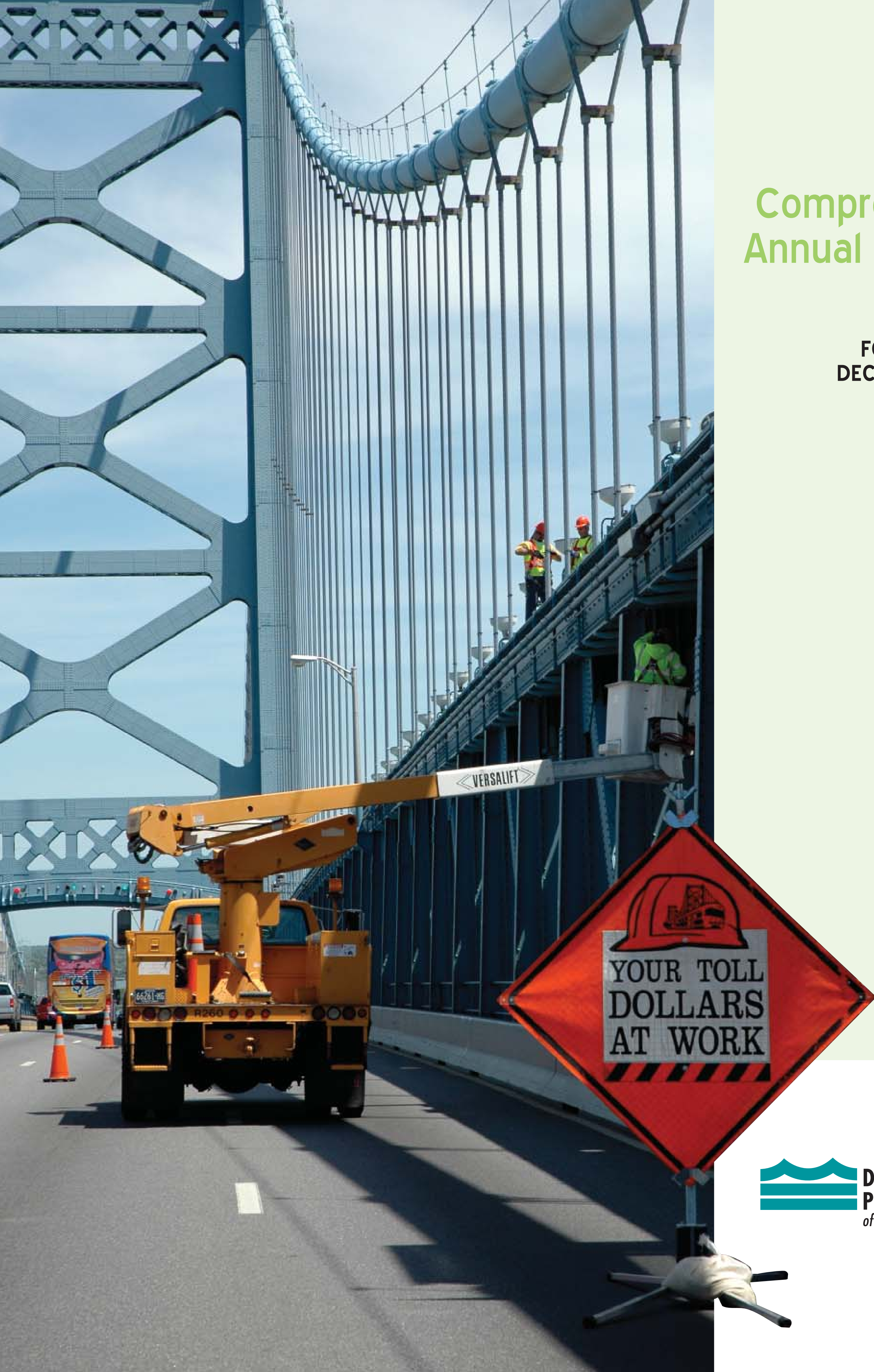


Comprehensive Annual Financial Report

FOR YEAR ENDED DECEMBER 31, 2008

DELAWARE RIVER PORT AUTHORITY
of Pennsylvania & New Jersey®

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Delaware River Port Authority

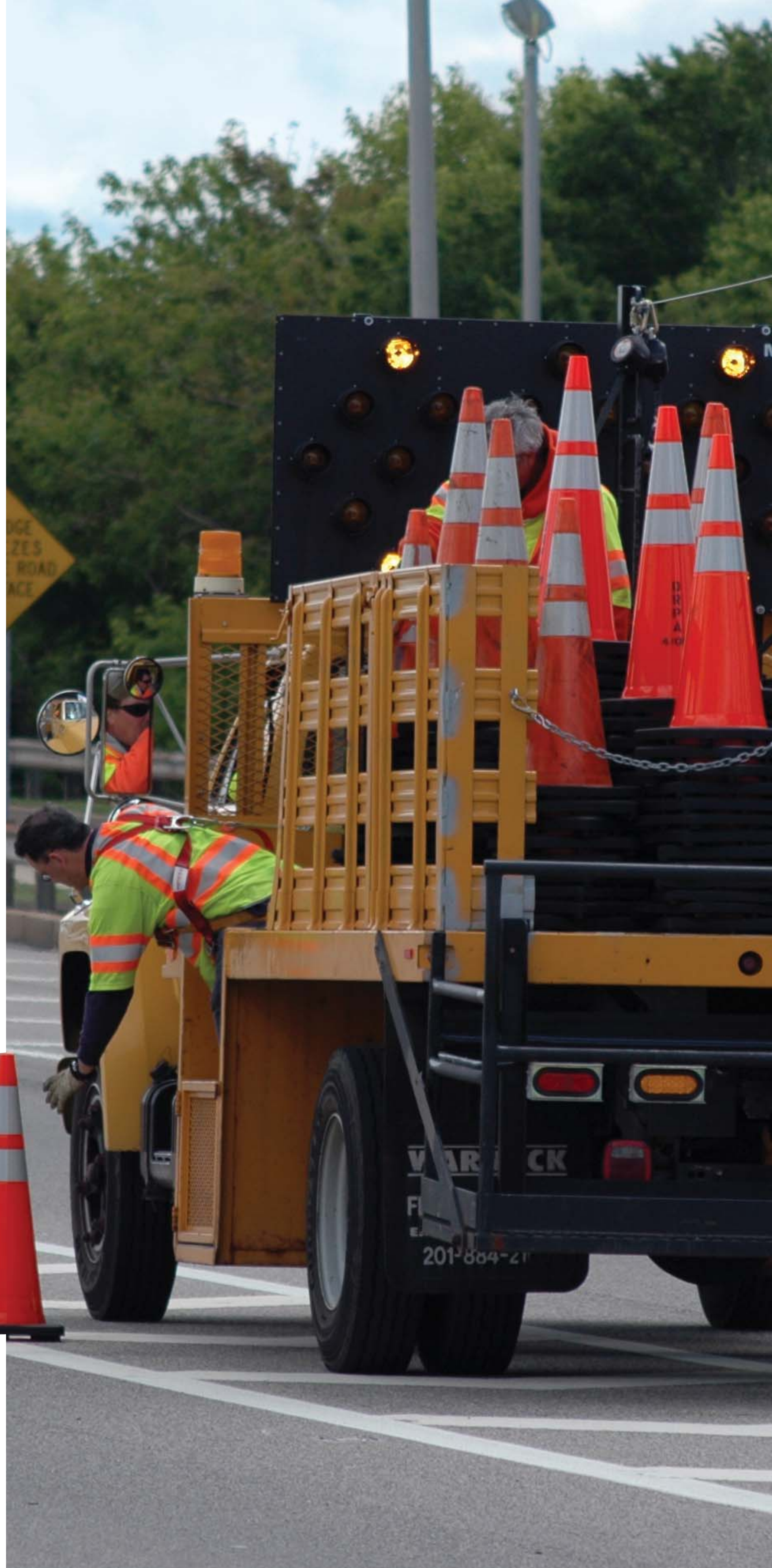
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

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.

President

Executive Director

For the sixteenth consecutive year the Delaware River Port Authority 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 2007 Comprehensive Annual Financial Report.



Betsy Ross Bridge – *Maintenance crews at the remove safety cones that were in place to separate bridge traffic from a work zone.*

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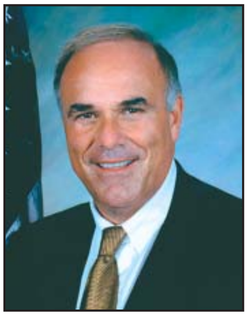
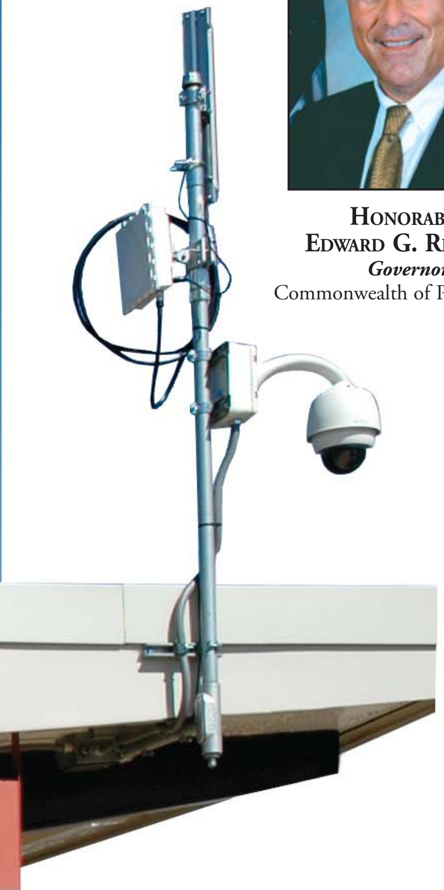
Prepared by the Office of the Chief Financial Officer


WESTMONT
EASTBOUND
LINDENWOLD
LINDENWOLD LOCAL



Honorable
Edward G. Rendell
Governor
Commonwealth of Pennsylvania

Honorable
Jon S. Corzine
Governor
State of New Jersey



Chairman's LETTER

To Our Governors:

Thank you for the opportunity to present this report of the Delaware River Port Authority's 2008 activities and financial information. In 2008, we continued to maintain tight fiscal controls on all areas of Authority operations while realizing significant achievement and progress at the bridges, PATCO, ferry and cruise terminal.

