

The Port Authority of New York and New Jersey

Condensed Consolidated Financial Statements as of and for the
Nine-Month Period Ended September 30, 2018 (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, 2018 (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, 2018. 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, 2017 that are posted in the corporate information section on the Port Authority's website.

The unaudited financial results for the nine-month period ended September 30, 2018 contained in these schedules are not necessarily indicative of the results for the annual period ending December 31, 2018.

Management's Discussion and Analysis

Management's Discussion and Analysis (MD&A) 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 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, 2018 and September 30, 2017.

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, 2018 and September 30, 2017.

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,

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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.

3. BASIS OF ACCOUNTING

The Port Authority's activities are accounted for using the flow of economic resources measurement focus and accrual basis of accounting. 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.

Adoption of New Accounting Standard

In June 2015, GASB issued Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*" (GASB Statement No. 75). The requirements of GASB Statement No. 75 are effective for financial statements periods beginning after June 15, 2017. The objective of this amended statement is to improve financial accounting and reporting for postemployment benefits other than pensions by governmental employers that provide such benefits, commonly referred to as OPEB. The cumulative impact of adopting GASB Statement No. 75 of approximately \$1.7 billion has been incorporated in the comparative unaudited nine-month financial statements for the period ended September 30, 2018 as a restatement to the Port Authority's 2017 January 1st beginning Net position.

4. FINANCIAL STATEMENT COMPARISON FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018

Net Position (Equity)

The Port Authority's overall *Net position (Equity)* totaled \$15.9 billion at September 30, 2018, an increase of \$481 million from December 31, 2017. This increase is comprised of *Income from operations* of \$657 million, partially offset by *Non-operating expenses* of \$176 million.

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	Nine-Month Period Ended September 30, 2018	Nine-Month Period Ended September 30, 2017 (in thousands)	Variance
Gross operating revenues	\$ 4,013,108	\$ 3,923,933	\$ 89,175
Operating expenses	(2,364,969)	(2,303,164)	(61,805)
Net operating income	1,648,139	1,620,769	27,370
Depreciation and amortization	(991,430)	(953,262)	(38,168)
Income from operations	656,709	667,507	(10,798)
Financial income*	40,047	33,836	6,211
Interest expense, net**	(643,673)	(636,448)	(7,225)
Grants and other non-operating revenues/(expenses)***	20,650	15,140	5,510
Capital contributions and Passenger Facility Charges (PFC's)	406,863	367,860	39,003
Non-operating expenses, net	(176,113)	(219,612)	43,499
Increase in net position	\$ 480,596	\$ 447,895	\$ 32,701

* Includes changes to the fair market value of investments of \$(9.9) million in 2018 and \$(715) thousand in 2017, respectively.

** Nine-month period ended September 2018 and Nine-month period ended 2017 interest expense amounts are net of \$49 million due the Port Authority for the reimbursement of Tower 4 Liberty Bond debt service payments from the WTC Tower 4 net lessee.

*** Includes pass-through grant payments to sub-recipients of \$(1.4) million in 2018 and \$(18) million in 2017, respectively.

Income from Operations:

The Port Authority generated \$1.6 billion in *Net Operating Income* in the nine-month period ending September 30, 2018, before consideration of non-cash charges relating to depreciation and amortization, representing an increase of 1.7% from the same nine-month period of 2017 and 3.0% over 2018 budgeted amounts. The major variances in operating revenues and expenses compared to the same period in 2017 are discussed below.

Gross operating revenues of \$4.0 billion increased \$89 million or 2.3% from the same nine-month period in 2017. Aviation fees, which provide for the recovery of certain capital investments and operating expenses at the Port Authority's three major airports increased \$55 million, primarily due to additional aeronautical related capital investment being placed into service and increased policing and security costs to meet ongoing security requirements. Percentage and fixed rentals increased \$43 million primarily due to increased percentage rentals at Aviation facilities due to an all-time high in aviation passenger activity of approximately 104 million passengers as well as scheduled rent increases at Aviation passenger terminals, Port Authority Marine Terminals and One World Trade Center (WTC). Cargo Facility Charges (CFCs) and Wharfage fees at Port Authority Marine Terminals increased \$5.1 million due to a 6.5% increase in cargo container activity. Partially offsetting these amounts was a decrease in public and tenant parking revenues at Aviation facilities of approximately \$15.5 million primarily due to inclement weather conditions in the first quarter of 2018 and ongoing construction activities at LaGuardia Airport (LGA). PATH fares decreased \$1.8 million primarily due to a 1.6% decrease in passenger activity when compared to the same period in 2017 driven by the higher level of cross honoring of New Jersey Transit (NJT) passengers in 2017 due to service disruptions resulting from Amtrak construction activity at New York Penn Station. Toll revenue at the Port Authority's six

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(6) vehicular crossings decreased \$4.4 million primarily due to lower average tolls due to higher EZPass® usage, partially offset by a .7% increase in overall vehicular traffic.

