

The Port Authority of New York and New Jersey

Condensed Consolidated Financial Statements as of and for the
Nine-Month Period Ended September 30, 2017 (Unaudited)

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

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MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017 (UNAUDITED)

1. OVERVIEW OF THE FINANCIAL STATEMENTS

The following is an overview of the financial activities of the Port Authority of New York and New Jersey (The Port Authority) and its component units as of and for the nine-month period ended September 30, 2017. This overview is intended to serve as an introduction to the unaudited condensed consolidated financial statements which have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and should be read in conjunction with the Port Authority's audited financial statements and appended note disclosures for the Year ended December 31, 2016.

The unaudited financial results for the nine-month period ended September 30, 2017 contained in these schedules are not necessarily indicative of the results for the annual period ending December 31, 2017.

Management's Discussion and Analysis

Management's Discussion and Analysis provides an assessment of how the Port Authority's financial position has changed and identifies the factors that, in management's view, significantly affected the Port Authority's overall financial position.

The Condensed Consolidated Financial Statements

The Statements of Net Position provide information about the nature and amounts of investments in resources (Assets) and the obligations (Liabilities) to the Port Authority, with the difference between the two reported as Net Position (Equity).

The Statements of Revenues, Expenses and Changes in Net Position show how the Port Authority's overall net position changed during the nine-month period ended September 30, 2017 and September 30, 2016.

The Statements of Cash Flows provide information about the Port Authority's cash receipts, cash payments, and net changes in cash resulting from operating activities, non-capital financing activities, capital and related financing activities, and investing activities for the nine-month period ended September 30, 2017 and September 30, 2016.

2. FINANCIAL REPORTING ENTITY

The Port Authority of New York and New Jersey was created in 1921 by Compact between the States of New York and New Jersey with the consent of the United States Congress. The Compact envisions the Port Authority as being financially self-sustaining. As such, the agency must raise the funds necessary for the improvement, construction or acquisition of its facilities and their operation primarily upon the basis of its own credit. 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 from operating revenue sources, including rentals, tolls, fares, aviation and port fees, and other charges for the use of, and privileges at certain of the Port Authority's facilities.

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MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017 (UNAUDITED)

3. BASIS OF ACCOUNTING

The Port Authority's activities are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, Net position, Revenues and Expenses are accounted for in an enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

The Port Authority follows accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

The preparation of the condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management, where necessary, to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Such estimates and assumptions are subject to various uncertainties, the occurrence of which may cause differences between those estimates and assumptions and actual results.

4. FINANCIAL STATEMENT COMPARISON FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017

Net Position (Equity)

The Port Authority's overall Net position (Equity) totaled \$17 billion at September 30, 2017, an increase of \$448 million from December 31, 2016. This increase is comprised of Income from operations of \$668 million, partially offset by non-operating expenses of \$220 million.

	September 30, 2017	September 30, 2016	Variance
		(In thousands)	
Gross operating revenues	\$ 3,923,933	\$ 3,837,306	\$ 86,627
Operating expenses	(2,303,164)	(2,214,636)	(88,528)
Depreciation and Amortization	(953,262)	(904,099)	(49,163)
Income from operations	667,507	718,571	(51,064)
Financial income*	33,836	6,914	26,922
Interest expense, net**	(636,448)	(649,364)	12,916
Grants and other non-operating revenues/(expenses)***	15,140	59,941	(44,801)
Capital contributions and Passenger Facility Charges (PFCs)	367,860	736,089	(368,229)
Non-operating (expenses)/revenues	(219,612)	153,580	(373,192)
Increase in net position	\$ 447,895	\$ 872,151	\$ (424,256)

* Includes changes to the fair market value of investments of \$(715) thousand in 2017 and \$9 million in 2016, respectively.

** Includes amounts due the Port Authority related to the reimbursement of Tower 4 Liberty Bond debt service payments.

***Includes pass-through grant payments to sub-recipients of \$(18) million in 2017 and \$(6) million in 2016, respectively.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017 (UNAUDITED)

Income from Operations:

The Port Authority generated \$668 million in income from operations in the first nine-months of 2017, comprised of gross operating revenues of \$3.9 billion offset by operating expenses and depreciation of \$3.3 billion. Income from operations decreased \$51 million when compared to the same nine-month period of 2016.