Thanks to the hard work of staff, we implemented a new toll and fare schedule that will provide the funds necessary to keep our facilities safe, secure and serviceable for many years to come.

In 2008, we hosted a number of charity events such as food/clothing drives and bridge races to benefit local organizations. We began system-wide usage of the FREEDOM fare collection system at PATCO. We started the final phase of the Ben Franklin Bridge Painting Project. And at the Philadelphia Cruise Terminal, we welcomed the Norwegian *Majesty* for its first set of regular sailings from Philadelphia.

In 2009, we will take on many exciting opportunities. At PATCO, we will begin to overhaul our fleet of 121 rail cars. At the bridges, we will continue to provide safe roadways for motorists to travel. At the Philadelphia Cruise Terminal, we will welcome back NCL's Norwegian *Majesty* for its second season of regular sailings from Philadelphia.

We are pleased to have accomplished so much in 2008 and look forward to the challenges that lie ahead. We will continue to hold ourselves to the highest standards of fiscal responsibility and customer service for the people of Southeastern Pennsylvania and Southern New Jersey.

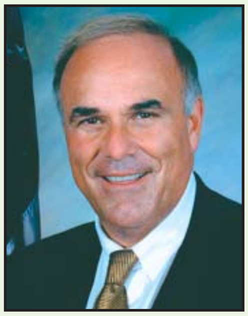
Sincerely,

John H. Estey
Chairman Designee

PATCO Camera Project – *PATCO staff check the installation of a new camera on the platform of Westmont Station in New Jersey. More than 200 cameras are being installed as part of PATCO's electronic surveillance system. Total project cost is $3.8 million.*

DRPA COMMISSIONERS

Pennsylvania



Hon. Edward G. Rendell
Chairman
Governor
Commonwealth of Pennsylvania

Robert W. Bogle
Publisher
The Philadelphia Tribune

Hon. Frank J. DiCicco
Councilman
City of Philadelphia

John J. Dougherty
Business Manager
IBEW Local Union #98

Hon. John M. Perzel
House of Representatives
Commonwealth
of Pennsylvania

Kenneth I. Trujillo, Esq.
Attorney
Trujillo Rodriquez
& Richards, LLC

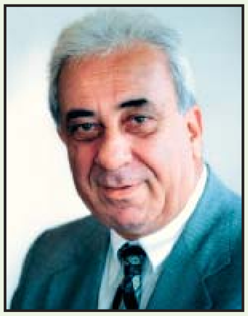
Hon. Jack Wagner
Auditor General
Commonwealth
of Pennsylvania

Hon. Robin L. Wiessmann
State Treasurer
Commonwealth
of Pennsylvania

New Jersey

Jeffrey L. Nash
Vice Chairman
Freeholder, Camden County
Board of Chosen Freeholders

Vincent J. DeVito
President
United Food and Commercial
Workers Union Local 1245



E. Frank DiAntonio
President & Business Manager
Construction & General
Laborers Union Local 172

Charles Fentress
Retired Police Sergeant
Delaware River Port
Authority

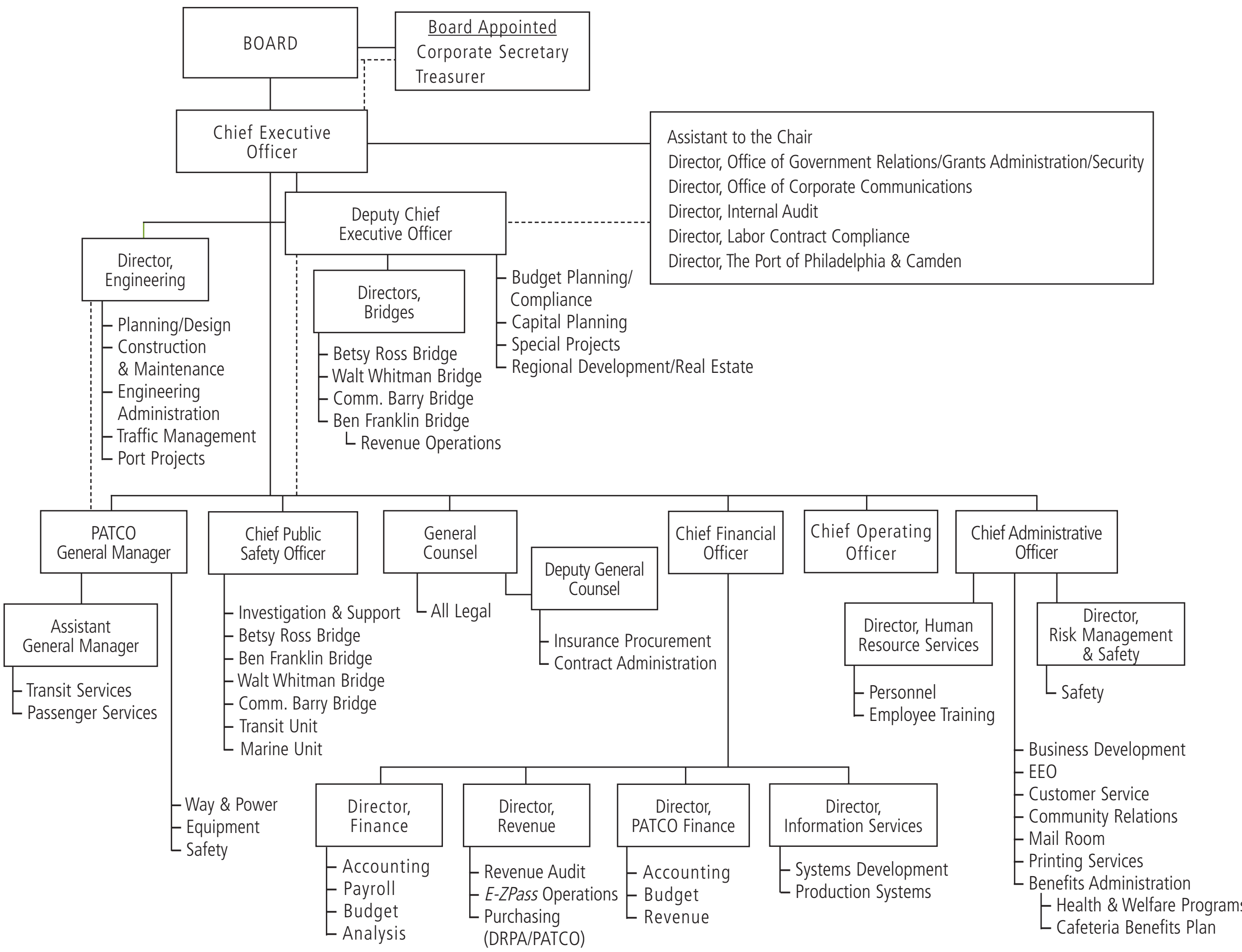
Albert F. Frattali
Business Manager
Reinforced Iron Workers
Local 405

Walter A. Lacey
Attorney/Broker
Blue Chip Realty
Councilman, Lawnside, NJ

Jacquelyn Love
Deputy Mayor
Deptford Township

Ricardo V. Taylor, Jr.
School Administrator
Pennsauken Township

Organizational CHART



Officers & Executive Staff

John J. Matheussen
Chief Executive Officer, DRPA
President of PATCO

Robert P. Gross
Deputy Chief Executive Officer

Archer & Greiner
New Jersey Counsel

Ballard Spahr Andrew & Ingersoll, LLP
Pennsylvania Counsel

Robert A. Box
PATCO General Manager

Richard L. Brown, Esq.
General Counsel

Toni P. Brown, Esq.
Chief Administrative Officer

Mary-Rita D'Alessandro
Assistant to the Chair

John T. Hanson, CPA
Chief Financial Officer

Michael E. Joyce, Esq.
Acting Chief Public Safety Officer
Deputy General Counsel

John A. Lawless
Corporate Secretary

Cheryl Y. Spicer
PATCO Assistant
General Manager

James M. White, Jr., CCM
Treasurer Pro-Tem

Mission STATEMENT

We Keep the Region Moving!

Emphasizing safety and customer service, the Delaware River Port Authority provides quality transportation services across the river, and invests in the economic growth of Southeastern Pennsylvania and Southern New Jersey.

DRPA FACILITIES

Benjamin Franklin Bridge
Opened: July 1,1926
Average Weekday Traffic: 108,846
www.drpa.org

Walt Whitman Bridge
Opened: May 16,1957
Average Weekday Traffic: 116,792
www.drpa.org

Commodore Barry Bridge
Opened: February 1, 1974
Average Weekday Traffic: 39,744
www.drpa.org

Betsy Ross Bridge
Opened: April 30, 1976
Average Weekday Traffic: 38,270
www.drpa.org

PATCO
Opened: February 15, 1969
Average Weekday Ridership: 36,184
www.ridepatco.org

RiverLink Ferry System
DRPA assumed operations
of the ferry on April 1, 2000
Ferry Ridership for 2008: 187,225
www.riverlinkferry.org

Philadelphia Cruise Terminal
Opened: May 25, 1998
2008 Passengers: 27,077
2008 Cruises: 10
www.cruisephilly.com


DANGER

John J. Matheussen
Chief Executive Officer, DRPA
President of PATCO

Report of the CHIEF EXECUTIVE OFFICER

The year 2008 was marked with great challenges and successes. We continued to work hard in our leadership position to address quality of life issues such as reducing traffic congestion and making mass transit an even greater asset on which the public can rely for convenience, safety and efficiency.

In order to maintain the safety, security and serviceability of our facilities, during the fall we introduced a new toll and fare schedule. By doing so, we strengthened our commitment to our core business of providing quality cross-river transportation and pledging not to spend any new toll or fare dollars on economic development projects. This renewed commitment, coined “Your Toll and Fare Dollars at Work” is visible on signage at all DRPA and PATCO construction sites and remains a constant reminder to the public that we are keeping our promise to use their funds responsibly.