Operating expenses of \$2.4 billion increased \$62 million or 2.7% from the same nine-month period in 2017, primarily due to increases in 1.) employee compensation and purchases of materials and supplies related to snow and ice removal activities, primarily at Aviation facilities, 2.) increased utility consumption primarily at John F. Kennedy International Airport (JFK) due to increased demand for heating and cooling, 3.) increased contract security guard services at Port Authority facilities due to increased security requirements and scheduled increases in contractor billing rates, 4.) increased payments in lieu of taxes (PILOT) to the City of New York related to the WTC site as a result of the substantial completion of WTC Tower 3, 5.) increased availability payments for the operation of Airtrain-EWR due to improved system performance and scheduled increases in operator billing rates, and 6.) increased building and infrastructure immediate repairs and public liability loss reserves.

Depreciation and amortization of \$991 million increased \$38 million from the same nine-month period of 2017 as a result of the scheduled completion of \$6.4 billion of capital construction projects during calendar year 2017 and the nine-month period ending September 30, 2018. These capital infrastructure assets, primarily located at the World Trade Center (WTC), PATH, Lincoln Tunnel, Bayonne and Goethals Bridges, have been placed into service and are being depreciated over their estimated useful life. Partially offsetting these increases was a decrease in accelerated depreciation related to the former Goethals Bridge and certain elements of the Bayonne Bridge that were fully depreciated and taken out of service in 2017 in anticipation of new and rehabilitated capital infrastructure assets becoming fully operational.

Non-Operating Expense Activities, net

Non-operating expense activities, net of \$176 million decreased \$43.5 million from the same nine-month period of 2017. Grants and Contributions in aid of construction increased \$36.6 million primarily due to increases in Federal Transit Administration (FTA) and Federal Emergency Management (FEMA) funding for Superstorm Sandy restoration, resiliency, and mitigation projects at Aviation and Rail facilities. Passenger Facility Charges (PFCs) at Aviation facilities increased \$7.9 million due to a 4% increase in passenger activity. In addition, financial income increased \$6.2 million due to an increase in realized earnings on Port Authority investments, partially offset by a decrease in the fair market value of securities resulting from an increase in interest rates.

Interest expense in connection with bonds and other asset financings of \$643 million increased approximately \$7.2 million when compared to the same nine-month period of 2017 primarily due to the commencement of Goethals Bridge Replacements Developer Financing Arrangement (DFA) payments due to the substantial completion of the replacement bridge in June 2018. Partially offsetting these increases was an increase in interest expense allocated to capital projects under construction and the realization of debt service savings from the refunding of certain outstanding debt obligations in 2017 and 2018.

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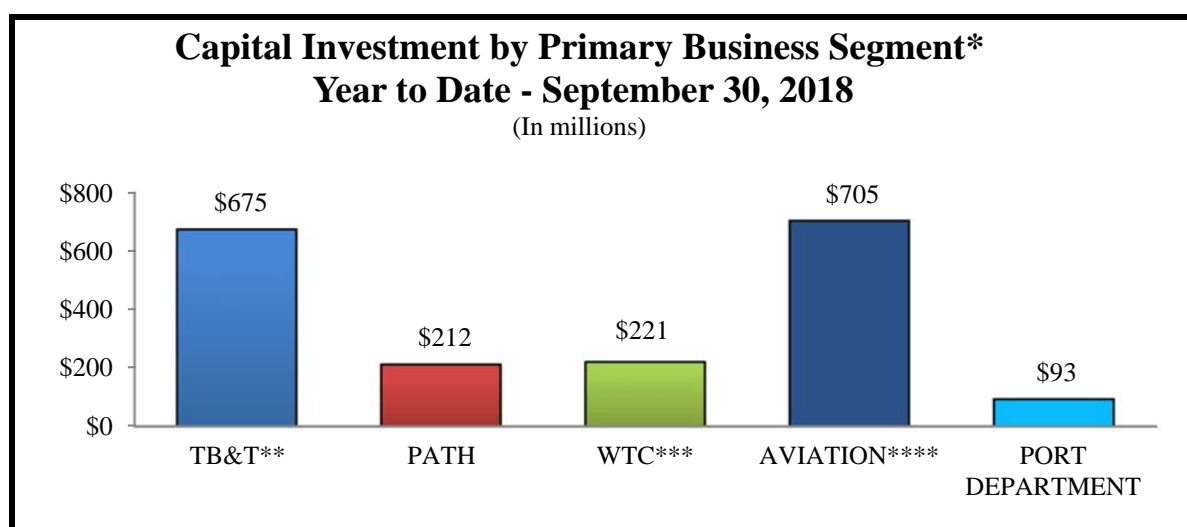
Assets:

Port Authority Assets totaled \$47.8 billion at September 30, 2018, an increase of \$1.4 billion from December 31, 2017. This overall increase is primarily due to:

Facilities, net of \$36.9 billion, including capital investment funded with Contributions in aid of construction, increased approximately \$947 million, primarily due to increased capital investment in Aviation Terminals and Tunnel, Bridge and Terminals (TB&T) 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>.

The following chart depicts capital investment in Port Authority facilities of \$1.9 billion for the nine-month period ended September 30, 2018, summarized by primary business segment.



* Excludes Development Facilities, Regional Facilities and Programs and Ferry Transportation.

** Includes \$86 million of capital investment related to the Goethals Bridge Replacement Project Developer Financing Arrangement.

*** Includes capital investment related to the WTC Transportation Hub and required capital contributions from the WTC Tower 3 net lessee.

**** Includes landlord leasehold capital improvements totaling \$198 million related to the redevelopment of LaGuardia Airport Terminal B.

Receivables (including restricted amounts) of \$853 million increased \$197 million from December 31, 2017, primarily due to the maturity of approximately \$143 million of certain investment securities on September 30, 2018 (cash was received on October 1, 2018) and increased amounts due from the Three WTC and Four WTC net lessees for certain rent and debt service payments.

Cash and Investments (excluding PAICE restricted investments) of \$4.9 billion increased approximately \$13.6 million when compared to December 2017 primarily due to increased cash flows from operations, and the investment, on an interim basis, of consolidated bond proceeds issued in the

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third quarter of 2018 for purposes of funding capital construction, partially offset by the use of bond proceeds and available cash to fund capital construction projects at core transportation facilities.

Cash flows from operations of \$1.7 billion increased approximately \$206 million when compared to the same nine-month period of 2017. This overall increase is primarily due to increased rentals and aviation fees, partially offset by an increase in payments to contractors and employees.

Port Authority Investments, at fair value

Investment Type*	Fair Value Hierarchy Levels***	at September 30, 2018 (In thousands)	Weighted Average Maturity (In days)
United States Treasury Notes	Level 1	\$ 3,251,894	488
United States Treasury Bills	Level 1	662,694	37
United States Government Agency Obligations	Level 2	246,272	3
JFK International Air Terminal LLC Obligations****	-	63,774	2,635
Repurchase Agreements****	-	355,160	5
Other Governmental Obligations	Level 2	6,100	164
Total Investments**		\$ 4,585,894	
Portfolio Weighted Average Maturity (in days)			389

* Excludes \$106 million of Collateralized Bank Accounts that are classified as cash equivalents and approximately \$1.5 billion in investments that are on deposit in a restricted trust dedicated to Other Postemployment Benefits (OPEB).