Gross operating revenues of \$3.9 billion increased \$87 million or 2.3% from the same nine-month period in 2016. Rentals increased \$51 million primarily due to increases in fixed rentals at One World Trade Center (WTC) due to higher occupancy, scheduled terminal rent increases at Port and Aviation facilities and percentage rentals related to John F. Kennedy International Arrivals Terminal 4 (JFKIAT). Partially offsetting these increases was a decrease in certain fixed and percentage rentals at LaGuardia Airport for the operation of the existing Terminal B due to the execution of a lease agreement with LaGuardia Gateway Partners (LGP) in 2016, pursuant to the public-private-partnership (P3) to replace the existing terminal. Aviation fees, which provide for the recovery of certain capital investment and operating expenses at the Port Authority's three major airports increased \$19 million, primarily due to the recovery of additional aeronautical related capital investment. Parking and other fees increased \$5 million primarily due to an increase in Container Facility Charges (CFC) at Port Authority marine terminals due to a 6.4% increase in container activity. PATH fares increased \$9 million primarily due to a 5.1% increase in passenger activity driven in part by increased cross honoring of New Jersey Transit (NJT) passengers due to Amtrak construction activity at Penn Station that resulted in NJT service disruptions. Toll revenue at the Port Authority's six (6) vehicular crossings decreased by \$1.5 million primarily due to one less work day in February 2017 when compared to February 2016, a leap year, and lower average tolls due to higher EZPass® usage. This decrease was partially offset by a 0.4% increase in overall vehicular traffic.

Operating expenses of \$2.3 billion increased \$89 million or 4% from the same nine-month period in 2016. Contract services increased \$41 million primarily due to increased property management services at the WTC site resulting from an increase in operational assets under management, increased ground transportation services at Aviation facilities to mitigate traffic and parking issues in support of scheduled construction activities, increased taxi dispatch services at the three major airports and increased maintenance and repairs to John F. Kennedy International Airport-Air Train. Rents and amounts in-lieu-of taxes increased \$29 million primarily due to scheduled rent escalations related to certain Port Authority facilities. Employee compensation increased approximately \$17 million or 1.7% primarily due to increases in wages resulting from additional police officers being hired, heightened security and traffic mitigation in support of scheduled construction activities at Aviation Facilities and increased wages. Partially offsetting these increases were decreases in actuarially determined costs related to employer sponsored pension and healthcare benefit plans.

Depreciation and amortization of \$953 million increased \$49 million or 5.4% from the same nine-month period of 2016, resulting from the scheduled completion of \$5.5 billion of capital construction in 2016 and the nine-month period ending September 30, 2017. These capital infrastructure assets, primarily located at Aviation facilities, the World Trade Center (WTC), PATH, Goethals Bridge and Bayonne Bridge are now ready for their intended use and are being depreciated over their estimated useful lives. In addition, LaGuardia Airport depreciation expense increased due to a 2016 change in the estimated useful lives of certain LaGuardia Terminal B capital infrastructure assets which are expected to be taken out of service when the new terminal is substantially complete in 2021. Partially offsetting

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MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017 (UNAUDITED)

these increases was a \$15 million decrease in amortization related to certain Regional facilities and programs that became fully amortized during the nine-month period ended September 30, 2017.

Income from Non-Operating Activities:

Income from non-operating activities decreased \$373 million from the same nine-month period of 2016 primarily due to a \$376 million decrease in Contributions in aid of construction from third parties for the redevelopment of the World Trade Center, including decreased contributions from the Federal Transportation Administration (FTA) for the construction of the WTC Transportation Hub which opened to the public in March 2016, the 3 WTC net lessee for the construction of WTC Tower 3 and the Metropolitan Transportation Authority (MTA) for the redevelopment of certain locations at the WTC site. In addition, AIP funding primarily related to the rehabilitation of runways at LaGuardia Airport decreased from the same nine-month period of 2016 due to substantial completion of the capital project in 2016. Partially offsetting this decrease was an \$8 million increase in Passenger Facility Charges (PFCs) at Aviation facilities due to a 2.7% increase in passenger activity. Grants in connection with operating activities, including pass-through grant payments, decreased \$45 million primarily due to lower federal funding related to Urban Area Security Initiatives (UASI) and baggage screening projects at Aviation facilities.

