized in connection with the Governors' Program of June 1983. Some of the projects in this program have been associated with other existing Port Authority facilities, while a balance of $139,479,000 is associated with the Regional Development Facility.

Regional Economic Development Program — This facility was established in conjunction with a centralized program of up to $400,000,000 for transportation, economic development and infrastructure renewal projects authorized pursuant to gubernatorial request. As of December 31, 2000, $394,000,000 had been authorized of which $325,650,000 was associated with the Regional Economic Development Program facility and the balance has been associated with other existing Port Authority facilities.

Other Programs

Oak Point Rail Freight Link — The Port Authority has participated with the New York State Department of Transportation in the development of the Oak Point Rail Freight Link. Approximately $62,900,000 of the $101,650,000 total project cost was allocated against moneys made available through the Regional Development Facility and the Regional Economic Development Program.

The New Jersey Marine Development Program — This Program was undertaken to fund certain fishery, marine or port development projects in the State of New Jersey with a total cost of $27,000,000.

As of December 31, 2000, $1,130,431,000 has been expended for regional and other programs that were authorized in the amount of $1,149,750,000. Costs for regional and other programs are deferred and amortized over the period benefited. As of December 31, 2000, the unamortized costs of the regional and other programs are as follows:

	Dec. 31, 1999	Additional Project Expenditures	Amortization	Dec. 31, 2000
		(In thousands)		
Unamortized cost of Regional Programs	$405,357	$6,312	$17,886	$393,783
Unamortized cost of Oak Point Rail Freight Link	26,998	—	1,275	25,723
Unamortized cost of New Jersey Marine Development Program	13,363	833	588	13,608
Unamortized cost of Regional and Other Programs	$445,718	$7,145	$19,749	$433,114

3. During 2000, the Board of Commissioners authorized an additional $250 million of capital expenditures for transportation, economic development and infrastructure renewal projects. These projects will be administered in a manner similar to existing regional and other programs.

Note I Pension Plans and Other Employee Benefits

1. Pension Plans

a. Generally, full-time Port Authority employees are required to join one of two cost-sharing multiple-employer defined benefit pension plans: the New York State and Local Employees' Retirement System (ERS) or the New York State and Local Police and Fire Retirement System (PFRS), collectively referred to as the "Retirement Systems". The New York State Constitution provides that membership in a pension or retirement system of the State or of a civil division thereof is a contractual relationship, the benefits of which may not be diminished or impaired.

The Retirement Systems provide retirement benefits related to years of service and final average salary, death and disability benefits, vesting of benefits after a set period of credited public service (generally five years), and optional methods of benefit payment. Depending upon the date of membership, retirement benefits differ as to the qualifying age or years-of-service requirement for service retirement, the benefit formula used in calculating the retirement allowance and the contributory or non-contributory nature of the plan. Contributions are not required from police personnel who are members of the PFRS or from those non-police employees who joined the ERS prior to July 27, 1976 or, effective October 1, 2000, members of the ERS with more than ten years of credited service. ERS members with less than ten years of credited service are required to contribute 3% of their annual gross wages to the ERS until they reach 10 years of credited service.

The Port Authority's payroll expense for 2000 was $463,784,000 of which $331,133,000 and $125,071,000 represent the cost for employees covered by ERS and PFRS, respectively.

Required Port Authority contributions to the Retirement Systems, including costs for participation in the retirement incentive programs, are as follows:

Year Ended	ERS	% of Covered Payroll	PFRS	% of Covered Payroll
		(In thousands)		
2000	$5,865	1.3	$3,571	0.8
1999	5,291	1.2	8,653	2.0
1998	6,353	1.4	6,083	1.4

These contributions cover the entire funding requirements for the current year and each of the two preceding years.

Employee contributions of $8,823,000 to the ERS represented 1.9% of the total Port Authority covered payroll in 2000.

In 1999 and 2000, a total of 274 employees retired under New York State authorized retirement incentive programs. The cost for the Port Authority's participation in the retirement incentive programs was $5,210,000 for 1999 and has been estimated to be $7,351,000 for 2000, based on an ERS formula and without regard to resulting savings.

The Annual Report of the New York State and Local Retirement Systems, which provides details on valuation methods and ten year historical trend information, is available from the Comptroller of the State of New York, Gov. Smith State Office Building, Albany, NY 12244.

b. Employees of Port Authority Trans-Hudson Corporation (PATH), a wholly-owned subsidiary of the Port Authority, are covered by several supplemental pension plans established or funded by PATH.

PATH exempt employees (those not covered by collective bargaining agreements) are covered by the PATH Exempt Employees Supplemental Pension Plan (Plan). The Plan is a non-contributory, single-employer, defined benefit pension plan intended to make pension benefits provided to PATH exempt employees generally comparable to those available to similarly situated Port Authority employees. As a matter of policy, the Plan provides an annual pension for covered retired exempt employees related to years of credited service, final average salary, death benefits, vesting of the service retirement benefit after a set period of credited service (generally five years), and optional methods of benefit payment. The Plan, which is not funded, covers 97 active and 57 retired employees. PATH payroll expense for 2000 was $63,970,000, of which $8,291,000 represented the cost for exempt employees.

The difference between the actuarially required contribution and payments made is recognized in the net pension obligation. The accrued benefit for funding purposes is computed as the projected benefit at retirement times the ratio of the participant's past service at the valuation date, divided by the participant's expected total years of service at normal retirement.

The actuarially determined valuation of this unfunded obligation was reviewed in 2000 for the purpose of adjusting the annual accruals and updating the valuation of the obligation based on the projected unit credit cost method. Actuarial assumptions utilized in the calculation of this liability include a salary scale adjustment of 4% per annum (including 3 1/2% inflation) and interest at the rate of 7% per annum. The following is required information regarding the Plan:

Year Ended	(A) Net pension obligation	(B) Annual covered payroll	Percentage (A)/(B)
	(In thousands)		
2000	$16,718	$8,291	201.6
1999	15,728	8,193	191.9
1998	14,617	8,128	179.8

In 2000, the annual required contribution of $2,675,000 was recognized, consisting of $1,567,000 for the current period plus $1,108,000 for interest in connection with the net pension obligation. Retiree past service cost is being amortized over a rolling seven year period, which commenced in 1994. Prior year annual required contributions were $2,551,000 in 1999 and $2,441,000 in 1998. Payments to Plan participants in 2000 were $1,710,000. Prior year payments were $1,463,000 and $1,362,000 for 1999 and 1998, respectively. No additional required supplementary information is necessary with respect to this plan since there are no available plan assets to report.