At our bridges, we carried more than 110 million vehicles, we continued work on major rehabilitation projects such as the Benjamin Franklin Bridge Painting Project and the Commodore Barry Bridge Deck Joint Replacement Project. We reached ridership milestones at PATCO and welcomed the Norwegian Majesty to the Philadelphia Cruise Terminal for its first set of regular sailings from Philadelphia.

WWB Suspender Project – *A contractor conducts an acoustical scan of a suspender rope as part of the Walt Whitman Bridge Suspender Rope Investigation Project. Total project cost is $2.5 million.*

At PATCO, for the first time in several years, we serviced more than 10 million riders. In addition, on Friday, October 31, as the region celebrated the Philadelphia Phillies World Series win, PATCO reached a one-day ridership record of 112,000 trips, overtaking the previous record of 77,557 reached in 1980. We continued to progress with the Alternatives Analysis Study for the Southern New Jersey to Philadelphia Transit Expansion Project and the Philadelphia Waterfront Transit Expansion Project.

At the Philadelphia Cruise Terminal, we introduced new itineraries to include sailings from Philadelphia to Bermuda, Canada and New England and the Caribbean. In 2008, the Philadelphia Cruise Terminal continued to serve as one of the region's premier event venues.

In an effort to address the effects of port operations on the environment, we took the lead in developing a Green Ports Initiative. Working with local port operators, South Jersey Port Corporation and the Philadelphia Regional Port Authority, we signed a Memorandum of Understanding paving the way for us to begin working together to identify solutions for further "greening" the ports, reducing their impacts on the surrounding community.

Our list of successes, accomplishments and achievements serve as a testament to the tremendous support that we have received from our Board Chairman, Pennsylvania Governor Edward G. Rendell, New Jersey Governor Jon S. Corzine and our Board of Commissioners. Thanks to their leadership and the hard work of staff, I am proud to present our Comprehensive Annual Financial Report for the Fiscal Year ended December 31, 2008.

BRIDGES

We began the year by re-evaluating our toll and fare structures to address the necessary infrastructure repairs needed to be completed as part of our $1.1 billion 5-year Capital Program. As part of this effort, we conducted a traffic study to provide a 10 year forecast of revenue and traffic on all DRPA bridges.

As the year progressed, we saw record gas prices force many drivers from their vehicles causing a decrease in bridge traffic but also increasing PATCO ridership.

Engineering staff worked to provide technical support to the Bridge Division for the in-house repair items noted in the 2006 biennial report for all four of DRPA's bridges. Another biennial inspection was conducted in 2008. In January, Betsy Ross Bridge personnel installed compression deck joint seals across the bridge deck. At the Walt Whitman Bridge, Engineering staff provided technical assistance in rehabilitating stiffening truss cracked stringers. Also at the Walt Whitman Bridge, field work began for the Suspender Rope Investigation project. We continue to progress with the Ben Franklin Bridge West Side Traffic Mitigation Study. We have identified several short-term and long-term remedies to improve efficiency of travel across the Ben Franklin Bridge into Philadelphia's downtown area and Vine Street. At the Ben Franklin Bridge, DRPA Engineers have identified 15 steel anchorage doors that need to be replaced.

In May, work began on the Commodore Barry Bridge Deck Joint Replacement Project. The project was completed in December at a cost of $8 million.

In July, we began the fifth and final phase of the Ben Franklin Bridge De-leading and Painting

PATCO Motor Repair – *PATCO Equipment Mechanics making electrical repairs to a train car.*

Project. This phase involves the Philadelphia approach to the bridge. The project should be completed by the end of 2009 at a cost of around $20 million.

In July, we began to accept public comment on the proposed bridge toll and PATCO fare hikes as part of the process of considering a fee restructuring. We heard from hundreds of people through two public meetings, mail, email, telephone and fax. Their valuable input allowed us to develop and present to the Board of Commissioners a responsible toll and fare restructuring plan.

In August, the Board of Commissioners approved the new toll schedule which included a $1 increase to passenger vehicles beginning in September 2008 and another $1 increase in September 2010 with a cost of living increase every two years after that. The new toll schedule also included a phase out of the E-ZPass Commuter Discount Program, elimination of the E-ZPass Commercial Discount Program and the replacement of the Senior Citizen Discount Ticket program with a new senior discount program administered through E-ZPass. In addition, in an effort to promote environmentally friendly behavior, a Green Pass discount was created offering a $1 off discount to drivers of Super Ultra Low Emissions Vehicles that receive at least 45 mpg.

In August, we began the second phase of the De-leading and Painting Project on the Walt Whitman Bridge.

In September, we developed new signage to be placed at our DRPA and PATCO construction sites. These new signs "Your Toll (Fare) Dollars at Work" are designed to remind our customers of our commitment to keep our facilities safe, secure and serviceable.

Throughout the year, we hosted a number of charity events. In April, the Commodore Barry Bridge hosted a walk/run to benefit the Center for Resolutions of Delaware County. This nonprofit organization provides conflict resolution services to

the tri-state area. In July, the Benjamin Franklin Bridge hosted the 21st Annual Tour de Shore Bicycle Ride to benefit Philadelphia Police charities. Also in July, the Benjamin Franklin Bridge hosted the 36th Annual American Cancer Society Bike-A-Thon. In September, the Ben Franklin Bridge pedestrian walkway was the site of two charity events, the City of Hope's 4th Annual Walk to Cure Breast Cancer and the National Ovarian Cancer Coalition Walk. In November, we hosted the 14th Annual Cooper-Norcross Bridge Challenge. More than 3,000 participants took part to raise money for Larc School, a special education school in Bellmawr, NJ, serving students with a wide range of disabilities.

PATCO

While high gas prices caused a drop in bridge traffic, PATCO ridership soared. So much so that by the fall PATCO added two additional trains to the morning and afternoon peak travel periods to accommodate increased ridership. The extra trains resulted in seating for almost 1,000 more passengers during the peak travel periods.

In January, we hosted two public open house events on the Alternatives Analysis Phase of the Philadelphia Waterfront Transit Expansion project. The Alternatives Analysis evaluates four alternatives for the extension of PATCO along Columbus Boulevard/ Delaware Avenue.

In March, we were joined by state and local elected officials and members of the transportation community for a "ticket cutting" ceremony at PATCO's Woodcrest Station in Cherry Hill to symbolize the new era of smart travel via the FREEDOM card.

◂ **Betsy Ross Bridge** – *Staff from the Maintenance Department power wash underneath the bridge. This work is done every three years to remove debris and roadway salt from the bridge structure.*

In April, workers repaved the parking lots as well as replaced deteriorated sidewalks at Woodcrest Station.

In May, we formed a partnership with Live Nation, the promoters of the concerts at the Susquehanna Bank Center, located on the Camden Waterfront, in an effort to encourage concert goers to "Go Green" by taking PATCO to concerts. The partnership included commercials on WMMR and WXTU radio stations, banners at the concert sight promoting PATCO, and ticket giveaways via PATCO's website.

Our Haddonfield PATCO station was the location in June of a special "Dump the Pump" day as declared by the American Public Transportation Association. It was an effort to encourage those who have a Medicare card, are 65-years old or are disabled to sign up for PATCO's Reduced Fare Program.

In July, in conjunction with the toll hearings, we held two public hearings on proposed fare hikes as part of the process of considering a fare restructuring. The new schedule approved by the Board of Commissioners at the August Board Meeting, increased PATCO fares by 10 percent in September 2008, another 10 percent by September 2010 with a cost of living increase every two years after that. The federally mandated Reduced Fare Program increased from 57 cents to 62 cents in September 2008 and 70 cents in September 2010. The last PATCO fare increase was July 29, 2001 when it rose by 16 percent.

In September, the Borough of Collingswood and DRPA selected six potential developers to move forward in the Transit Oriented Development Project. The six developers will submit a response to a Request for Proposal outlining their development plans for the area around PATCO's Collingswood Station.

In October, as an effort to make traveling on public transit easier for new riders and visitors, PATCO, Philadelphia's Center City District and SEPTA unveiled a new customer-friendly sign system to be deployed at 100 entrances to train, subway and trolley lines and throughout the 3 1/2 mile underground concourse. At the end of the month, the Philadelphia Phillies clinched the World Series title sending the region into a Phillies frenzy. On October 31, the day of the World Series parade, PATCO shattered its one-day ridership record. Total ridership for the day was 112,000 trips.

In December, PATCO reached another milestone as it serviced its 10 millionth customer of the year. PATCO ridership has not hit the 10 million mark since 2001.

PHILADELPHIA CRUISE TERMINAL

During the year, the Cruise Terminal continued to make gains as a high-profile event venue. In January, the cruise terminal was host to approximately 4,000 people in attendance for the inaugural party of Philadelphia's 98th Mayor, Michael Nutter.

In April, the terminal hosted a variety of events, including the Speaker's Gala (a charity event to benefit autism research), the prestigious Philadelphia Antique Show, the Maritime Food Festival, and the Penn Relays Carnival. In advance of the start of the cruise season, the luxury liner AMADEA made a port call at our terminal in April.

In June, 93.3 WMMR's Preston and Steve Show teamed up with the American Red Cross to host a blood drive at the cruise terminal.

In July, the cruise terminal introduced its new exclusive caterer, Feast Your Eyes. Founded in 1982, Feast Your Eyes is one of the most prestigious and well known catering companies in the region.

Feast Your Eyes has developed an extensive client base, as well as a network of industry partnerships, that will fuel continued growth on the special events portfolio at the cruise terminal.

In August, Norwegian Cruise Line's (NCL) Norwegian Majesty made Philadelphia its home for the first time, offering 10 sailings and a new itinerary to the pristine shores of Canada and New England, as well as classic getaway voyages to the sunny pink sands of Bermuda and a repositioning cruise to the Caribbean.

RIVERLINK FERRY SYSTEM

We welcomed Hornblower Marine Services back for its fifth consecutive season to assist with the operations of the RiverLink Ferry. The RiverLink Ferry operated daily between Memorial Day and Labor Day, offering its express concert service from May through September. For the year, our ridership totaled 187,225 up two percent from last year's total of 183,576.

SAFETY AND SECURITY

In April and again in December, DRPA's Public Safety Department hosted a site visit for the New Jersey State Police's Target Hardening Response and Emergency Activation Team. This is a public awareness program encouraging the public to work with law enforcement to maintain the highest possible level of security. The special activity took place at PATCO's Lindenwold and Broadway stations. This marked the seventh time the program has used PATCO facilities.