Interest expense in connection with bonds and other asset financings decreased approximately \$13.0 million when compared to the same nine-month period of 2016 primarily due to a \$21 million increase in reimbursements received from the 4 WTC net lessee for Tower 4 Liberty Bond debt service payments and a \$23 million decrease achieved through the refunding and retirement of existing debt obligations, including an increase in the amortization of bond premiums. Partially offsetting this decrease was a \$31 million increase in interest expense related to operations due to lower interest being allocated to capital projects under construction.

Financial income increased \$27 million primarily due to a decrease in amounts due the WTC Retail net lessee for their preferred return on their initial capital investment in the WTC Retail premises which opened to the public in 2016; partially offset by a decrease in fair market valuation adjustments related to the fluctuation of interest rates and their impact on the market value of the Port Authority's investment portfolio comprised primarily of United States Treasury securities.

Assets:

Port Authority assets totaled \$47 billion at September 30, 2017, an increase of \$1.8 billion from December 31, 2016. This overall increase is primarily due to:

Facilities, net, including capital investment funded with third-party capital contributions totaled \$35.5 billion at September 30, 2017, an increase of approximately \$843 million from December 2016. This net increase was primarily due to the Port Authority's increased capital investment in core transportation facilities as outlined in the 2017-2026 ten-year capital plan, less year-to-date depreciation.

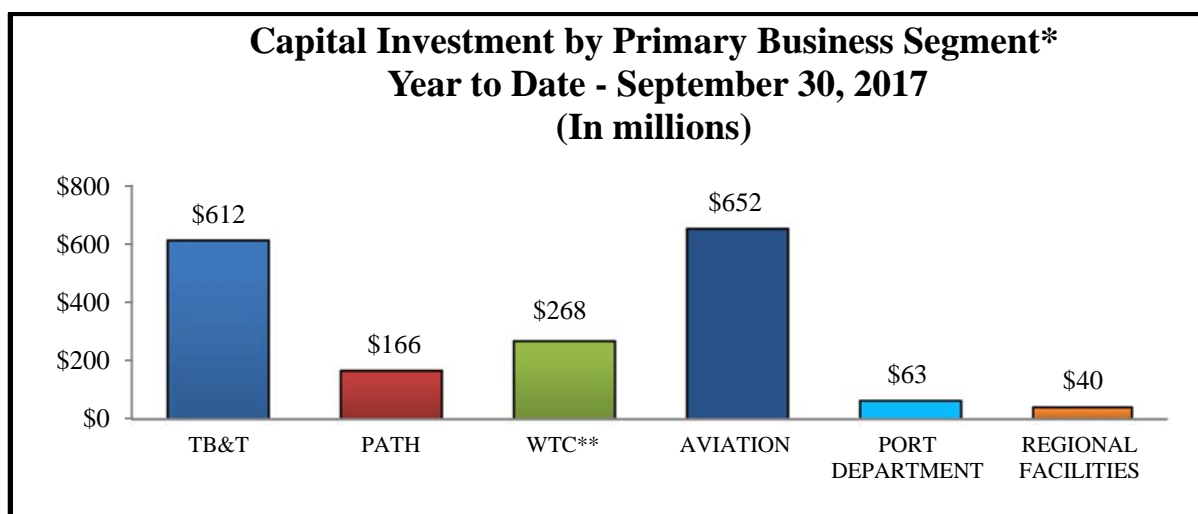
For additional information related to the Port Authority's current ten-year capital plan, please refer to Port Authority's website at: <http://corpinfo.panynj.gov/documents/Capital-Plan-2017-2026>.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017 (UNAUDITED)

The following chart depicts capital investment in Port Authority facilities of \$1.8 billion, including capital investment funded with third-party capital contributions for the nine-month period ended September 30, 2017; summarized by primary business segment.



* Excludes Development Facilities and Ferry Transportation.

**Capital Investment includes capital investment related to the WTC Transportation Hub.

Receivables (including restricted amounts) of \$795 million increased \$246 million from December 31, 2016, primarily due to timing differences in receiving payments relating to the maturity of certain investments, Aviation fees due from airlines, amounts due from other tolling agencies for EZPass® tolls collected on behalf of the Port Authority and amounts due from the 4 WTC net lessee, who in November 2016 exercised its right to defer the payment of certain WTC Tower 4 net lease rental payments.