PATH funds non-contributory supplemental pension plans for most of its union employees. Annual contributions to these plans are defined in the various collective bargaining agreements. Eligibility for all benefits prior to normal retirement requires the completion of at least five years of vested service and depends upon years of credited service and monthly benefit rates in effect at the time of retirement. Trustees, appointed by the various unions, are responsible for the administration of these pension plans. PATH payroll expense in 2000 for these employees was $55,679,000. For the year 2000, contributions made by PATH in accordance with the terms of various collective bargaining agreements totalled $3,056,000, which represented approximately 4.8% of the total PATH covered payroll for 2000. Contributions in 1999 and 1998 were $3,563,000 and $3,215,000, respectively.

2. Other Employee Benefits

The Port Authority and PATH provide certain health care, dental, vision and life insurance benefits for active employees and for employees who have retired from the Port Authority or PATH (and for eligible dependents and survivors of active and retired employees). Contributions towards the costs of some of these benefits are required of certain active and/or retired employees. Benefits are provided through insurance companies whose premiums are based on the benefits paid during the year, or through plans under which benefits are paid directly by the Port Authority or PATH. The actuarially determined valuation of these benefits is reviewed every two years for the purpose of estimating the present value of future benefits for prior service by active and retired employees and their dependents. As of December 31, 2000, the actuarially determined value of these benefits is $723,400,000, consisting of the following:

	Port Authority	PATH	Total
		(In millions)	
Retirees	$524.9	$48.0	$572.9
Active	141.4	9.1	150.5
Total	$666.3	$57.1	$723.4

The obligation accrued as of December 31, 2000 was $352,310,000. The difference between the actuarial present value of future benefits for prior service and the amount accrued as of December 31, 2000 is being amortized over a twenty year period.

The cost of providing health care, dental, vision and life insurance benefits, not including the accrual for prior service costs, totalled $100,373,000 in 2000 and $93,757,000 in 1999, of which $34,404,000 in 2000 and $33,198,000 in 1999 were the costs associated with providing these benefits to retired employees and their eligible dependents.

Note J Commitments and Certain Charges to Operations

1. On February 22, 2001, the Board of Commissioners adopted the annual budget for 2001. Approval of the budget by the Board of Commissioners does not in itself authorize any specific expenditures, which are authorized from time to time by or as contemplated by other actions of the Board of Commissioners of the Port Authority consistent with statutory, contractual and other commitments of the Port Authority, including agreements with the holders of its obligations.

At December 31, 2000, the Port Authority had entered into various construction contracts totaling approximately $1,308,303,000, which are expected to be completed within the next three years.

On January 25, 2001, the Board of Commissioners authorized bridge and tunnel toll increases and the PATH Board of Directors authorized fare increases, which will become effective on March 25, 2001. These increases are presently expected to provide funds, when combined with other Port Authority revenues, to carry out a proposed $9 billion five-year capital program pertaining to the Port Authority's bridges and tunnels, PATH and other facilities. The Port Authority last raised bridge and tunnel tolls in 1991. The PATH fare had remained unchanged since 1987.

2. A private full service vendor, American Ref-Fuel Company of Essex County, is operating the resource recovery plant at the Port Authority's Essex County Resource Recovery Facility. The vendor financed a portion of the construction costs of the plant under a conditional sale agreement with the Port Authority. As of December 31, 2000, the balance due from the vendor was $140.3 million, to be repaid with interest through October 1, 2010.

During 1999, settlement was reached with the Essex County Utilities Authority and Essex County with respect to certain Port Authority damage claims. The settlement generally consisted of lump sum payments totaling $16.2 million received in 1999, and an additional $5 million to be paid to the Port Authority over a ten year period, at the rate of $500,000 per year, commencing in 2009. Additionally, during 1999, as a result of an amended electric power agreement, Public Service Electric & Gas Company made a one-time payment of $25 million to the American Ref-Fuel Company of which the Port Authority received approximately $18 million. These payments are included in gross operating revenues on the 1999 Combined Statement of Income.

3. The City of New York commenced two actions in the Supreme Court of the State of New York alleging that the Port Authority breached the agreement to make payments in-lieu-of taxes (PILOT) relating to the World Trade Center. In each action the City seeks a declaratory judgment pertaining to the methodology for the calculation, collection and payment of PILOT under the agreement and a judgment to be determined at trial for the alleged underpayment. The first action, commenced in 1999 by the City for the period from 1987 through 1998, was dismissed by the Court on jurisdictional grounds. Subsequently, in June 2000, the Port Authority received the City's notice of appeal from the dismissal of this action. The second action was commenced by the City in 2000 for tax year 1999-2000. The City does not request any specific amount of monetary damages in either of these actions; however, in certain notices of claim the City alleged that while the amount of resultant damages were unknown, they were not less than $90 million for the period 1987 through 1998 and $15 million for the tax year 1999-2000.

The Port Authority believes that it has complied with the PILOT agreement, disputes the City's allegations and is vigorously defending the actions described above.

4. The Port Authority carries insurance or requires insurance to be carried (if available) on or in connection with its facilities to protect against direct physical loss or damage and resulting loss of revenue and against liability in such amounts as it deems appropriate, considering self-insured retentions, exceptions, or exclusions of portions of facilities, and the scope of insurable hazards. As of December 31, 2000, the property damage and loss of revenue insurance on Port Authority facilities totalled $1.5 billion, and the public liability insurance totalled $1.25 billion for aviation facilities and $650 million for "non-aviation" facilities. In providing for uninsured potential losses, the Port Authority administers its self-insurance program by applications from the Consolidated Bond Reserve Fund and provides for losses by charging operating expense as liabilities are incurred.

A liability is recognized when it is probable that the Port Authority has incurred a loss and the amount of the loss can be reasonably estimated. The liability for unpaid claims is based upon the estimated cost of settling the claims, which includes a review of estimated claims expenses and estimated recoveries. Changes in the liability amounts in 1999 and 2000 were:

	Beginning Balance	Additions and Changes	Payments	Year-end Balance
		(In thousands)		
1999	$23,283	$6,617	$ 9,047	$20,853
2000	$20,853	$5,441	$10,739	$15,555

During each of the past three years, claims payments have not exceeded insurance coverage.