In May, DRPA's Public Safety Department joined other law enforcement agencies in the region to participate in the "Click It or Ticket" Campaign. The goal is to step up enforcement and education of New Jersey's Primary Seat Belt Law. The campaign was sponsored and funded by the National Highway Traffic Safety Administration

In August and again in December, our Public Safety Department participated in the "Over the Limit Under Arrest 2008" statewide crackdown on motorists who may be driving while under the influence of alcohol or narcotics.

In September, work commenced on a security project to install cameras and emergency call boxes along the PATCO route including the Ben Franklin Bridge. The $3.8 million project is being funded by the Department of Homeland Security and purchased through the Pennsylvania Emergency Management Association

Dedicated professional police work continues at DRPA. In September, DRPA Transit Officer Allison Mankoski caught a man suspected of robbing two banks in Southern New Jersey. In October, DRPA Transit Officer Robert DiCarlo's query of a Taxi Cab driver at PATCO's Lindenwold Station led to the immediate apprehension of a suspected bank robber.

In December, based on the advice of an outside consultant and with the consent of the Chair and Vice Chair, DRPA restructured its Public Safety/ Security Department to create a new Department of Homeland Security/Emergency Management. The goal of the DRPA Homeland Security/ Emergency Management Department is to integrate the entire organization into a comprehensive security and business continuity program for the purpose of preventing, mitigating or recovering from terrorist acts, manmade or natural disasters, or any other emergent incident that may jeopardize the safety and security of DRPA/PATCO infrastructure, employees, customers and regional partnerships.

▲ **Betsy Ross Bridge** – *Construction and Maintenance workers replace anchor bolts that hold the handrails in place.*

GREEN PORTS INITIATIVE

The Delaware River Port Authority is facilitating the development of a Green Ports Initiative for the Ports of Philadelphia and Camden, including the operations of DRPA/PATCO, the South Jersey Port Corporation and the Philadelphia Regional Port Authority.

We recognize the significant contributions the ports make as economic drivers in the region, and the critical role that port users have in the movement of goods in the global marketplace. However, we also recognize the significant impacts that these same operations have on the environment and surrounding communities. The common element that links the DRPA together with the port entities in South Jersey and Philadelphia is the Delaware River. The DRPA is uniquely positioned as a bi-state entity and through the Green Ports Initiative, endeavors to establish a framework of proactive, innovative, cost effective, attainable and measurable alternatives that each port and related entities can consider to reduce harmful environmental impacts, reduce negative energy consumption, employ cleaner renewable energy sources and promote sustainability throughout its operations and activities.

In May, the Delaware River Port Authority along with the South Jersey Port Corporation and Philadelphia Regional Port Authority solidified this partnership by signing a Memorandum of Understanding. Since then, the port agencies with the assistance of local environmental groups have worked to select a firm to develop a comprehensive report identifying strategies and potential greening initiatives that each entity may be able to employ, collectively or individually to address the environmental impacts resulting from each respective entity's operations. In addition, the firm will perform cost-benefit analyses of each strategy/initiative, identify public and private source of funds, develop a public outreach strategy and provide recommendations for future projects and expenditures. In December, the Projects Committee

▲ **BFB Painting Project** – *View of the containment area under the Ben Fran lin Bridge in Philadelphia. The containment provides a shield that protects the environment from particles removed as a result of blast cleaning. Total project cost is $87 million.*

of the Delaware River Port Authority Board of Commissioners approved the selection of Weston Solutions of West Chester, Pa. to assist with the development of the Green Ports Initiative. A full Board vote is expected to take place at the January 2009 Board Meeting.

AWARDS AND ACKNOWLEDGMENTS

Throughout the year, our staff was recognized for its outstanding dedication to the region. During our monthly Board Meetings, the exemplary work of our employees is awarded with the naming of an Employee of the Month and Police Officer of Month. The 2008 Employee/Officer of the Month winners are as follows: Lynnetta Leeds, Supervising Dispatcher, Transit Services, PATCO, January Employee of the Month; Officer Patrick Dolly of the Transit Unit, January Police Officer of the Month; Vijay Pandya, Senior Engineer, Engineering and Laura A. Forster, C&M Mechanic, BRB, February Employees of the Month; Officer Patrick Allenbach of the Ben Franklin Bridge, February Police Officer of the Month; Gerald Powers, Train Operator, Transit Services, March Employee of the Month; Officer Eddie Chapman, Transit Unit, March Police Officer of the Month; Elizabeth Desimone-Smith, Train Operator, Transit Services, April Employee of the Month; Sgt. Michael Vitelli, Transit Unit, April Police Officer of the Month; Steve Reiners, Maintenance Foreman, Walt Whitman Bridge, May Employee of the Month; Hank Trum, C&M Manager, Ben Franklin Bridge, June Employee of the Month; Officer Matthew Weachter, Commodore Barry Bridge, June Police Officer of the Month; Paul Daniels, Transit Services, PATCO, July Employee of the Month; Sgt. Joseph O'Neill, Commodore Barry Bridge, July Police Officer of the Month; Toni Cox, Data Processing Operator, IS, August Employee of the Month; Officer Gino Giorgi, Ben Franklin Bridge, August Police Officer of the Month; Linwood M. Daniels, Train Operator, Transit Services and Paul A. Daniels, Supervisor, Transit Services, September Employees of the Month; Allison

Mankoski, September Police Officer of the Month; Kathleen L. Coyle Haas, EEO Specialist, Business Development & Equal Opportunity and Frank A. Emers, W&P Maintainer, October Employees of the Month; Richard F. Roats, Dispatcher, Public Safety, Ben Franklin Bridge, November Employee of the Month and Anthony Fiorelli, C&M, Mechanic, Ben Franklin Bridge, December Employee of the Month.

In May, the Authority announced its Police Officer of the Year – Sgt. Michael Crowther, a twenty year veteran of the Public Safety Department, assigned to the Transit Unit. Sgt. Crowther was recognized for his excellent work ethic, willingness to assist his fellow officers and the public and his sincere dedication to law enforcement.

In June, Officer James Hartnett, Betsy Ross Bridge, received the Mothers Against Drunk Driving New Jersey Law Enforcement Recognition Award for having the highest number of DUI arrests in the Port Authority Police category for 2007.

In August, Fritz Sims, Supervisor of our Print Shop, earned recognition from the In-Plant Printing and Mailing Association (IPMA) for recertification in the Certified Graphic Communications Manager (CGCM) Program. He joins an estimated 400 men and women in the corporate publishing profession in earning this designation. For the 16th consecutive year, our Comprehensive Annual Financial Report earned the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.

COMMUNITY SERVICE

Our employees remained very active in 2008, with charity giving drives throughout the year. In February, Authority staff dressed in red tops and jeans in support of the American Heart Association's Wear Red for Women Day. In February, employees and PATCO customers took part in the annual Valentine Food Drive, benefiting the Food Bank of South Jersey. Also in February, the Authority joined with Cooper Hospital Radiation Oncology for the American Cancer Society's "Daffodil Days," a campaign to raise awareness and money for the fight against cancer.

In May and again in September, we held our "ReadStrong" Community outreach program for local schoolchildren.

In May, our employees participated in a Homeless Veterans Drive.

In June, employees donated workplace attire and accessories for men and women returning to work or seeking first jobs to Image and Attitude, Inc.

In October, employees participated in the "Passionately Pink for the Cure" Breast Cancer Awareness Campaign to benefit Susan G. Komen Foundation.

In November, employees participated in the Authority's United Way Drive and a Thanksgiving Food Drive for needy families in Pennsylvania and New Jersey.

In December, employees participated in a Holiday Toy Drive and an Adopt a Family program benefiting families in Philadelphia and Camden, NJ.

As 2008 drew to a close, staff worked hard to produce a balanced budget for the upcoming year. While the state of the economy created quite a challenge for us, by following the cost-savings measures begun in recent years we were able to create a fiscally responsible budget, despite higher personnel costs, health insurance, maintenance/ vehicle repairs, fuel, utility and other operating costs. We look forward to the many opportunities that lie ahead and, as always, we remain dedicated to our core mission of providing safe and reliable transportation services to the people of the Philadelphia region.

2009 WORK AGENDA

The following is a summary of DRPA's anticipated areas of activity in 2009:

• **Green Ports Initiative.** Weston Solutions of West Chester, Pennsylvania was selected to develop a comprehensive Green Ports Initiative and begin to identify both short and long term solutions to improve the port community. Weston is an internationally known company which develops environmental projects and initiatives designed to cut down on green house gases by using alternative fuel sources in Port operations. The DRPA is joining with the South Jersey Port Corporation and the Philadelphia Regional Port Authority in leading the way to address a major source of global warming.

• **Finances.** DRPA and PATCO will continue our cost containment measures and manage costs to keep operating expenses under budget. In addition, the DRPA continues to monitor the financial markets to determine the most opportune time to issue revenue bonds to finance a portion of its 5-year capital plan. DRPA will continue to effectively manage its swap portfolio to maximize the flexibility of our debt portfolio and to minimize its debt service costs.

• **Bridges.** Looking ahead to 2009, the Authority is positioned to be a leader in economic stimulus efforts in our region through 'shovel ready' infrastructure improvements that will create jobs, maintain our iconic assets and provide outstanding transportation services to the public in a fiscally responsible manner.

Benjamin Franklin – In 2009, DRPA will complete the fifth and final phase of the Benjamin Franklin Bridge De-leading and Painting Project. On the Philadelphia side of the bridge, through our Ben Franklin Bridge West Side Traffic Mitigation Study, we will implement several of the alternatives identified to improve the flow and reduce congestion of westbound traffic from the Ben Franklin Bridge into the City of Philadelphia during the morning commute.

Walt Whitman – Complete design for the Walt Whitman Bridge Deck Replacement Project and prepare to advertise for bidding. We will also complete Phase two of the Walt Whitman Bridge De-leading and Corrosion Protection Project.

Commodore Barry – Continue bridge widening and ramp construction, a project that is funded and being undertaken by PADOT and is scheduled for completion in 2010.

Betsy Ross – Make drainage improvements along some ramps in New Jersey in an effort to manage and contain runoff.