Cash (including restricted amounts) balances of \$1 billion increased \$294 million when compared to December 2016. Cash flows from operations generated during the nine-month period ended September 30, 2017 of \$1.4 billion were primarily used to pay debt service on outstanding financing obligations and to fund additional capital construction in transportation facilities.

Cash flows from operations of \$1.4 billion decreased \$92 million when compared to the same nine-month period of 2016. The overall decrease in operating cash flows is primarily due to increases in payments to employees, contractors providing services at Port Authority facilities and rents paid to municipalities. Partially offsetting these decreases was an increase in cash flows received from operations primarily due to higher rentals.

Port Authority Investments of \$4.9 billion increased \$316 million from December 31, 2016 primarily due to the investment on an interim basis of bond proceeds issued in August 2017 for purposes of refunding existing consolidated bonded debt obligations and to fund capital construction at Port Authority Facilities.

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MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017 (UNAUDITED)

Port Authority Investments, at fair value

Investment Type*	Fair Value Hierarchy Levels***	at September 30, 2017 (In thousands)	Weighted Average Maturity (In days)
United States Treasury Notes	Level 1	\$ 3,481,320	438
United States Treasury Bills	Level 1	307,711	46
United States Government Agency Obligations	Level 2	261,100	12
JFK International Air Terminal LLC Obligations****	-	71,746	3,000
Repurchase Agreements****	-	720,317	5
Other Governmental Obligations	Level 2	8,976	339
Total Investments**		\$ 4,851,170	
Portfolio Weighted Average Maturity (in days)			364

* Excludes \$841 million of Collateralized Bank Accounts that are classified as cash equivalents and approximately \$1.3 billion in investments that are on deposit in a restricted trust dedicated to Other Postemployment Employee Benefits (OPEB).

** Excludes accrued interest receivable amounts of \$13 million.

*** Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets, and principle-to-principle markets.

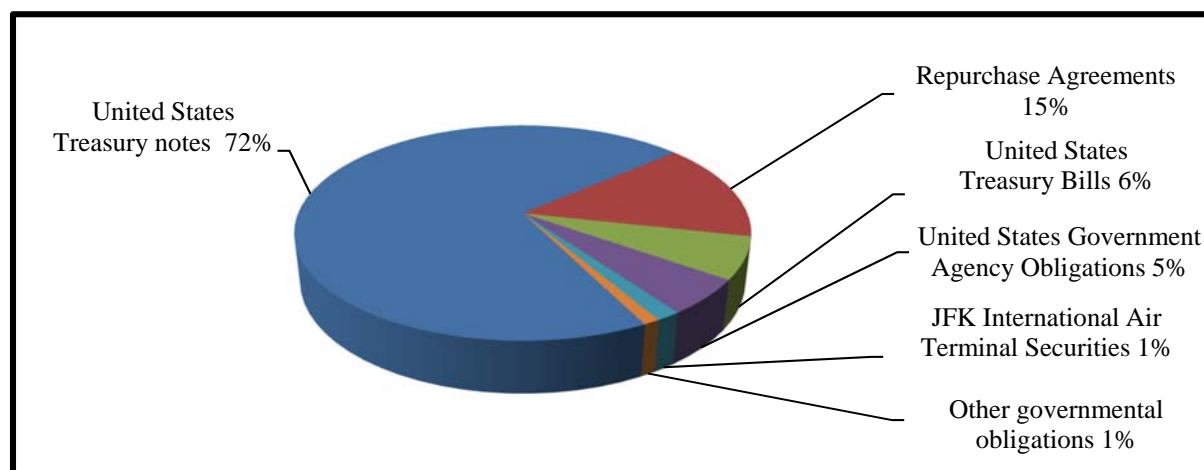
Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation.

Level 3 inputs are unobservable inputs for the asset; they should be used only when relevant Level 1 and Level 2 inputs are unavailable.

Port Authority investments are valued at the closing price or last trade reported on the major market exchange on which the individual securities are traded.