5. During 2000, the Port Authority continued the process intended to lead to the net leasing of the World Trade Center. On February 22, 2001, the Port Authority entered into an exclusive negotiating period with a private entity to complete transactional documents.

The Newark Legal and Communications Center Urban Renewal Corporation has retained a private sector firm to provide real estate brokerage services in connection with the proposed net leasing of the Newark Legal and Communications Center. In February 2001, an offering memorandum package was sent to selected entities identified in a prescreening process with initial proposals due back on February 28, 2001.

6. In 1998, the New Jersey Turnpike Authority, as the lead agency of a regional consortium consisting of the Port Authority, the State of Delaware, the New Jersey Turnpike Authority, the South Jersey Transportation Authority and the New Jersey Highway Authority, entered into a project agreement with a private contractor for the purpose of receiving services associated with the implementation of an integrated electronic toll collection system, a fiber optic system, a customer service center for processing tolls transactions and a related violations processing center.

To finance certain of the costs of this project, the New Jersey Economic Development Authority issued $300 million of taxable economic development transportation bonds (EDA bonds). The EDA bonds are payable from amounts other than tolls, including certain amounts received by the consortium members principally consisting of administrative fees resulting from toll violations and rents from the leasing of portions of the fiber optic system developed as a part of the project and, subject to the requirements of each of such consortium member's bond covenants, paid to a project fund. To the extent that amounts in the project fund are not sufficient to pay approved expenses relating to principal and interest on the EDA bonds, each consortium member has agreed, under a true-up agreement with the New Jersey Economic Development Authority, generally, subject to the requirements of such member's bond covenants, to pay its allocated share of the amount of such deficiency at the maturity of the EDA bonds on March 7, 2008.

The Port Authority's share of the true-up amount is currently estimated to be $8,429,000, which is being amortized on a straight line basis over an eight year period, commencing in 2000. The true-up amount is subject to annual review and recalculation.

7. During 2000, the Board of Commissioners determined that the Port Authority Industrial Park at Elizabeth was no longer required for the purposes for which it was acquired, and authorized its sale to a private entity.

Note K Information on Port Authority Operations by Operating Segment

1. Operating Results (a)

"Gross operating income (loss)" consists of revenues from operations less operating and maintenance expenses, depreciation and amortization of regional and other programs. "Net Income Port Authority operations" consists of income (loss) from operations and gain (loss) on disposition of assets less net interest expense (interest expense less financial income).

	Interstate Transportation Network	Air Terminals	Port Commerce	Economic & Waterfront Development (In thousands)	World Trade	Combined Total
2000						
Gross operating revenues	$ 664,386	$1,437,128	$114,290	$ 84,865	$ 347,659	$ 2,648,328
Interdepartmental revenues	2,237	–	932	788	28,710	
Revenues from operations	$ 666,623	$1,437,128	$115,222	$ 85,653	$ 376,369	
Gross operating income (loss)	$ 82,176	$ 424,665	$ 15,711	($ 12,307)	$ 100,853	$ 611,098
General administrative and development expenses	(80,305)	(62,779)	(6,264)	(951)	(9,287)	(159,586)
Income (loss) from operations	$ 1,871	$ 361,886	$ 9,447	($ 13,258)	$ 91,566	$ 451,512
Net income (loss) Port Authority operations	($ 63,283)	$ 303,537	($ 8,888)	($ 10,670)	$ 33,230	$ 253,926
Net income PFC program						118,496
Combined net income						$ 372,422
1999						
Gross operating revenues	$ 638,051	$1,360,223	$111,581	$113,213	$ 324,444	$ 2,547,512
Interdepartmental revenues	2,239	–	815	400	27,911	
Revenues from operations	$ 640,290	$1,360,223	$112,396	$113,613	$ 352,355	
Gross operating income	$ 81,739	$ 394,862	$ 8,798	$ 22,994	$ 101,495	$ 609,888
General administrative and development expenses	(78,764)	(61,209)	(5,010)	(912)	(7,719)	(153,614)
Income from operations	$ 2,975	$ 333,653	$ 3,788	$ 22,082	$ 93,776	$ 456,274
Net income (loss) Port Authority operations	($ 90,344)	$ 253,239	($ 20,933)	$ 21,073	$ 27,689	$ 190,724
Net income PFC program						123,296
Combined net income						$ 314,020

(a) See Schedule E for detailed information on Port Authority operations for each segment.

2. Asset Information

The table below contains a summary of information on the Port Authority's assets. "Facilities, net" consists of facilities at cost less accumulated depreciation.

	Interstate Transportation Network	Air Terminals	Port Commerce	Economic & Waterfront Development (In thousands)	World Trade	PFC Program	Combined Total
2000 Assets							
Facilities, net – beginning of year	$2,602,617	$2,885,644	$776,370	$282,862	$1,121,885	$616,991	$ 8,286,369
Net capital expenditures	209,567	548,070	105,959	9,410	55,272	263,672	1,191,950
Disposition of assets	(487)	–	–	–	–	–	(487)
Depreciation	(116,980)	(192,273)	(31,978)	(11,293)	(52,182)	(6,230)	(410,936)
Facilities, net – end of year	2,694,717	3,241,441	850,351	280,979	1,124,975	874,433	9,066,896
Unamortized costs for regional and other programs	393,783	–	39,331	–	–	–	433,114
Total	$3,088,500	$3,241,441	$889,682	$280,979	$1,124,975	$874,433	9,500,010
Cash, investments, receivables and other assets							5,390,054
Total assets							$14,890,064
1999 Assets							
Facilities, net – beginning of year	$2,528,311	$2,719,776	$750,737	$295,075	$1,089,085	$337,810	$ 7,720,794
Net capital expenditures	184,578	360,115	58,299	9,140	79,145	284,778	976,055
Disposition of assets	–	–	–	(10,377)	–	–	(10,377)
Depreciation	(110,272)	(194,247)	(32,666)	(10,976)	(46,345)	(5,597)	(400,103)
Facilities, net – end of year	2,602,617	2,885,644	776,370	282,862	1,121,885	616,991	8,286,369
Unamortized costs for regional and other programs	405,357	–	40,361	–	–	–	445,718
Total	$3,007,974	$2,885,644	$816,731	$282,862	$1,121,885	$616,991	8,732,087
Cash, investments, receivables and other assets							5,573,370
Total assets							$14,305,457