• **PATCO.** Mark the 40th Anniversary of PATCO with a year-long calendar of events. Begin the PATCO Power Cable and Pole Line Replacement Project which involves replacing poles that have been around since PATCO first began service 40 years ago. The poles play an important role in the operation of PATCO service as they carry power, train control signal information and PATCO's internal communications. The poles will be replaced by new fiberglass poles. Make electrical, communication, lighting and aesthetic enhancements at PATCO's City Hall Station in Camden, NJ and 8th & Market Station in Philadelphia. Begin to overhaul the fleet of train cars. The estimated overall cost of the fleet upgrade is $200 million. The project should take five years to complete. To date, we have a commitment of $60 million in federal funding for the project. Continue to work with the Borough of Collingswood and developer to begin a Transit Oriented Development Project in Collingswood, NJ and continue to discuss ideas with other partner communities along the PATCO line on the concept of Transit Oriented Development as outlined in our Transit Oriented Development master plan. Welcome more ideas to provide enhanced services to PATCO riders.

• **Safety and Security.** Complete installation of a state-of-the-art video surveillance system at PATCO and the bridges.

• **RiverLink Ferry.** Welcome back Hornblower Marine Services for its sixth year of operating the ferry.

• **Philadelphia Cruise Terminal.** Welcome Norwegian Cruise Line back for another successful year of cruising and continue to promote and market the Philadelphia Cruise Terminal as cruise port and event venue.

• **Southern New Jersey to Philadelphia Transit Expansion Project.** DRPA and PATCO are taking major steps to address the needs of expanded public transit service in the Philadelphia region. In October 2005, we completed the Southern New Jersey to Philadelphia Transit Study which identified potential public transit improvements for a study area that extends from Cumberland County to downtown Philadelphia, including Gloucester and Camden Counties and portions of Salem County in New Jersey. With the assistance of engineering consulting firms, STV Incorporated and Parsons Brinckerhoff, we are near completion of the Alternatives Analysis (AA) portion of the study for possible alternatives identified in New Jersey and in Pennsylvania. The Alternatives Analysis is the first phase of project development for major transit investments that seek federal funding from the Federal Transit Administration. The study consists of a Purpose and Needs Analysis; the development of alternatives that address that need; technical work including ridership estimates, conceptual design, environmental screening and cost estimates for these alternatives; alternative evaluation and selection of a preferred alternative. Federal Transit Administration (FTA) cost efficiency criteria need to be met in order to qualify for FTA funding. If it is determined that the project meets this criteria, detailed project information is compiled and submitted to the FTA at the conclusion of the AA with a request to proceed into the preliminary engineering phase of the project. The Alternatives Analysis phase takes 18 to 24 months to complete. DRPA has invested more than $2 million in the project and has received an additional $1.5 million from the State of New Jersey to complete the Alternatives Analysis. In addition, the State has made available no less than $500 million through the Transportation Trust Fund for design and construction of the project.

• **Vendor Diversity and Affirmative Action.** Continue to sponsor training and outreach programs to encourage small businesses to compete for contracts with DRPA and PATCO.

• **Community Activities.** Encourage our staff to continue working on outreach projects as part of their everyday functions and as volunteers.

Yours truly,

John J. Matheussen
CEO, Delaware River Port Authority
President, Port Authority Transit Corporation

DELAWARE RIVER PORT AUTHORITY
of Pennsylvania & New Jersey

May 29, 2009

TO THE BOARD OF COMMISSIONERS
OF THE DELAWARE RIVER PORT AUTHORITY

The comprehensive annual financial report of the Delaware River Port Authority (the Authority) for the year ended December 31, 2008, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the combined financial position and results of operations of the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

The Authority's By-Laws and the 1998 Indenture of Trust require an annual audit of the Authority's financial statements by a firm of independent auditors. As a recipient of funds from the Federal Transit Administration for projects involving the PATCO transit system, the Authority is required to have a single audit performed annually by an independent auditor in accordance with the Single Audit Act of 1984, as amended in 1996, and OMB Circular A-133. The purpose of the single audit is to determine the adequacy of the Authority's internal controls and compliance with applicable laws and regulations relating to the receipt of federal assistance. The Authority retains an independent auditor to satisfy these audit requirements. The report of the independent auditor on the combined financial statements of the Authority is included in the financial section of this report. The Authority's management is primarily and ultimately responsible for the content and presentation of the audited financial report.

Management of the Authority is responsible for establishing and maintaining a system of internal controls designed to ensure that the assets of the Authority are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the resulting benefits; and (2) the analysis of costs and benefits requires estimates and judgments by management.

DRPA is an equal opportunity employer
Mailing Address: PO Box 1949 Camden New Jersey 08101-1949 **Telephone:** (856) 968-2000

As a recipient of federal financial assistance, the Authority is required to ensure that adequate internal controls are in place, which ensure compliance with applicable laws and regulations relating to that assistance. These internal controls are subject to periodic evaluation by the Office of Internal Audit and by the management of the Authority.

The combined financial statements of the Authority are prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States. Management has provided a narrative introduction, overview, and analysis to accompany the basic financial statements in the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Delaware River Port Authority's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF GOVERNMENT

The Delaware River Port Authority is a public corporate instrumentality of the Commonwealth of Pennsylvania and the State of New Jersey created with the consent of Congress by compact legislation between the Commonwealth of Pennsylvania and the State of New Jersey. The Authority, which has no stockholders or equity holders, was created in 1952 as a successor to the Delaware River Joint Commission, which was created in 1931. The Authority is governed by a 16-member Board of Commissioners. The Governor of New Jersey appoints eight commissioners with the advice and consent of the Senate of New Jersey. The Governor of Pennsylvania appoints six commissioners, with the Auditor General and the State Treasurer of Pennsylvania serving as ex-officio commissioners for Pennsylvania. Commissioners serve five-year terms without compensation. The Board of Commissioners establishes policy and plans for the operations of the Authority. A Chief Executive Officer is appointed by the Board of Commissioners to implement policy and to manage the daily operations of the Authority.

The Authority is vested with the ownership, control, operation and collection of tolls and revenues of certain bridges spanning the Delaware River; namely, the Benjamin Franklin, Walt Whitman, Commodore Barry and Betsy Ross bridges. The Authority has also constructed and owns a high-speed transit system which is operated by the Port Authority Transit Corporation (PATCO). The transit system operates between Philadelphia, Pennsylvania and Lindenwold, New Jersey. The Authority's Port of Philadelphia and Camden Department (PPC) is responsible for the marketing and operation of the Philadelphia Cruise Terminal at Pier 1 at the former Navy Yard and the RiverLink Ferry System. The Authority is also empowered through its compact to undertake projects for regional economic and port development. The Port District comprises the counties of Bucks, Chester, Delaware, Montgomery and Philadelphia in Pennsylvania, and the counties of Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean and Salem in New Jersey.

The Authority prepares both operating and capital budgets annually. The annual operating budget is a financial planning tool for the associated fiscal year. Each of the Authority's Chief Officers contributes to the development of a preliminary operating budget based on the expected staffing and funding levels necessary to operate the Authority's facilities in an efficient manner. After individual departmental budgets are reviewed at budget hearings conducted by the Operating Budget Review Committee, which consists of the Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, General Counsel, the General Manager of PATCO and other senior staff, a proposed operating budget is presented by the Chief Executive Officer to the Board of Commissioners for its review and approval. Any subsequent addition of funds to the total operating budget requires the approval of the Board of Commissioners.

Expenditures are monitored continuously throughout the year by the Finance Division to ensure that each department is in compliance with the approved operating budget and the established Policies and By-Laws of the Authority.

A capital budget is also prepared through a similar process and submitted to the Board of Commissioners for approval. The capital budget is a planning document identifying the Authority's potential commitments. The approval of the capital budget does not in itself authorize any specific project. Specific approval by the Board of Commissioners is required before any capital project may commence.

A Master Plan, detailing Port District and economic development projects, when prepared by the Authority, is distributed to the States, county and municipal governments, commissions, public corporations and authorities, and the private sector. When updated, the Authority approves amendments to each Master Plan as necessary to facilitate the implementation of new projects within the Port District. Updates and amendments to the Master Plan are approved through the Board of Commissioners.

FACTORS AFFECTING FINANCIAL CONDITION

INVESTMENT MANAGEMENT

Investments of the Authority are purchased in accordance with the Authority's 1998 Indenture of Trust. Cash available during the year is generally invested in money market funds, repurchase agreements (collateralized by obligations of the U.S. Treasury), obligations of the United States Treasury, obligations of federal government agencies or their instrumentalities, obligations of public agencies or municipalities rated in either of the two highest rating categories by Standard and Poor's Corporation or Moody's Investors Service, and commercial paper rated A-1 by Standard and Poor's Corporation. The Authority's investment policy is to match the maturities of its investments with the present and anticipated needs of the Authority, thereby maximizing the return on available funds. In addition, the Authority is required to maintain certain invested amounts as reserves for its debt obligations.

The Authority has also retained three investment advisory firms to manage a portion of its General Fund investments. Investment parameters for these investments are consistent with those authorized by the Authority's Indentures of Trust as described above.

DEBT MANAGEMENT

In early 2008, as a result of the instability in the auction rate securities (ARS) markets, the Authority experienced a significant increase in its debt service expenses related its 2007 Revenue Refunding Bonds issued in October of 2007. In response to the deteriorating conditions in the ARS market, in March 2008, the SEC issued its "No-Action Letter" concerning municipal securities which authorized issuers to bid and purchase its bonds. The Authority participated in this program during the period May through July, until such time that it could refund its ARS bonds. In July 2008, the Authority issued $358.2 million in variable rate demand (VRDO) Revenue Refunding Bonds (Series A and B), under its 1998 Revenue Bond Indenture, as a current refunding of its 2007 Revenue Refunding Bonds.

In January, the Authority's 1998 Port District Project (PDP) bond swaption was exercised by the counterparty (Lehman Brothers Financial Products – "LBFP"). The Authority had originally determined to refund these bonds in late 2007, however, it delayed its refunding as a result of the deterioration in the financial markets. The Authority ultimately determined not to refund its PDP bonds and opted, subsequent to the LBFP bankruptcy, to terminate the Lehman swaption in December 2008. At year-end, only the 1995 Revenue Bond swap (attached to the 2008 Revenue Refunding Bonds) was in effect.