****Investments are valued at unamortized cost.

Port Authority Investments Asset Allocation:



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Port Authority Insurance Captive Entity (PAICE) restricted investments of \$239 million, increased \$19 million from December 31, 2016 primarily due to the reallocation of cash equivalent money market funds to United States Government securities.

PAICE Investments, at fair value

Investment Type	Fair Value Hierarchy Levels**	at September 30, 2017 (In thousands)	Weighted Average Maturity (In Days)
United States Treasury Notes	Level 1	\$ 59,245	1,139
United States Government Agency Obligations	Level 2	24,965	353
Corporate Bonds	Level 2	153,836	986
Total Investments*		\$ 238,046	
Portfolio weighted average maturity (In days)			958

* Excludes accrued interest receivable of \$1.1 million.

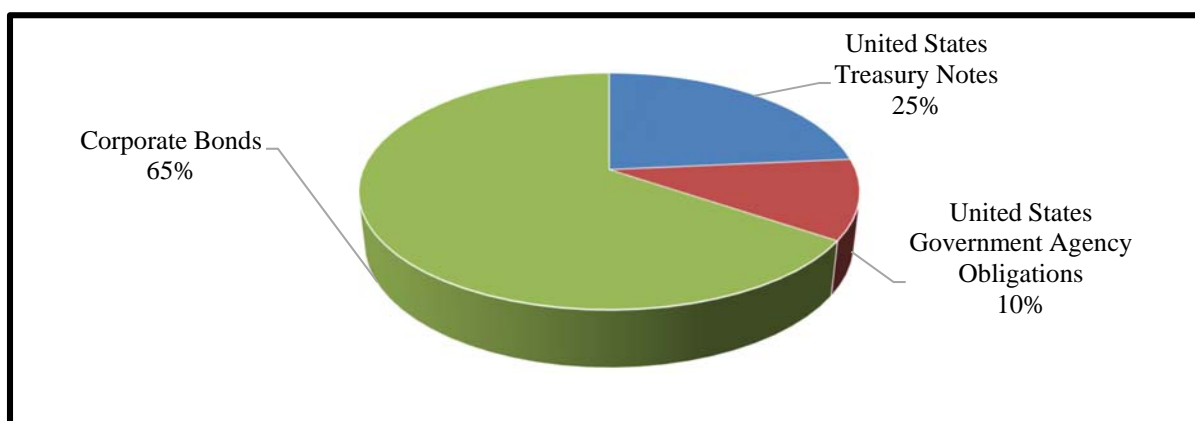
** Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets, and principle-to-principle markets.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation.

Level 3 inputs are unobservable inputs for the asset; they should be used only when relevant Level 1 and Level 2 inputs are unavailable.

Port Authority investments are valued at the closing price or last trade reported on the major market exchange on which the individual securities are traded.

PAICE Investments Asset Allocation:



Liabilities:

Port Authority liabilities totaled \$30.3 billion at September 30, 2017, an increase of \$1.1 billion from December 31, 2016.

Accrued payroll, pension and other employee benefits of \$959 million decreased \$103 million primarily due to a decrease in the Port Authority's proportionate share of the New York State and Local

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MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017 (UNAUDITED)

Retirement System (NYSLRS) Net Pension Liability (NPL), including the impact related to the difference between expected and actual earnings on plan investments.

Bonds and other asset financing obligations, totaled \$23.9 billion at September 30, 2017, an increase of \$1.1 billion from December 31, 2016. This increase was primarily attributable to a \$1.0 billion net increase in Consolidated bonds and notes, including a \$1.8 billion increase related to the issuance of additional consolidated bonds for purposes of funding capital construction and refunding existing debt obligations; partially offset by a \$1.0 billion decrease related to the retirement and refunding of existing debt obligations. In addition, the Goethals Bridge Replacement Project (GBRP) Developer Financing Arrangement (DFA) and Commercial Paper Notes increased \$130 million and \$56 million, respectively. These amounts were partially offset by a \$41 million decrease in amounts payable related to The Fund for Regional Development Buy-Out Obligation.