Schedule A - Revenues and Reserves

(Pursuant to Port Authority bond resolutions)

	Year ended December 31, 2000 Operating Fund	Reserve Funds	Combined Total	1999 Combined Total
	(In thousands)			
Gross operating revenues	$2,648,328	$ —	**$2,648,328**	$2,547,512
Operating expenses:				
Employee compensation, including benefits	638,821	—	**638,821**	621,900
Contract services	613,795	—	**613,795**	554,155
Materials, equipment and other	147,596	—	**147,596**	137,508
Utilities	142,935	—	**142,935**	132,213
Rents and amounts in-lieu-of taxes	131,344	—	**131,344**	133,452
Interest on Special Project Bonds	97,870	—	**97,870**	98,036
Total operating expenses	1,772,361	—	**1,772,361**	1,677,264
Amounts in connection with operating asset obligations	37,188	—	**37,188**	35,957
Net operating revenues	838,779	—	**838,779**	834,291
Financial income				
Income on investments	39,506	57,008	**96,514**	95,351
Net increase in fair value of investments	23,599	42,698	**66,297**	9,306
Net revenues available for debt service and reserves	901,884	99,706	**1,001,590**	938,948
Debt service				
Interest on bonds and other capital asset obligations	318,912	—	**318,912**	323,954
Debt maturities and retirements	158,435	—	**158,435**	138,225
Debt retirement acceleration	—	60,000	**60,000**	—
Repayment of commercial paper obligations	—	10	**10**	172
Total debt service	477,347	60,010	**537,357**	462,351
Transfers to reserves	$ (424,537)	424,537	**—**	—
Revenues after debt service and transfers to reserves		464,233	**464,233**	476,597
Direct investment in facilities		(404,388)	**(404,388)**	(233,260)
Appropriations for self-insurance		(5,101)	**(5,101)**	(4,247)
Increase in reserves		54,744	**54,744**	239,090
Reserve balances, January 1		1,620,631	**1,620,631**	1,381,541
Reserve balances, December 31		$1,675,375	**$1,675,375**	$1,620,631

See Notes to Combined Financial Statements.

Schedule B – Assets and Liabilities

(Pursuant to Port Authority bond resolutions)

	December 31, 2000				December 31, 1999
	Operating Fund	Capital Fund	Reserve Funds	Combined Total	Combined Total
			(In thousands)		
ASSETS					
Current assets:					
Cash	$ 50,824	$ 907	$ 1,000	**$ 52,731**	$ 44,243
Investments	250,256	225,423	642,500	**1,118,179**	1,118,731
Current receivables, net	324,802	9,911	–	**334,713**	234,387
Other current assets	24,978	30,208	–	**55,186**	163,335
Total current assets	650,860	266,449	643,500	**1,560,809**	1,560,696
Noncurrent assets:					
Investments	–	163,446	1,031,875	**1,195,321**	1,373,416
Other amounts receivable, net	80,484	257,977	–	**338,461**	344,945
Deferred charges and other noncurrent assets	441,191	20,928	–	**462,119**	451,232
Unamortized costs for Fund buy-out	402,348	–	–	**402,348**	405,237
Amounts receivable – Special Project Bonds	–	1,449,980	–	**1,449,980**	1,457,559
Invested in facilities	–	16,113,699	–	**16,113,699**	14,910,982
Total noncurrent assets	924,023	18,006,030	1,031,875	**19,961,928**	18,943,371
Total assets	1,574,883	18,272,479	1,675,375	**21,522,737**	20,504,067
LIABILITIES					
Current liabilities:					
Accounts payable	235,521	225,423	–	**460,944**	433,591
Accrued interest and other current liabilities	218,795	–	–	**218,795**	208,959
Accrued payroll and other employee benefits	68,400	–	–	**68,400**	66,657
Deferred income in connection with PFCs	47,405	–	–	**47,405**	186,350
Current portion bonds and other asset financing obligations	28,063	643,500	–	**671,563**	628,033
Total current liabilities	598,184	868,923	–	**1,467,107**	1,523,590
Noncurrent liabilities:					
Accrued pension and other noncurrent employee benefits	376,649	–	–	**376,649**	322,361
Other noncurrent liabilities	74,806	2,632	–	**77,438**	85,253
Amounts payable – Special Project Bonds	–	1,468,965	–	**1,468,965**	1,477,275
Bonds and other asset financing obligations	475,833	6,284,288	–	**6,760,121**	6,705,653
Total noncurrent liabilities	927,288	7,755,885	–	**8,683,173**	8,590,542
Total liabilities	1,525,472	8,624,808	–	**10,150,280**	10,114,132
NET ASSETS	$ 49,411	$ 9,647,671	$1,675,375	**$11,372,457**	$10,389,935
Net assets are composed of:					
Debt retired through income	$ –	$ 3,961,547	$ –	**$ 3,961,547**	$ 3,743,102
Reserves	–	–	1,675,375	**1,675,375**	1,620,631
Capital funding provided by others	–	828,140	–	**828,140**	791,967
PFCs invested in facilities	–	899,563	–	**899,563**	635,892
Appropriated reserves invested in facilities	–	3,958,421	–	**3,958,421**	3,554,033
Appropriated reserves for self-insurance	49,411	–	–	**49,411**	44,310
Net assets	$ 49,411	$ 9,647,671	$1,675,375	**$11,372,457**	$10,389,935

See Notes to Combined Financial Statements.

Schedule C – Analysis of Reserve Funds

(Pursuant to Port Authority bond resolutions)

	Year ended December 31, 2000			1999
	General Reserve Fund	**Consolidated Bond Reserve Fund**	**Combined Total**	Combined Total
		(In thousands)		
Balance, January 1	$839,671	$ 780,960	**$1,620,631**	$1,381,541
Income on investments	37,262	19,746	**57,008**	43,071
Net increase in fair value of investments	23,135	19,563	**42,698**	7,499
Transfers from operating fund	–	424,537	**424,537**	426,199
Reserve fund transfers	(51,973)	51,973	**—**	–
	848,095	1,296,779	**2,144,874**	1,858,310
Applications:				
Repayment of commercial paper obligations	–	10	**10**	172
Debt retirement acceleration	–	60,000	**60,000**	–
Direct investment in facilities	–	404,388	**404,388**	233,260
Self-insurance	–	5,101	**5,101**	4,247
Total applications	–	469,499	**469,499**	237,679
Balance, December 31	$848,095	$ 827,280	**$1,675,375**	$1,620,631

See Notes to Combined Financial Statements.