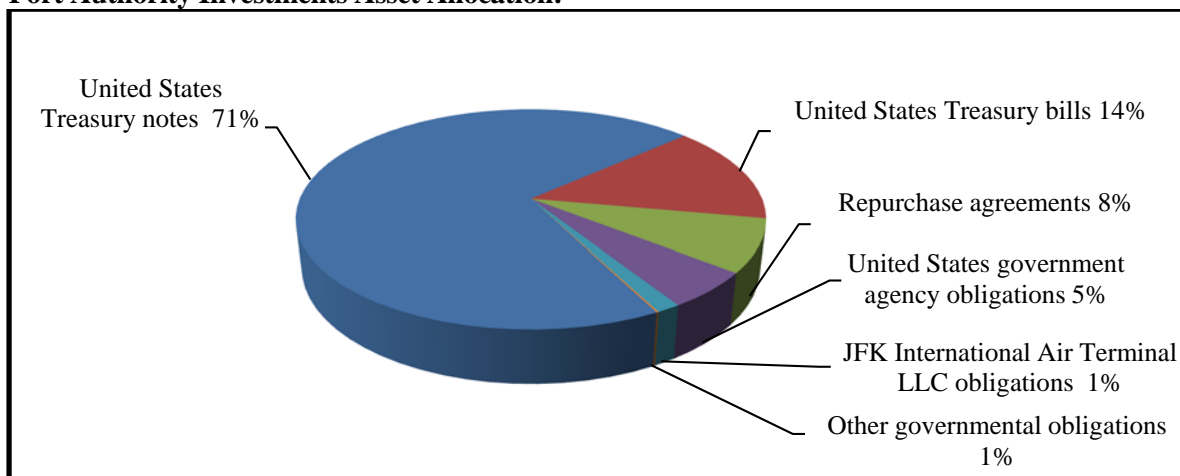
** Excludes accrued interest receivable amounts of \$17 million.

*** 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.

**** Investments are valued at unamortized cost.

Port Authority Investments Asset Allocation:



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Port Authority Insurance Captive Entity, LLC (PAICE) restricted investments of \$238 million, decreased \$617 thousand from December 31, 2017 primarily due to the maturity of certain United States Government securities that have not been reinvested as of September 30, 2018.

PAICE Investments, at fair value

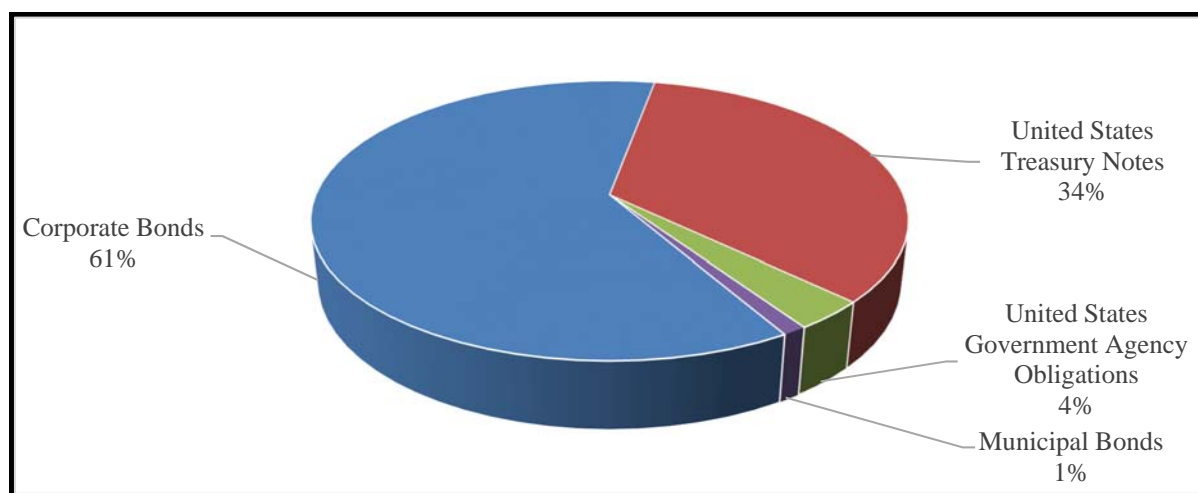
Investment Type	Fair Value Hierarchy Levels**	at September 30, 2018 (In thousands)	Weighted Average Maturity (In Days)
United States Treasury Notes	Level 1	\$ 81,213	1,140
Corporate Bonds	Level 2	145,265	895
United States Government Agency Obligations	Level 2	8,052	270
Municipal Bonds	Level 2	2,715	1,538
Total Investments*		\$ 237,245	
Portfolio weighted average maturity (In days)			965

* 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.

PAICE Investments Asset Allocation:



Liabilities:

Port Authority liabilities totaled \$32.1 billion at September 30, 2018, an increase of \$766 million from December 31, 2017.