Bonds and Other Financing Obligations*

	Opening Balance Dec. 31, 2016	Issued/ Accreted	Refunded/ Retired	Ending Balance September 30, 2017
	(In millions)			
Consolidated Bonds and Notes	\$ 20,430	\$ 1,822	\$ 988	\$ 21,264
Commercial Paper Notes	388	1,477	1,421	444
Variable Rate Master Notes	78	-	-	78
Fund for Regional Development Buy-Out Obligation	222	-	41	181
MOTBY Obligation	55	-	2	53
Goethals Bridge Replacement Developer Financing Arrangement	744	130	-	874
Subtotal-Principal	\$ 21,917	\$ 3,429	\$ 2,452	\$ 22,894
Add: Unamortized premium/(discount)	856	220	39	1,037
Total	\$ 22,773	\$ 3,649	\$ 2,491	\$ 23,931

*Excludes amounts payable associated with Special Project Bond projects of \$1.4 billion and Tower 4 Liberty Bonds of \$1.2 billion.

The Port Authority issued approximately \$2.0 billion in Consolidated Bonds during the nine-month period in 2017, including bond premiums totaling \$220 million received at issuance for purposes of refunding \$919 million of existing debt obligations to achieve savings on future debt service payments as well as to fund \$1.1 billion of additional capital construction at Port Authority facilities.

Listed below is a summary of credit ratings assigned to outstanding debt obligations of the Port Authority as of December 31, 2016.

Obligation	S&P	Fitch Ratings	Moody's Investors Service
Consolidated Bonds	AA-	AA-	Aa3
Commercial Paper	A-1+	F1+	P-1

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 maturity of Port Authority obligations or as to market price or suitability of any maturity of the obligations for a particular

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MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017 (UNAUDITED)

investor. An explanation of the significance of a rating may be obtained from the ratings service issuing such rating. There is no assurance that any rating will continue for any period of time or that it will not be revised or withdrawn. A revision or withdrawal of a rating may have an effect on market price.

CONDENSED CONSOLIDATED STATEMENTS OF NET POSITION – UNAUDITED*

	SEPTEMBER 30, 2017	DECEMBER 31, 2016
	(In thousands)	
Assets		
Facilities, net	\$ 35,536,786	\$ 34,693,691
Cash, including restricted amounts	1,031,588	738,035
Port Authority investments, including PFCs	4,864,431	4,548,866
PAICE restricted investments	239,189	220,462
Receivables, including restricted amounts	795,768	549,656
Amounts receivable - Special Project Bonds projects	1,377,589	1,376,882
Amounts receivable - Tower 4 Liberty Bonds	1,246,402	1,246,861
Unamortized costs for regional programs	222,393	216,109
Other assets	1,708,754	1,671,110
Total assets	<u>47,022,900</u>	<u>45,261,672</u>
Deferred outflows of resources		
Loss on debt refunding's	75,181	79,046
Pension related amounts	384,618	555,794
Total deferred outflows of resources	<u>459,799</u>	<u>634,840</u>
Liabilities		
Bonds and other asset financing obligations	23,930,990	22,773,213
Amounts payable - Special Project Bonds projects	1,377,589	1,376,882
Amounts payable - Tower 4 Liberty Bonds	1,246,402	1,246,861
Accounts payable	1,140,925	1,072,412
Accrued payroll, pension and other employee benefits	958,604	1,061,732
Unearned income related to WTC Retail	767,053	773,998
Accrued interest and other liabilities	926,252	909,271
Total liabilities	<u>30,347,815</u>	<u>29,214,369</u>
Deferred inflows of resources		
Gain on debt refunding's	44,786	30,407
Pension related amounts	67,309	76,842
Total deferred inflows of resources	<u>112,095</u>	<u>107,249</u>
Net position	<u>\$ 17,022,789</u>	<u>\$ 16,574,894</u>

**CONDENSED CONSOLIDATED STATEMENTS OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION – UNAUDITED***

	NINE-MONTHS ENDED SEPTEMBER 30, 2017	2016
	(In thousands)	
Gross operating revenues	\$ 3,923,933	\$ 3,837,306
Operating expenses	(2,303,164)	(2,214,636)
Depreciation and amortization	(953,262)	(904,099)
Income from operations	<u>667,507</u>	<u>718,571</u>
Non-operating expenses, net	(587,472)	(582,509)
Capital contributions and PFC's	367,860	736,089
Non-operating revenues/(expenses)	<u>(219,612)</u>	<u>153,580</u>
Increase in net position	447,895	872,151
Net position, January 1	<u>16,574,894</u>	<u>15,529,563</u>
Net position, September 30th	<u>\$ 17,022,789</u>	<u>\$ 16,401,714</u>