Schedule D – Selected Statistical Financial Data

	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
REVENUES AND EXPENSES										
Gross operating revenues	$ 2,648,328	$ 2,547,512	$ 2,361,202	$ 2,205,647	$ 2,154,120	$ 2,082,624	$ 1,979,674	$ 1,920,904	$1,933,512	$1,856,895
Operating expenses	1,772,361	1,677,264	1,569,258	1,461,264	1,469,309	1,469,881	1,407,938	1,340,283	1,348,392	1,337,406
Amounts in connection with operating asset obligations	37,188	35,957	35,605	34,675	33,126	32,254	32,103	32,774	31,745	30,669
Net operating revenues	838,779	834,291	756,339	709,708	651,685	580,489	539,633	547,847	553,375	488,820
Financial income	162,811	104,657	118,362	103,873	98,707	70,830	73,723	76,404	88,054	84,054
Gain on purchase of Port Authority bonds	–	–	–	11	–	439	4,797	146	724	4,788
Net gain (loss) on WTC explosion	–	–	–	29,450	–	–	–	(32,500)	–	–
Net revenues available for debt service and reserves	1,001,590	938,948	874,701	843,042	750,392	651,758	618,153	591,897	642,153	577,662
DEBT SERVICE-OPERATIONS										
Interest on bonds and other capital asset obligations	(318,912)	(323,954)	(310,107)	(291,765)	(292,987)	(266,903)	(259,400)	(258,458)	(254,435)	(227,619)
Times, interest earned	3.14	2.90	2.82	2.89	2.56	2.44	2.38	2.29	2.52	2.54
Debt maturities and retirements	(158,435)	(138,225)	(123,395)	(105,450)	(87,443)	(86,865)	(75,745)	(67,675)	(59,925)	(66,537)
Times, debt service earned	2.10	2.03	2.02	2.12	1.97	1.84	1.84	1.81	2.04	1.96
DEBT SERVICE-RESERVES										
Direct investment in facilities	(404,388)	(233,260)	(242,311)	(246,232)	(162,471)	(268,711)	(224,622)	(185,071)	(370,497)	(187,305)
Payments in connection with leasehold acquisition	–	–	–	–	–	–	–	(35,687)	(4,015)	(4,005)
Debt retirement acceleration	(60,000)	–	–	–	(100,000)	(112,680)	(27,062)	(3,458)	–	–
Application from PFC program	–	–	–	–	–	105,000	–	–	–	–
Appropriations for self-insurance	(5,101)	(4,247)	(3,785)	(3,749)	5,057	(3,444)	710	7,081	865	(1,218)
Repayment of commercial paper obligations	(10)	(172)	(757)	(395)	(780)	(878)	(343)	(178)	(126)	(520)
Net increase (decrease) in reserves	54,744	239,090	194,346	195,451	111,768	17,277	31,691	48,451	(45,980)	90,458
RESERVE BALANCES										
January 1	1,620,631	1,381,541	1,187,195	991,744	879,976	862,699	831,008	782,557	828,537	738,079
December 31	$ 1,675,375	$ 1,620,631	$ 1,381,541	$ 1,187,195	$ 991,744	$ 879,976	$ 862,699	$ 831,008	$ 782,557	$ 828,537
Reserve fund balances represented by:										
General Reserve	$ 848,095	$ 839,671	$ 823,581	$ 754,619	$ 618,960	$ 605,167	$ 579,329	$ 534,011	$ 494,486	$ 471,281
Consolidated Bond Reserve	827,280	780,960	557,960	432,576	372,784	274,809	283,370	296,997	288,071	357,256
Total	$ 1,675,375	$ 1,620,631	$ 1,381,541	$ 1,187,195	$ 991,744	$879,976	$ 862,699	$ 831,008	$ 782,557	$ 828,537
OBLIGATIONS AT DECEMBER 31										
Consolidated Bonds and Notes	$ 5,889,613	$ 5,916,804	$ 5,747,387	$ 5,077,133	$ 4,723,335	$ 4,795,207	$ 4,650,350	$ 4,286,668	$4,198,785	$4,056,744
Fund buy-out obligation	419,696	414,246	409,219	404,582	400,305	396,360	392,722	389,366	386,290	383,433
Amounts payable – Special Project Bonds	1,449,980	1,477,275	1,479,975	1,482,675	548,575	472,675	473,575	473,575	298,575	298,575
Variable rate master notes	214,990	215,990	215,990	202,900	233,000	308,000	283,000	270,000	250,000	217,000
Commercial paper notes	251,885	123,595	124,910	124,445	163,850	176,955	187,106	189,963	170,492	116,430
Versatile structure obligations	571,300	575,900	580,400	584,200	484,700	285,200	185,700	100,000	–	–
Leasehold acquisition obligation	–	–	–	–	–	–	–	–	33,213	33,809
Operating equipment – lease financing obligations	–	–	–	–	–	–	13,563	19,903	27,008	24,060
Port Authority equipment notes	84,200	87,150	87,150	74,838	36,138	13,638	–	–	–	–
Total obligations	$ 8,881,664	$ 8,810,960	$ 8,645,031	$ 7,950,773	$ 6,589,903	$ 6,448,035	$ 6,186,016	$ 5,729,475	$5,364,363	$5,130,051
INVESTED IN FACILITIES AT DECEMBER 31	$16,113,699	$14,910,982	$13,927,378	$13,069,084	$12,370,806	$11,752,783	$11,118,503	$10,432,103	$9,848,280	$9,161,865
DEBT RETIRED THROUGH INCOME:										
Annual	$ 218,445	$ 138,396	$ 124,153	$ 105,845	$ 188,223	$ 95,423	$ 103,150	$ 104,523	$ 60,647	$ 67,599
Cumulative	$ 3,961,547	$ 3,743,102	$ 3,604,706	$ 3,480,553	$ 3,374,708	$ 3,186,485	$ 3,091,062	$ 2,987,912	$2,883,389	$2,822,742

NOTE: This selected financial data is prepared from information contained in Schedules A, B and C and is presented for general information purposes only and is not intended to reflect specific applications of the revenues and reserves of the Port Authority which are governed by statutes and its bond resolutions.