Finally, after enaction of its new bridge toll and PATCO fare schedules, the Authority's Board authorized the issuance of up to $510 million in fixed and/or variable rate bonds to fund a portion of its $1.0 billion 2008 Year Capital Plan. The Authority continues to evaluate the most appropriate timing of the issuance of these bonds and, since October 2008, continues to fund its on-going capital expenditures via its General Fund reserves.

RISK MANAGEMENT

The Authority is self-insured for public liability up to a limit of $5 million per occurrence. Excess liability insurance provides coverage of $20 million over the Authority's $5 million self-insured retention. The DRPA is self-insured for workers' compensation up to a limit of $1 million per occurrence with excess workers' compensation coverage providing $5 million in coverage over the DRPA's $1 million self-insured retention. PATCO is fully self-insured for workers' compensation. Property insurance is placed with commercial insurance carriers with limits and deductibles as deemed appropriate for the needs of the Authority. Additional information can be found in Note 16 of the financial statements.

PENSION PLANS

Employees of the Authority participate in either the Pennsylvania State Employees' Retirement System, the Public Employees' Retirement System of New Jersey or the Teamsters Pension Plan of Philadelphia and Vicinity, which are cost-sharing, multiple employer defined benefit pension plans which provide pension, death and disability benefits. Under the Pennsylvania State Employees' Retirement System, employees are required to contribute 6.25% of their gross applicable payroll to the plan. The Authority is required to contribute an actuarially determined amount to the plan, which in 2008 equaled 3.72% of participating payroll.

Legislation passed by the State of New Jersey in early 2004 gives eligible Authority employees the option of participation in the New Jersey Public Employees Retirement System (NJ PERS). Under NJ PERS, eligible employees are required to contribute 5.5% of their applicable gross payroll to the plan. The Authority began submitting eligible employee contributions to the state in 2006. The Authority began its actuarially determined contribution to the plan during 2008. Contributions to the plan totaled 5.09% of participating payroll.

Under the Teamsters Pension Plan of Philadelphia and Vicinity, the Authority is required to contribute a fixed amount per hour for each qualified PATCO employee. Contributions to the plan totaled 8.5% of participating payroll in 2008. Employees are not required to make any contributions to the plan.

Additional information can be found in Note 9 of the financial statements.

GASB 45 (POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS)

In compliance with GASB 45, for the second consecutive year, the Authority has recognized an unfunded liability of $9.8 million on its books as of December 31, 2008. The Authority engaged an actuarial firm to recommend various funding options for approval by its executive management and Board of Commissioners. The Authority anticipates making its initial funding contribution in 2009 and has budgeted $2.8 million to fund a portion of its annual requirement. Additional information about GASB 45 can be found within the financial statements (Note 10).

LOCAL ECONOMY

From the latest data available, it appears that population growth in the region is still at very modest levels, with growth in New Jersey counties at a slightly more rapid rate than that experienced in Pennsylvania counties. Over the past few years, employment in the Camden Labor Area (Burlington, Camden and Gloucester Counties) increased at a rate faster than the state of New Jersey as a whole. The unemployment rate in the Philadelphia Port District averaged 4.68% in the five year period from 2003 to 2007 but dropped to a level of roughly 4.36% in 2007 from a high of 5.22% in 2003. Additional information can be found in the Statistical Section of this report.

LONG TERM FINANCIAL PLANNING

As mentioned in an earlier section of this document, each year, the Authority develops a five-year capital plan which details the annual anticipated capital expenditures during this five-year period. The 2008 Capital Plan, developed in late 2007, outlined numerous bridge, transit system, security and technology project expenditures approaching $1.0 billion for the 5-year period commencing in 2008. The Plan anticipated that the 2008 fiscal year capital expenditures would exhaust the Authority's remaining capital project bond funds available for this program. In addition, to its five year capital plan, the Authority prepares multi-year forecasts of its revenues and expenses. Based upon these forecasts, the Authority recognized that its general fund, which was in excess of $200 million, would not be sufficient to fund this program over the long-term.

With assistance from its Financial Advisors, the Authority developed a long-term forecasting model, which incorporated numerous independent variables (including operating revenue and expense estimates, debt service coverages and capacity, etc.) in order to determine the annual cash flow required to create sufficient bonding capacity to finance its five-year plan. In addition, the Authority engaged a traffic engineering firm to conduct a traffic study to project traffic and revenues over a ten-year horizon using the existing toll schedule and alternative toll scenarios. Results from this model assisted the Authority in the development of its multi-year strategy to increase bridge tolls and PATCO system passenger fares, in anticipation of the exhaustion of its capital funds. After approval of its plan by its Board of Commissioners, the Authority implemented new bridge toll and PATCO fare schedules in mid-September 2008.

An important component of the Authority's long-term financial plan is ensuring that it has sufficient revenue to meet its operating and capital requirements. To that end, in 2008, the Authority's Board of Commissioners enacted a comprehensive toll increase plan; tolls were increased by 33.3% (or $1.00 for passenger vehicles) in September 2008, and will be increased by 25% (another $1.00 per passenger vehicle) in September 2010. Cost of living toll increases will occur every two years thereafter. (Additional information on the new toll and fare schedules can be found in the financial footnotes and in the statistical section of this report.)

The 2009 Capital Plan, developed in late 2008, outlines capital projects, which are expected to require capital funding in excess of $1.1 billion during the next five year period. Given the uncertainties in the financial markets in late 2008, the Authority opted not to issue new revenue bond debt to finance a portion of its capital program. Since October 2008, the Authority has funded its capital expenditures via use of its surplus funds held in the General Fund, which will be reimbursed from bond proceeds once a new bond issue has been completed.

NEW BRIDGE TOLL AND PASSENGER FARE SCHEDULES

As stated above, after careful consideration of: 1) its anticipated capital funding requirements under the 2008 Capital Plan; 2) the projected multi-year operating requirements; and, 3) projections of its anticipated traffic and revenues based on a traffic study conducted by a traffic engineering firm, the Authority's senior staff recommended a multi-year, phased restructuring of its bridge toll and passenger fare schedules. After a public comment period, at its August meeting, the Authority's Board authorized the implementation of new bridge toll and passenger fare schedules.

The new schedules became effective on September 14, 2008, resulting in an increase for all vehicle classes, restructuring of the E-ZPass discount program, the elimination of the senior citizen discount program (as of December 31) and a 10% increase in PATCO passenger fares. Additional information on the new toll and fare schedules can be found in the financial footnotes and in the statistical section of this report.

AWARDS AND ACCOMPLISHMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Delaware River Port Authority for its comprehensive annual financial report for the fiscal year ended December 31, 2007. This was the sixteenth consecutive year that the 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 our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the dedication and efficiency of the entire staff of the Finance, Administrative Services and Corporate Communications Departments. I would especially like to express my appreciation to the members of these Departments who contributed to the preparation of this report. Special thanks must also be given to the Chairman, Vice-Chairman, Chief Executive Officer, Deputy Chief Executive Officer and the Finance Committee of the Board for maintaining the highest standards in the management of the Delaware River Port Authority's finances.

Respectfully submitted,

John T. Hanson

John T. Hanson
Chief Financial Officer

Financial SECTION

YOUR TOLL DOLLARS AT WORK

Financial

SECTION

YOUR TOLL DOLLARS AT WORK

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Commissioners of the
Delaware River Port Authority:

We have audited the accompanying combined financial statements of the Delaware River Port Authority and subsidiaries, as of December 31, 2008 and 2007, as listed in the Financial Section of the foregoing table of contents. These combined financial statements and supplemental schedules discussed below are the responsibility of the Delaware River Port Authority's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

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

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Delaware River Port Authority as of December 31, 2008 and 2007, and the combined changes in financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying management's discussion and analysis and schedule of funding progress for health benefits plan, as listed in the table of contents is not a required part of the combined financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In addition, the introductory section, supplemental schedules, and statistical section listed in the table of contents are also presented for purposes of additional analysis and are not a required part of the combined financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the combined financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the combined financial statements, and accordingly, we express no opinion on them.

Respectfully submitted,

Bowman & Company LLP

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
May 29, 2009

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Management's DISCUSSION AND ANALYSIS

As management of the Delaware River Port Authority (the Authority), we offer readers of our financial statements this narrative overview and analysis of the financial activities of the Authority for the years ended December 31, 2008, 2007 and 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 23-30 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS (IN THOUSANDS)

- In September 2008, the Authority enacted a comprehensive toll increase program. The program includes a 33% toll increase in September 2008, followed by a 25% increase in September 2010, and "cost of living" increases every two years thereafter. The program also restructured the E-ZPass and senior citizen discount programs. (Revenues are slightly more than budgeted and trending upwards thru April 30, 2009).
- In September, PATCO increased passenger fares for all destinations by 10% (In addition, PATCO's off-peak reduced fare program, for elderly persons and persons with disabilities, increased by $0.05/trip, or by 8.8%)
- The Authority's total debt decreased by $33,367 or by 2.83% during the current year. In July, in response to sharply higher interest rates and instability in the auction rate securities market, the Authority refunded its Revenue Refunding Bonds (Series of 2007) by issuing $358.2 million in Revenue Refunding Bonds (Series of 2008) as variable rate demand bonds.
- Operating revenues were $238,983 in 2008, an increase of $15,013 or 6.70% over 2007.
- Bridge traffic decreased by 1,676 vehicles (down 3.04%) during the year 2008, however, toll revenues increased by $12,787 (or by 6.52%).
- PATCO passenger fare revenues increased by 13.07% primarily resultant from an increase of 10,338 (or 9.91%) in ridership and the increase in passenger fare rates.
- Bridge, PATCO and general administration expenses increased a combined $9,702 (or by 7.71%) vs. 2007 expenses. Total expenses and net assets included the impact of the Authority's non-cash accrual of $9.8 million in expenses related to GASB 45 (other post-employment benefits other than pensions).
- General Fund investment balances decreased by $13,531 (down by 8.8%) to total $191,909 at year end, mostly attributable to the Authority's self-funding of a portion of its capital expenditures and a $13.2 million net termination payment made in settlement of its 1998 Port District Project Bond swap with Lehman Brothers. The Authority exhausted its existing capital bond proceeds in October 2008 and began using its General Fund reserves to fund $13.5 million in capital expenditures, during the fourth quarter of 2008. (General Fund reserves spent in support of the Authority's Capital Plan will be reimbursed from the proceeds of a future revenue bond issue.)
- The assets of the Authority exceeded its liabilities at the close of the year by $334,679 (net assets). Net assets increased by $4,680 during the year.