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS – UNAUDITED*

	NINE-MONTHS ENDED SEPTEMBER 30,	
	2017	2016
	(In thousands)	
Net cash provided by operating activities	\$ 1,447,492	\$ 1,539,620
Net cash (used for) noncapital financing activities	(44,304)	(45,117)
Net cash (used for) capital construction and related financing activities	(744,944)	(2,078,189)
Net cash (used for)/provided by investing activities	(364,691)	811,044
Net increase in cash	293,553	227,358
Cash at beginning of year	738,035	1,347,698
Cash at nine-months ended	\$ 1,031,588	\$ 1,575,056

* The unaudited Condensed Consolidated Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows have been prepared, subject to audit, adjustment and reconciliation, solely for general information purposes, in accordance with accounting principles generally accepted in the United States of America. This unaudited condensed financial information should be read in conjunction with the Consolidated Financial Statements of The Port Authority of New York and New Jersey, and its component units (collectively the Port Authority) and the accompanying note disclosures and schedules for the year ended December 31, 2016.

CONDENSED CONSOLIDATED FINANCIAL INFORMATION ON PORT AUTHORITY FACILITIES - UNAUDITED

(In thousands)

Nine-month period ended September 30, 2017

	Gross Operating Revenues	Operating Expenses	Depreciation and Amortization	Income/(Loss) from Operations	Interest, Grants & Other Expenses *	Capital Contributions and PFC's	Increase/ (Decrease) in Net Position
Tunnels, Bridges, and Terminals	\$1,301,543	\$ 387,294	\$153,908	\$760,341	\$103,167	\$ 1,001	\$658,175
PATH	152,883	311,152	152,426	(310,695)	160,594	119,959**	(351,330)
Aviation	2,006,124	1,247,703	337,326	421,095	134,937	220,849	507,007
Port Commerce	227,501	116,987	70,144	40,370	63,660	11,902	(11,388)
World Trade Center	216,628	229,479	188,848	(201,699)	104,225	14,149	(291,775)
Other***	19,254	10,549	50,610	(41,905)	20,889	-	(62,794)
Increase in net position	\$3,923,933	\$2,303,164	\$953,262	\$667,507	\$587,472	\$367,860	\$447,895

Nine-month period ended September 30, 2016

	Gross Operating Revenues	Operating Expenses	Depreciation and Amortization	Income/(Loss) from Operations	Interest, Grants & Other Expenses *	Capital Contributions and PFC's	Increase/ (Decrease) in Net Position
Tunnels, Bridges, and Terminals	\$1,301,813	\$ 379,469	\$142,282	\$780,062	\$ 72,824	\$ 2,591	\$709,829
PATH	144,340	309,353	140,385	(305,398)	121,108	174,493**	(252,013)
Aviation	1,968,520	1,187,842	330,799	449,879	125,899	234,228	558,208
Port Commerce	215,032	114,169	70,589	30,274	80,434	10,200	(39,960)
World Trade Center	188,473	213,656	154,662	(179,845)	153,625	314,577	(18,893)
Other***	19,128	10,147	65,382	(56,401)	28,619	-	(85,020)
Increase in net position	\$3,837,306	\$2,214,636	\$904,099	\$718,571	\$582,509	\$736,089	\$872,151

* Amounts include allocated net interest expense (interest expense less financial income), 4 WTC Liberty Bond debt service reimbursements, Grants in connection with operating activities, Pass-through grant program payments; and gains or losses generated by the disposition of assets, if any.

** PATH Capital Contributions include Federal Transit Administration (FTA) funding related to the construction of the WTC Transportation Hub.

*** Other includes Development Facilities, certified Regional Facilities and Programs, Ferry Transportation, Access to the Regions Core (ARC) and PAICE administrative expenses.

Note: These unaudited schedules related to Port Authority Facilities have been prepared, subject to audit, adjustment and reconciliation, solely for general information purpose, in accordance with accounting principles generally accepted in the United States of America. This unaudited financial information should be read in conjunction with the Consolidated Financial Statements of The Port Authority of New York and New Jersey, and its component units (collectively the Port Authority) and the accompanying note disclosures and schedules for the year ended December 31, 2016.