Schedule E – Information on Port Authority Operations

	Year ended December 31, 2000							1999
	Gross Operating Revenues	Operating & Maintenance Expenses	Allocated Expenses	Depreciation & Amortization	Income (Loss) from Operations	Net Interest & Other Expense (a)	Net Income (Loss)	Net Income (Loss)
				(In thousands)				
INTERSTATE TRANSPORTATION NETWORK								
G.W. Bridge & Bus Station	$ 249,842	$ 69,219	$ 13,444	$ 18,613	$148,566	$ 10,064	**$138,502**	$134,647
Holland Tunnel	74,224	46,781	8,154	9,216	10,073	5,022	**5,051**	4,937
Lincoln Tunnel	86,482	58,269	9,465	16,220	2,528	6,620	**(4,092)**	(8,922)
Bayonne Bridge	13,579	11,810	1,728	4,024	(3,983)	1,782	**(5,765)**	(5,136)
Goethals Bridge	61,742	17,325	3,267	6,280	34,870	1,517	**33,353**	31,190
Outerbridge Crossing	59,820	16,869	3,076	4,989	34,886	1,648	**33,238**	32,854
P. A. Bus Terminal	36,767	65,159	8,642	10,154	(47,188)	6,262	**(53,450)**	(52,914)
Regional and Other Programs	—	—	—	17,886	(17,886)	9,706	**(27,592)**	(32,021)
Subtotal – Tunnels, Bridges & Terminals	582,456	285,432	47,776	87,382	161,866	42,621	**119,245**	104,635
PATH	79,890	155,282	31,426	43,517	(150,335)	20,739	**(171,074)**	(181,178)
Journal Square Transportation Center	2,040	5,296	943	3,809	(8,008)	1,600	**(9,608)**	(9,062)
Subtotal – PATH	81,930	160,578	32,369	47,326	(158,343)	22,339	**(180,682)**	(190,240)
Ferry Service	—	1,334	160	158	(1,652)	194	**(1,846)**	(4,739)
Total Interstate Transportation Network	664,386	447,344	80,305	134,866	1,871	65,154	**(63,283)**	(90,344)
AIR TERMINALS								
LaGuardia	244,362	150,975	13,769	33,630	45,988	8,709	**37,279**	25,591
JFK International	669,318	390,856	26,723	95,919	155,820	24,881	**130,939**	116,426
Newark International	512,972	274,001	21,973	61,081	155,917	24,346	**131,571**	113,960
Teterboro	9,394	2,685	—	942	5,767	286	**5,481**	(1,595)
Heliport	1,082	1,673	314	701	(1,606)	127	**(1,733)**	(1,143)
Total Air Terminals	1,437,128	820,190	62,779	192,273	361,886	58,349	**303,537**	253,239
PORT COMMERCE								
Port Newark	44,730	26,822	2,828	12,517	2,563	5,454	**(2,891)**	(12,218)
Elizabeth Marine Terminal	48,915	15,919	1,919	10,337	20,740	6,542	**14,198**	16,320
Brooklyn	3,822	8,694	786	2,976	(8,634)	3,139	**(11,773)**	(12,547)
Red Hook	2,821	5,825	157	1,736	(4,897)	—	**(4,897)**	(7,452)
Howland Hook	5,756	5,677	314	2,297	(2,532)	916	**(3,448)**	(2,726)
Greenville Yard	254	1	—	1	252	—	**252**	238
Auto Marine	7,992	1,800	260	2,114	3,818	1,321	**2,497**	330
Oak Point	—	—	—	1,275	(1,275)	644	**(1,919)**	(2,231)
N.J. Fisheries	—	—	—	588	(588)	319	**(907)**	(647)
Total Port Commerce	114,290	64,738	6,264	33,841	9,447	18,335	**(8,888)**	(20,933)
ECONOMIC & WATERFRONT DEVELOPMENT								
Essex County Resource Recovery	51,842	61,307	157	1,429	(11,051)	(6,490)	**(4,561)**	25,174
Industrial Park at Elizabeth	743	687	—	199	(143)	251	**(394)**	(442)
Bathgate	3,281	1,450	157	2,014	(340)	613	**(953)**	(974)
Industrial Park at Yonkers	—	—	—	—	—	—	**—**	(1,640)
Teleport	18,403	16,235	480	2,455	(767)	935	**(1,702)**	3,594
Newark Legal & Communications Center	10,544	6,200	157	3,748	439	865	**(426)**	(3,375)
Subtotal – Economic Development	84,813	85,879	951	9,845	(11,862)	(3,826)	**(8,036)**	22,337
Queens West	—	—	—	798	(798)	594	**(1,392)**	(147)
Hoboken South	52	—	—	650	(598)	644	**(1,242)**	(1,117)
Subtotal – Waterfront Development	52	—	—	1,448	(1,396)	1,238	**(2,634)**	(1,264)
Total Economic & Waterfront Development	84,865	85,879	951	11,293	(13,258)	(2,588)	**(10,670)**	21,073
WORLD TRADE CENTER	347,659	194,624	9,287	52,182	91,566	58,336	**33,230**	27,689
Total Port Authority Operations	$2,648,328	$1,612,775	$159,586	$424,455	$451,512	$197,586	**253,926**	190,724
PFC Program							**118,496**	123,296
Combined Total							**$372,422**	$314,020

(a) Amounts include net interest (interest expense less financial income) expense and gain or loss generated by the disposition of assets.