FINANCIAL POSITION SUMMARY

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by $334,679 at the close of the year 2008.

A portion of the Authority's net assets are capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets mainly to provide bridge facilities and transit services to customers; consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Delaware River Port Authority's Net Assets

	2008	2007	2006
Current and other assets	$572,712	$595,053	$602,395
Capital assets	1,045,907	1,033,676	1,054,950
Total assets	1,618,619	1,628,729	1,657,345
Long-term liabilities outstanding	1,204,348	1,224,55	1,237,367
Other liabilities	79,592	74,175	89,355
Total liabilities	1,283,940	1,298,730	1,326,722
Net assets:			
Invested in capital assets, net of related debt	281,146	245,959	244,194
Restricted	147,850	176,895	199,758
Unrestricted (deficit)	(94,317)	(92,855)	(113,329)
Total net assets	$334,679	$329,999	$330,623

Net assets increased during 2008 in the amount of $4,680. This increase was primarily attributable to higher operating revenues resulting from the 2008 bridge toll and passenger fare increases, decreased economic development spending and an increase in capital contributions in the form of grants from federal and state agencies. During 2007, net assets decreased in the amount of ($624) from the previous year. This decrease was primarily attributable to flat operating revenues, increased operating expenses, an increase in economic development spending and a decrease in capital contributions in the form of grants from federal and state agencies from the previous year.

Summary of Changes in Net Assets

	2008	2007	2006
Operating revenues (See page 44 for detail)	$238,983	$223,970	$223,119
Operating expenses (See page 44 for detail)	(140,316)	(130,791)	(121,284)
Excess before depreciation and other non-operating income and expenses	98,667	93,179	101,835
Depreciation	(45,486)	(44,634)	(42,355)
Operating income	53,181	48,545	59,480
Non-operating income and expenses, net	(62,918)	(59,193)	(59,345)
Income before capital contributions and special item	9,737	(10,648)	135
Capital contributions	14,417	10,024	12,076
Discontinued operations	-	-	(4,971)
Change in net assets	$4,680	($624)	$7,240

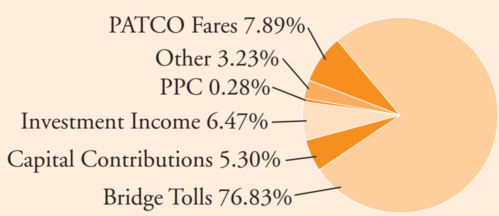
REVENUE SUMMARY

Summary of revenues for the year ended December 31, 2008 and the amount and percentage change in relation to prior year amounts is as follows:

Operating:	**2008 Amount**	**Percent of Total**	**Increase/ (Decrease) From 2007**	**Percent Increase (Decrease)**
Bridge tolls	$208,856	76.83%	$12,787	6.52%
PATCO fares	21,459	7.89%	2,481	13.07%
Other	7,912	2.91%	82	1.05%
River Link Ferry	73	0.03%	23	46.00%
Cruise Terminal	683	0.25%	(360)	(34.52%)
Total Operating	238,983	87.90%	15,013	6.70%
Non-Operating:				
Investment income	17,592	6.47%	(9,112)	(34.12%)
Other	882	0.32%	882	0%
Capital contributions	14,417	5.30%	4,393	43.82%
TOTAL REVENUES	$271,874	100.00%	$11,176	4.29%

- Total revenues increased by 4.29%, primarily due to an increase in bridge toll and PATCO passenger fare revenues and an increase in capital contributions (in the form of grants from federal and state governments).
- Bridge toll revenue increased 6.52% despite a 3.0% decrease in total traffic during 2008. The average toll increased from $3.55 in 2007 to $3.91 in 2008, as a result of the bridge toll rate increases (across all vehicle classes) and the restructuring of the E-ZPass and senior citizen discount programs.
- Investment income decreased primarily attributable to significantly lower interest rates and a decrease in the General Fund balance.
- PATCO's passenger fare revenue increased by 13.07% primarily resulting from an increase of 932 (or 9.91%) in ridership and the increase in passenger fare rates.
- Cruise Terminal's revenue decrease of 34.52% was due to a decrease in the number of cruises during 2008.

REVENUES BY SOURCE



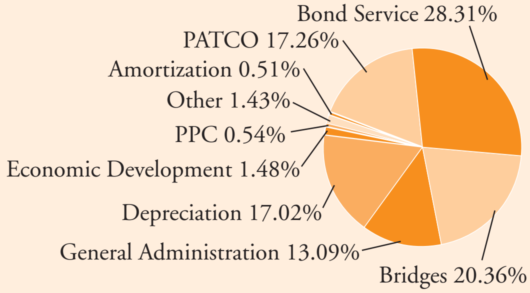
EXPENSE SUMMARY

A summary of expenses for the year ended December 31, 2008 and the amount and percentage change in relation to prior year amounts is as follows:

	2008 Amount	Percent of Total	Increase/ (Decrease) From 2007	Percent Increase (Decrease)
Operating:				
Bridge	$54,394	20.36%	$2,100	4.02%
PATCO	46,121	17.26%	3,653	8.60%
General Administration	34,974	13.09%	3,949	12.73%
Other	3,380	1.26%	74	2.24%
River Link Ferry	179	0.07%	127	244.23%
Cruise Terminal	1,035	0.39%	(313)	(23.22%)
Maritime Services	233	0.09%	(65)	(21.81%)
Depreciation	45,486	17.02%	852	1.91%
Total Operating	185,802	69.54%	9,593	5.92%
Non-Operating:				
Bond Service	75,654	28.31%	986	1.32%
Amortization	1,353	0.51%	0	-
Other	425	0.16%	390	1114.29%
Economic Development	3,960	1.48%	(5,881)	59.76%
Total Non-Operating	81,392	30.46%	(4,505)	(5.24%)
TOTAL EXPENSES	$267,194	100.00%	$5,872	2.25%

- Employee-related expense increases were the primary factors affecting the 4.02% increase in bridge operating expenses. These expenses accounted for approximately 72% of the total increase.
- PATCO expenses increased by $3,653 or 8.6%, primarily attributable to an increase in purchased power costs, higher employee related and other non-payroll related costs (materials, contractual services, etc.).
- General administrative costs increased by 12.73% primarily resulting from letter of credit and other fees associated with the revenue refunding bonds issued in 2008, biennial inspection costs and increased employee benefit costs.
- Total operating expenses before depreciation increased by $8,741 (or 6.26%), primarily attributable to increases in personnel and biennial inspection expenditures and on-going letter of credit costs related to the issuance of the 2008 Revenue Refunding Bonds.
- Depreciation expenses increased by $852 up 1.91% during the year. This increase was attributable to a $29,072 increase in total capital assets being depreciated in 2008 (Note 7).

EXPENSES BY SOURCE



SUMMARY OF CASH FLOW ACTIVITIES

The following shows a summary of the major sources and uses of cash and cash equivalents. Cash equivalents are considered highly liquid investments with a maturity of three months or less.

	2008	2007	2006
Cash flow from operating activities	$109,466	$108,068	$114,640
Cash flow from non-capital financing activities	(15,113)	(10,510)	(4,706)
Cash flow from capital and related financing activities	(148,996)	(125,769)	(110,470)
Cash flow from investing activities	52,942	26,808	810
Net (decrease) increase in cash and cash equivalents	(1,701)	(1,403)	274
Cash and cash equivalents, beginning of year	7,588	8,991	8,717
Cash and cash equivalents, end of year	$5,887	$7,588	$8,991

Capital Assets and Debt Administration

Capital Assets. The Authority's investment in capital assets for its activities through December 31, 2008 amounted to $1,045,907 (net of accumulated depreciation). This investment in capital assets includes land, bridges, transit system, port enhancements, buildings and machinery. The total percentage increase in the Authority's investment in capital assets for the current year was 1.18%.

Major capital asset events during the current year included the following:

- Continued work to remove existing paint coatings and repaint structural steel at Ben Franklin and Walt Whitman Bridges in the amount of $14,851.
- Replacement of the deck joints at the Commodore Barry Bridge in the amount of $7,864.
- Security improvements at DRPA facilities in the amount of $3,118.
- Work on the suspension cables at the Ben Franklin Bridge and the suspender ropes at the Walt Whitman Bridge in the amount of $4,308.
- Completion of PATCO new fare collection system in the amount of $2,014.
- Continued work on PATCO smoke and fire improvements, in the amount of $1,697.
- Repaving of the PATCO Woodcrest parking lot in the amount of $1,598.

Delaware River Port Authority's Capital Assets
(Net of depreciation)

	2008	2007	2006
Land	$76,325	$76,325	$76,325
Bridges and related buildings and equipment	631,628	658,727	668,665
Transit property and equipment	240,654	227,822	218,195
Port enhancements	15,744	13,695	15,414
Construction in progress	81,556	57,107	76,351
Total	$1,045,907	$1,033,676	$1,054,950

Additional information on the Authority's capital assets can be found in Note 7 on page 54 of this report.

Long-term debt. The Authority's total debt decreased by $33,367 (or by 2.83%) during 2008. At the end of the current year, the Authority had total bonded debt outstanding of $1,147,535. Of this amount, $797,491 represents debt backed by toll revenue from the Authority's bridges. The remaining debt of $350,044 are subordinated obligations of the Authority.

The long term debt ratings on the Authority's bond issues, as of December 31, 2008, are shown below:

Issue:	Moody's:	S & P:
1998 Revenue Refunding and 1999 Revenue Bonds	A3	BBB +
1998, 1999 and 2001 Port District Project Bonds	Baa3	BBB -
2008 Revenue Refunding Bonds	A3	BBB +

On July 9, 2008, concurrent with the issuance of $358 million in Revenue Refunding Bonds, Moody's assigned an A3 rating to the new issue, with a "stable outlook." Moody's also affirmed the A3 underlying ratings on all outstanding revenue bond debt issued under the 1998 Indenture, and its Baa3 ratings on all existing port district project bonds.