REVENUES AND RESERVES (pursuant to Port Authority bond resolutions) – UNAUDITED

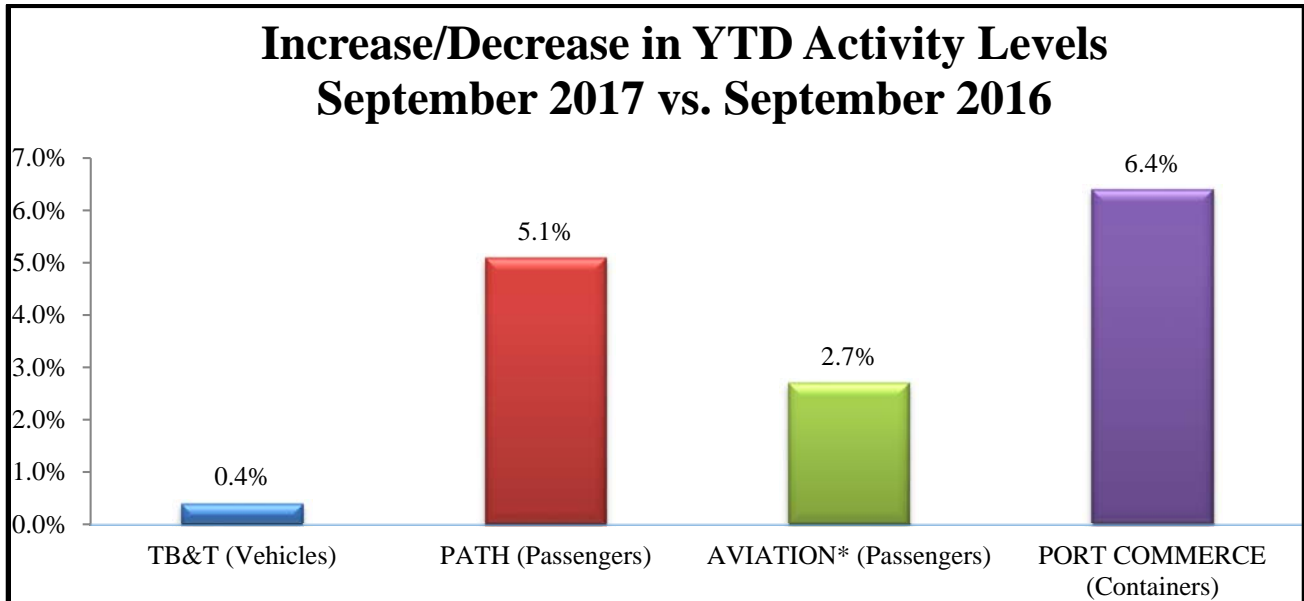
	September 30, 2017 (Actual)	September 30, 2017 (Budget)	September 30, 2016 (Actual)
	(In millions)		
Gross operating revenues	\$ 3,917	\$ 3,863	\$ 3,831
Total operating expenses	(2,303)	(2,320)	(2,215)
Amounts in connection with operating asset obligations*	(12)	(12)	(14)
Net operating revenue	1,602	1,531	1,602
Grants and contributions in aid of construction	156	205	307
Application of Passenger Facility Charges	110	135	42
Financial Income and Other	82	81	75
Net revenues available for debt service	1,950	1,952	2,026
Debt service**	(805)	(762)	(781)
Net Revenues after Debt Service and Transfers to Reserves***	\$ 1,145	\$ 1,190	\$ 1,245

* Includes interest expense on Equipment notes and Fund for Regional Development Buy-out obligation.

** Includes debt service on Consolidated bonds and notes and Special obligations of the Port Authority, including Commercial paper obligations, Variable rate master notes, MOTBY obligation, Tower 4 Liberty Bonds and the Goethals Bridge Replacement Developer Financing Arrangement.

*** Excludes the application of amounts from the Consolidated Bond Reserve Fund for purposes of funding capital investment in Port Authority Facilities.

FACILITY TRAFFIC – UNAUDITED



*Excludes Atlantic City International Airport passenger activity.