TUNNELS AND BRIDGES

(Eastbound Traffic)	2000	1999
All Crossings		
Automobiles	**115,149,000**	113,479,000
Buses	**2,571,000**	2,626,000
Trucks	**8,603,000**	8,215,000
Total vehicles	**126,323,000**	124,320,000
George Washington Bridge		
Automobiles	**49,728,000**	49,184,000
Buses	**352,000**	333,000
Trucks	**4,247,000**	4,084,000
Total vehicles	**54,327,000**	53,601,000
Lincoln Tunnel		
Automobiles	**19,128,000**	18,738,000
Buses	**1,922,000**	1,984,000
Trucks	**955,000**	888,000
Total vehicles	**22,005,000**	21,610,000
Holland Tunnel		
Automobiles	**16,627,000**	16,371,000
Buses	**115,000**	119,000
Trucks	**1,055,000**	1,065,000
Total vehicles	**17,797,000**	17,555,000
Staten Island Bridges		
Automobiles	**29,666,000**	29,186,000
Buses	**182,000**	190,000
Trucks	**2,346,000**	2,178,000
Total vehicles	**32,194,000**	31,554,000
Cumulative PA Investment in Tunnels and Bridges (In thousands)	**$2,111,725**	$1,964,660

PATH

	2000	1999
Total passengers	**74,087,000**	67,332,000
Passenger weekday average	**255,000**	232,400
Cumulative PA Investment in PATH (In thousands)	**$1,452,923**	$1,406,158

MARINE TERMINALS

	2000	1999
All Terminals		
Ship arrivals	**3,280**	3,259
General cargo (a) (Long tons)	**18,462,888**	16,479,205
New Jersey Marine Terminals		
Ship arrivals	**2,500**	2,600
New York Marine Terminals		
Ship arrivals	**780**	659
Cumulative PA Investment in Marine Terminals (In thousands)	**$1,540,569**	$1,431,383

AIR TERMINALS

	2000	1999
Totals at the Three Major Airports		
Plane movements	**1,179,400**	1,163,500
Passenger traffic	**92,419,500**	89,257,500
Cargo-tons	**2,953,900**	2,859,300
Revenue mail-tons	**322,100**	331,409
Kennedy International Airport		
Plane movements	**345,100**	343,200
Passenger traffic		
Domestic	**14,287,700**	13,589,800
International	**18,568,500**	18,118,600
Cargo-tons	**1,863,300**	1,752,200
LaGuardia Airport		
Plane movements	**384,100**	363,000
Passenger traffic		
Domestic	**24,104,000**	22,658,500
International	**1,270,800**	1,268,000
Cargo-tons	**20,200**	22,400
Newark International Airport		
Plane movements	**450,200**	457,300
Passenger traffic		
Domestic	**25,810,500**	25,912,600
International	**8,378,000**	7,710,000
Cargo-tons	**1,070,400**	1,084,700
Cumulative PA Investment in Air Terminals (In thousands)	**$7,065,908**	$6,243,694

TERMINALS

	2000	1999
All Bus Facilities		
Passengers	**73,060,000**	71,463,600
Bus movements	**3,531,500**	3,312,000
Port Authority Bus Terminal		
Passengers	**58,000,000**	58,325,000
Bus movements	**2,330,000**	2,330,000
George Washington Bridge Bus Station		
Passengers	**5,660,000**	5,350,000
Bus movements	**262,500**	230,000
PATH Journal Square Transportation Center Bus Station		
Passengers	**9,400,000**	7,788,600
Bus movements	**939,000**	752,000
Cumulative PA Investment in Bus Facilities (In thousands)	**$591,229**	$571,179

	2000	1999
Total Port Authority Cumulative Investment in Facilities, including the above (In thousands)	**$16,113,699**	$14,910,982

(a) International oceanborne general cargo as recorded in the New York - New Jersey Customs District.

* Some 1999 numbers reflect revised data.

NY-NJ Metropolitan Region

Area	3,900 Square Miles
Population	16.8 Million
Total Labor Force	8 Million
Total Wage and Salary Jobs	8 Million
Total Personal Income	$660 Billion (est.)

The New York-New Jersey Metropolitan Region, the largest and most diversified in the nation, consists of the five New York boroughs of Manhattan, Brooklyn, Queens, Richmond (Staten Island), and the Bronx; the four suburban New York counties of Nassau, Rockland, Suffolk and Westchester; and the eight northern New Jersey counties of Bergen, Essex, Hudson, Middlesex, Morris, Passaic, Somerset and Union.

Port Authority Facilities and Services

Aviation

- John F. Kennedy International Airport
- LaGuardia Airport
- Newark International Airport
- Teterboro Airport
- Downtown Manhattan Heliport

Tunnels, Bridges & Terminals

- Bayonne Bridge
- George Washington Bridge
- George Washington Bridge Bus Station
- Goethals Bridge
- Holland Tunnel
- Lincoln Tunnel
- Outerbridge Crossing
- Port Authority Bus Terminal