Bonds and other asset financing obligations of \$24.3 billion increased \$860 million from December 31, 2017 primarily due to the issuance of Consolidated bonds during the nine-month period ending September 30, 2018 for purposes of funding capital construction projects as outlined in the 2017-2026

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capital plan, an increase of \$86 million in the Goethals Bridge Replacement Project (GBRP) Developer Financing Arrangement (DFA) obligation and a \$155 million increase in Commercial paper notes. These amounts were partially offset by a \$43 million decrease in amounts payable related to The Fund for Regional Development Buy-Out Obligation.

Bonds and Other Financing Obligations*

	Opening Balance Dec. 31, 2017	Issued/ Accreted	Refunded/ Retired	Ending Balance September 30, 2018
	(In millions)			
Consolidated Bonds and Notes	\$ 20,673	\$ 1,987	\$ 1,536	\$ 21,124
Commercial Paper Notes	465	1,464	1,309	620
Variable Rate Master Notes	78	-	8	70
Fund for Regional				
Development Buy-Out Obligation	184	-	43	141
MOTBY Obligation	53	-	2	51
Goethals Bridge Replacement				
Developer Financing Arrangement	934	86	-	1,020
Subtotal-Principal	\$ 22,387	\$ 3,537	\$ 2,898	\$ 23,026
Add: Unamortized premium/(discount)	1,024	236	15	1,245
Total	\$ 23,411	\$ 3,773	\$ 2,913	\$24,271

*Excludes amounts payable associated with Special Project Bond projects of \$1.3 billion and Tower 4 Liberty Bonds of \$1.2 billion.

For the nine-month period ended September 30, 2018, the Port Authority issued approximately \$2 billion in Consolidated Bonds and received \$236 million in bond premiums at issuance for purposes of refunding \$1.3 billion of existing debt obligations to achieve savings on future debt service payments as well as to fund \$776 million of capital construction at Port Authority facilities.

The Goethals Bridge Replacement Project (GBRP) achieved substantial completion in June 2018. In accordance with the Project Agreement, GBRP DFA payments to the developer commenced in July 2018.

Accounts payable of \$1.1 billion decreased \$172 million from December 31, 2017, primarily due to a decrease in capital construction project accruals.

CONDENSED CONSOLIDATED STATEMENTS OF NET POSITION – UNAUDITED*

	SEPTEMBER 30, 2018	DECEMBER 31, 2017**
	(In thousands)	
Assets		
Facilities, net	\$ 36,910,309	\$ 35,963,576
Cash, including restricted amounts	341,162	858,896
Port Authority investments, including PFCs	4,602,934	4,071,618
PAICE restricted investments	238,310	238,927
Receivables, including restricted amounts	852,509	655,164
Amounts receivable - Special Project Bonds projects	1,315,041	1,314,334
Amounts receivable - Tower 4 Liberty Bonds	1,245,790	1,246,249
Unamortized costs for regional programs	140,044	172,060
Landlord leasehold investment-LGA Terminal B	360,665	162,868
Other assets	1,833,577	1,799,038
Total assets	<u>47,840,341</u>	<u>46,482,730</u>
Deferred outflows of resources		
Loss on debt refunding's	80,828	73,148
Pension related amounts	381,611	328,602
Total deferred outflows of resources	<u>462,439</u>	<u>401,750</u>
Liabilities		
Bonds and other asset financing obligations	24,270,928	23,410,555
Amounts payable - Special Project Bonds projects	1,315,041	1,314,334
Amounts payable - Tower 4 Liberty Bonds	1,245,790	1,246,249
Accounts payable	1,057,673	1,229,863
Accrued payroll, pension, and OPEB**	2,562,576	2,555,624
Unearned income -WTC Retail	757,792	764,738
Accrued interest and other liabilities	879,967	802,670
Total liabilities	<u>32,089,767</u>	<u>31,324,033</u>
Deferred inflows of resources		
Gain on debt refunding's	44,702	47,237
Pension related amounts	242,742	68,237
OPEB related amounts**	74,920	74,920
Total deferred inflows of resources	<u>362,364</u>	<u>190,394</u>
Net position**	<u><u>\$ 15,850,649</u></u>	<u><u>\$ 15,370,053</u></u>

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

	NINE-MONTHS ENDED SEPTEMBER 30, 2018	2017**
	(In thousands)	
Gross operating revenues	\$ 4,013,108	\$ 3,923,933
Operating expenses	(2,364,969)	(2,303,164)
Depreciation and amortization	(991,430)	(953,262)
Income from operations	<u>656,709</u>	<u>667,507</u>
Non-operating expenses, net	(582,976)	(587,472)
Capital contributions and PFC's	406,863	367,860
Non-operating revenues/(expenses)	<u>(176,113)</u>	<u>(219,612)</u>
Increase in net position	480,596	447,895
Restated net position, January 1**	<u>15,370,053</u>	<u>14,839,895</u>
Net position, September 30	<u><u>\$ 15,850,649</u></u>	<u><u>\$ 15,287,790</u></u>

see footnotes () and (**) on page 10.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS – UNAUDITED*

	NINE-MONTHS ENDED SEPTEMBER 30,	
	2018	2017
	(In thousands)	
Net cash provided by operating activities	\$ 1,653,596	\$ 1,447,492
Net cash (used for) noncapital financing activities	(24,466)	(44,304)
Net cash (used for) capital construction and related financing activities	(1,527,915)	(744,944)
Net cash (used for) investing activities	(618,948)	(364,691)
Net (decrease)/increase in cash	(517,733)	293,553
Cash at beginning of year	858,896	738,035
Cash at nine-months ended	\$ 341,163	\$ 1,031,588

* 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, 2017.

** In accordance with GASB Statement No. 75, the cumulative impact of adopting GASB Statement No. 75 of approximately \$1.7 billion has been incorporated into the unaudited financial statements for the nine-month period ended September 30, 2018 as a restatement to the Port Authority's 2017 January 1st Net Position.

CONDENSED CONSOLIDATED FINANCIAL INFORMATION ON PORT AUTHORITY FACILITIES - UNAUDITED

Nine-month period ended September 30, 2018

	(In thousands)						
	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	\$ 1,300,505	\$ 379,127	\$ 159,149	\$ 762,229	\$ 137,502	\$ 2,107	\$ 626,834
PATH	152,240	330,546	155,252	(333,558)	139,502	26,821	(446,239)
Aviation	2,073,003	1,286,252	337,689	449,062	123,743	263,724	589,043
Port Commerce	237,862	117,213	69,035	51,614	61,519	20,310	10,405
World Trade Center	228,958	239,686	214,878	(225,606)	96,431	93,901	(228,136)
Other***	20,540	12,145	55,427	(47,032)	24,279	-	(71,311)
Increase in net position	\$ 4,013,108	\$ 2,364,969	\$ 991,430	\$ 656,709	\$ 582,976	\$ 406,863	\$ 480,596

Nine-month period ended September 30, 2017

	(In thousands)						
	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

* 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), Moynihan Station Transportation Program 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, 2017.

REVENUES AND RESERVES-Unaudited (pursuant to Port Authority bond resolutions)

	Nine-Month Period Ended September 30, 2018 (Actual)	Nine- Month Period Ended September 30, 2018 (Budget)	Nine Month Period Ended September 30, 2017 (Actual)
	(In thousands)		
Gross operating revenues*	\$ 4,006	\$ 3,951	\$ 3,917
Total operating expenses	(2,365)	(2,359)	(2,303)
Amounts in connection with operating asset obligations**	(10)	(10)	(12)
Net operating revenue	1,631	1,582	1,602
Grants and contributions in aid of construction	167	166	156
Application of Passenger Facility Charges	359	85	110
Financial Income and Other	86	86	82
Net revenues available for debt service	2,243	1,919	1,950
Debt service***	(809)	(784)	(805)
Net Revenues after Debt Service and Transfers to Reserves****	\$ 1,434	\$ 1,135	\$ 1,145

* Excludes amortization of upfront payments received in connection with the purchase of the Port Authority's interests in the WTC Retail Joint Venture.

** Includes interest expense on Equipment notes and the 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 Goethals Bridge Replacement Developer Financing Arrangement (DFA).

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

FACILITY TRAFFIC – Unaudited

	Nine-Month Period Ended September 30, 2018	Nine-Month Period Ended September 30, 2017	Pct. Increase/ (Decrease)
	(In thousands)		
Total Passengers-Aviation*	103,556	99,910	3.6%
Total Vehicles-Tunnels and Bridges	89,754	89,171	.7%
Total Passengers- PATH	61,138	62,161**	(1.6%)
Total Cargo Containers-Marine Terminals*	3,063	2,877	6.5%

* 2018 facility traffic information contains estimated data based on available information and is subject to revision.

** Includes approximately 930 thousand cross honored NJ Transit passengers as a result of Amtrak construction activity at Penn Station.