Port Authority Trans-Hudson

- PATH Rail Transit System
- Journal Square Transportation Center

World Trade

- World Trade Center

Port Commerce

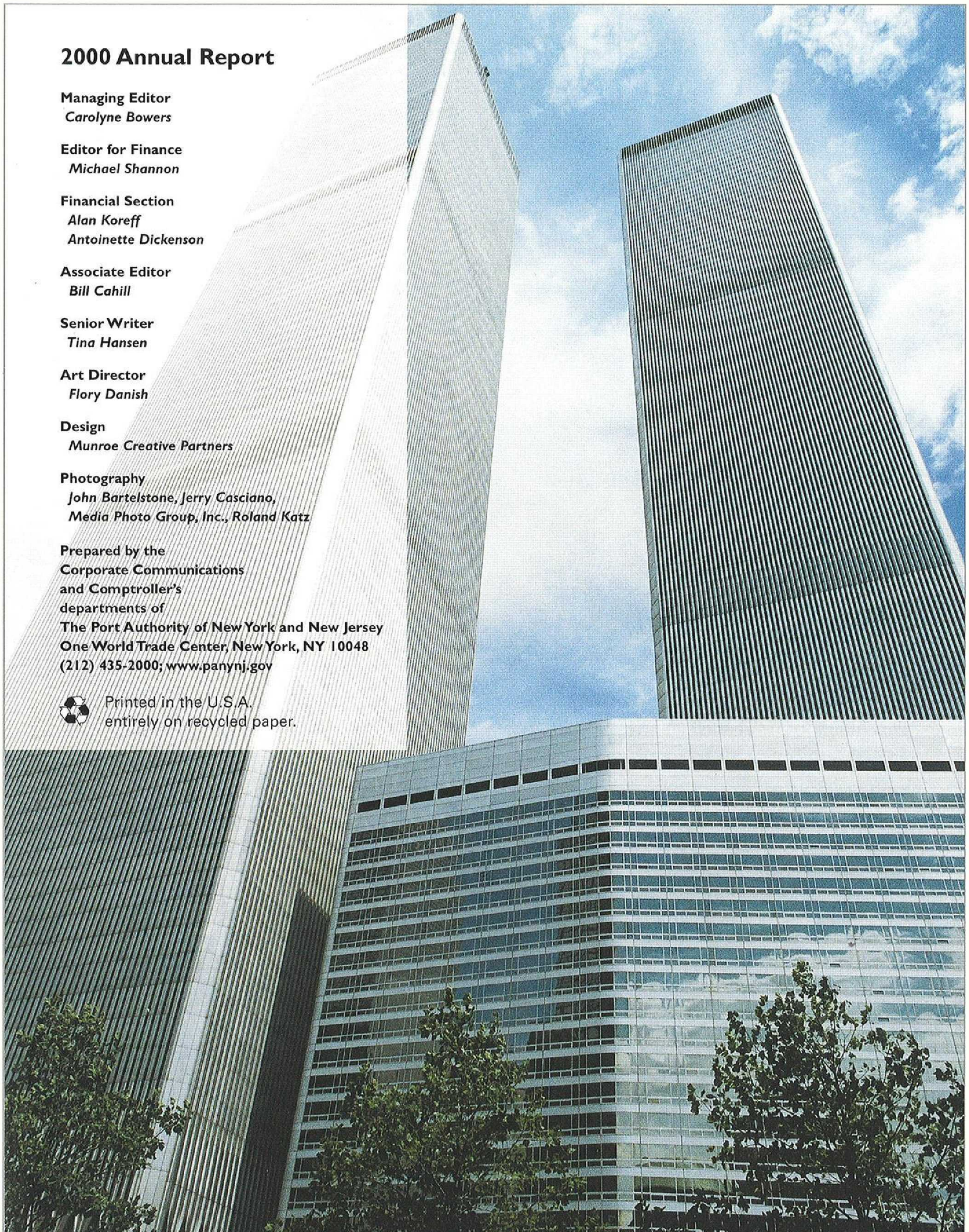
- Port Authority Marine Terminals:
  - Auto
  - Brooklyn/Red Hook
  - Elizabeth
  - Howland Hook
  - Port Newark
- Greenville Yard
- Oak Point Rail Freight Link
- Business Development Offices:
  London, Tokyo; representatives in Antwerp, Hong Kong, Seoul, Shanghai, and Singapore

Economic Development

- Essex County Resource Recovery Facility
- Industrial Parks
  - Bathgate
  - Elizabeth
- Newark Legal Center
- The Teleport
- Ferry Transportation

Waterfront Development

- Queens West Waterfront Development
- The South Waterfront at Hoboken



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Editor for Finance
Michael Shannon

Financial Section
Alan Koreff
Antoinette Dickenson

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Bill Cahill

Senior Writer
Tina Hansen

Art Director
Flory Danish

Design
Munroe Creative Partners

Photography
John Bartelstone, Jerry Casciano, Media Photo Group, Inc., Roland Katz

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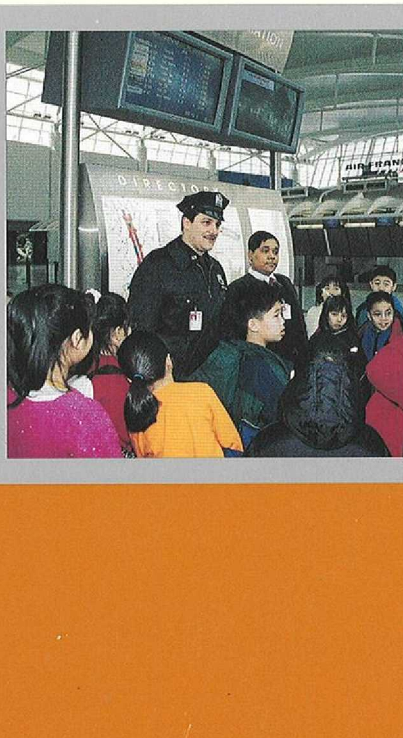

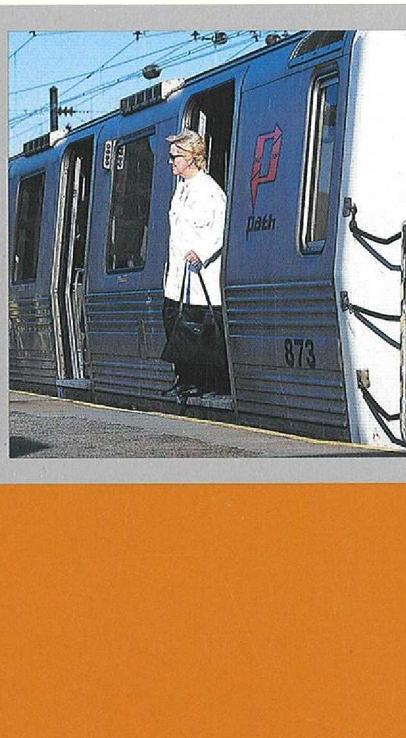

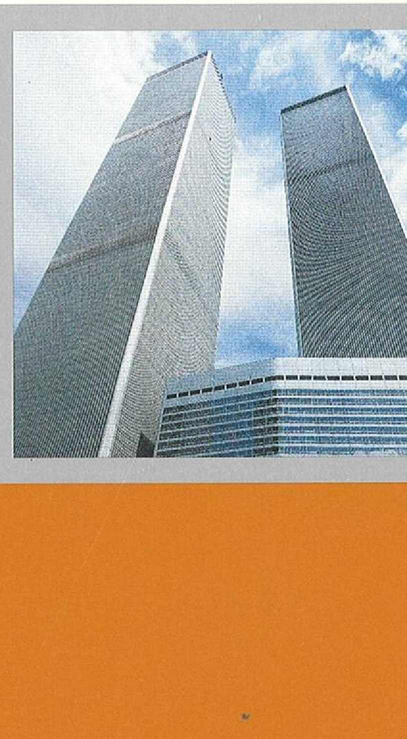

THE PORT AUTHORITY OF NY & NJ

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