As of December 31, 2008, the Authority's underlying revenue bond ratings remained at A3, while its port district project bonds remained at Baa3, all with a stable outlook.

On July 8, 2008, concurrent with the issuance of the 2008 Revenue Refunding Bonds described herein, S&P assigned its BBB+ rating to the new bonds. S&P also affirmed its BBB+ underlying ratings on all outstanding revenue bonds and revised its outlook on these bonds from "stable" to "positive." S&P also affirmed its BBB- ratings on all Port District Project Bonds, which carry a "stable" outlook.

As of December 31, 2008, the Authority's underlying revenue bonds ratings remained at BBB+, while its underlying port district project bonds ratings remained at BBB-.

Moody's and S&P also assigned the following "jointly supported transactions" ratings to the Authority's 2008 Revenue Refunding Bonds (Series A and B), which are secured by Direct Pay Letters of Credit issued by two credit providers (the Bank of America, N.A. and TD Bank, N.A.)

		Long-term	Short-term
2008A Revenue Refunding Bonds	Moody's:	Aaa	VMIG 1
	S&P:	AA+	A-1+
2008B Revenue Refunding Bonds	Moody's:	Aaa	VMIG 1
	S&P:	AA-	A-1+

Additional information related to the Authority's bond ratings can be found in the sub-section entitled "Bond Ratings" under Note 12 on page 67 of this report.

Delaware River Port Authority's Outstanding Debt

(Revenue, Revenue Refunding and Port District Project Bonds)

	2008	2007	2006
1995 Revenue Bonds	-	-	$353,845
1998 Revenue Refunding Bonds	$26,911	$47,581	67,241
1998 Port District Project Bonds	65,285	67,520	69,645
1999 Revenue Bonds	421,777	421,743	421,710
1999 Port District Project Bonds	150,515	152,589	154,514
2001 Port District Project Bonds	134,244	140,402	145,232
2007 Revenue Refunding Bonds	-	351,067	-
2008 Revenue Refunding Bonds	348,803	-	-
Total (net of amortizing premium and discount)	$1,147,535	$1,180,902	$1,212,187

Economic Factors and Next Year's Budgets

The following factors were considered in preparing the Authority's budget for the 2009 year:

- Bridge tolls and PATCO fares will remain unchanged for the year 2009.
- Projected bridge toll revenue increase of 23.1% vs. 2008 budgeted revenues resulting from an increase in the average toll per vehicle attributable to the new bridge toll schedule implemented in September 2008. Bridge traffic is projected to decrease related to the overall drop in economic activity in the local and national economy.
- Continuation of the restructured E-ZPass commuter credit discount program wherein commuters receive a discount of $12 for taking 18 trips a month across the Authority's bridges.
- Increase of 14.9% in PATCO budgeted revenues over 2008 based on a projected budget-to-budget increase of 6.3% in ridership for fiscal year 2009 and higher passenger fare revenues resultant from the fare increase in 2008.
- Projected 11.0% decrease in revenues for the Cruise Terminal attributable to an anticipated decrease in the number of cruises scheduled for 2009.
- Budget-to-budget increase of $3.5 million or 4.3% in expenses for all DRPA operations; PATCO increase in budget-to-budget expenses totaling $2.7 million (or 6.3% increase).
- Increase of approximately $18.0 million in total debt service primarily related to the anticipated issuance of new revenue bonds to finance a portion of its 2008 and 2009 capital plans. Debt service costs on its variable rate bonds are expected to stabilize vs. rates experienced during 2008.

Requests for Information

This financial report is designed to provide a general overview of the Authority's activities for all of those with an interest in the Authority's activities through December 31, 2008. Questions from interested parties concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Financial Officer, Delaware River Port Authority, One Port Center, 2 Riverside Drive, P.O. Box 1949, Camden NJ 08101-1949.

COMBINED STATEMENTS OF NET ASSETS
December 31, 2008 and 2007 (In Thousands)

ASSETS	Notes	2008	2007
CURRENT ASSETS			
Cash and cash equivalents	1, 2	$ 5,350	$ 4,806
Investments	1, 2	194,089	206,084
Accounts receivable (net of allowance for uncollectibles)	5	10,982	6,154
Accrued interest receivable		714	650
Transit system and storeroom inventory	1	6,228	5,718
Economic development loans - current	1	791	690
Prepaid expenses		3,845	2,681
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	1, 2	537	2,782
Investments	1, 3	286,154	311,309
Accrued interest receivable		4	4
Total current assets		508,694	540,878
NONCURRENT ASSETS			
Capital assets (net of accumulated depreciation):			
Land	7	76,325	76,325
Bridges and related buildings and equipment	7	631,628	658,727
Transit property and equipment	7	240,654	227,822
Port enhancements	7	15,744	13,695
Construction in progress	7	81,556	57,107
Total capital assets		1,045,907	1,033,676
Economic development loans - net of allowance for uncollectibles	1	22,642	23,616
Deferred charges:			
Debt issuance costs (net of amortization)	1	41,376	30,559
Total other assets		64,018	54,175
Total noncurrent assets		1,109,925	1,087,851
TOTAL ASSETS		$ 1,618,619	$ 1,628,729

The notes to the financial statements are an integral part of this statement.

COMBINED STATEMENTS OF NET ASSETS
December 31, 2008 and 2007 (In Thousands)

LIABILITIES	Notes	2008	2007
CURRENT LIABILITIES:			
Accounts payable:			
Retained amounts on contracts		$ 3,962	$ 1,739
Other		11,365	9,129
Accrued liabilities:			
Pension	9	583	535
Sick and vacation leave benefits		3,442	3,348
Other		648	1,320
Deferred revenue	1, 4	2,562	2,013
Liabilities payable from restricted assets:			
Accrued interest payable	12	23,100	23,841
Bonds payable - current	12	33,930	32,250
Total current liabilities		79,592	74,175
NONCURRENT LIABILITIES:			
Accrued liabilities:			
Repainting	1	55,882	51,518
Self- insurance	16	5,086	4,761
Sick and vacation leave benefits		1,148	1,116
Other (GASB 45 Liability)	10	19,689	9,844
Deferred Revenue	1, 4	8,938	8,664
Bonds payable (net of unamortized discounts / premiums)	12	1,113,605	1,148,652
Total noncurrent liabilities		1,204,348	1,224,555
Total liabilities		1,283,940	1,298,730
NET ASSETS			
Invested in capital assets, net of related debt		281,146	245,959
Restricted for:			
Debt requirements		101,859	103,601
Port projects		45,991	73,294
Unrestricted (deficit)		(94,317)	(92,855)
Total net assets		$ 334,679	$ 329,999

The notes to the financial statements are an integral part of this statement.

COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years ended December 31, 2008 and 2007 (In Thousands)

	Notes	2008	2007
OPERATING REVENUES:			
Bridges:			
Tolls	5, 18	$ 208,856	$ 196,069
Other operating revenues		5,815	5,540
Total bridge operating revenues		214,671	201,609
Transit system:			
Passenger fares	18	21,459	18,978
Other operating revenues		1,507	1,438
Total transit system operating revenues		22,966	20,416
Port of Philadelphia and Camden:			
Cruise Terminal		683	1,043
River Link Ferry		73	50
Total Port of Philadelphia and Camden		756	1,093
Other:			
Miscellaneous		590	852
Total operating revenues		238,983	223,970
OPERATING EXPENSES:			
Operations		100,515	94,762
General and administrative		34,974	31,025
Depreciation	1, 7	45,486	44,634
Lease and community impact	17	3,380	3,306
Port of Philadelphia and Camden		1,447	1,698
Total operating expenses		185,802	175,425
OPERATING INCOME		53,181	48,545
NONOPERATING REVENUES (EXPENSES):			
Investment earnings	3	17,592	26,704
Interest expense	12	(75,654)	(74,668)
Amortization expense	1	(1,353)	(1,353)
Economic development activities		(3,960)	(9,841)
Other nonoperating revenues		882	-
Other nonoperating expenses		(425)	(35)
Total other nonoperating revenues (expenses)		(62,918)	(59,193)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS		(9,737)	(10,648)
CAPITAL CONTRIBUTIONS:			
Federal and state capital improvement grants	15	14,417	10,024
CHANGE IN NET ASSETS		4,680	(624)
NET ASSETS, JANUARY 1		329,999	330,623
NET ASSETS, DECEMBER 31		$ 334,679	$ 329,999

The notes to the financial statements are an integral part of this statement.

COMBINED STATEMENTS OF CASH FLOWS
Years ended December 31, 2008 and 2007 (In Thousands)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$ 236,191	$ 225,684
Payments to suppliers	(86,874)	(81,305)
Payments to employees	(39,851)	(36,311)
Net cash provided by operating activities	109,466	108,068
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Economic development activities	(3,960)	(9,841)
Proceeds from exercised derivative transactions	656	-
Payments for termination of derivative transactions	(13,286)	-
Proceeds from other economic development activity	604	-
Proceeds from economic development loans	873	(669)
Net cash used by noncapital financing activities	(15,113)	(10,510)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(55,269)	(23,794)
Proceeds from sales of capital assets	150	-
Discontinued operation activities	-	-
Capital contributions	13,657	9,935
Repayment of funded debt	(33,930)	(29,560)
Interest paid on debt	(73,604)	(82,350)
Net cash used by capital and related financing activities	(148,996)	(125,769)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	37,147	2,304,951
Purchase of investments	(725)	(2,304,043)
Interest received	16,520	25,900
Net cash provided by investing activities	52,942	26,808
Net increase (decrease) in cash and cash equivalents	(1,701)	(1,403)
Cash and cash equivalents, January 1 (including $2,782 and $1,364 reported as restricted)	$ 7,588	$ 8,991
Cash and cash equivalents, December 31 (including $537 and $2,782) reported as restricted)	$ 5,887	$ 7,588

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	2008	2007
Operating income	$ 53,181	$ 48,545
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	45,486	44,634
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(3,320)	1,540
(Increase) in transit system and storeroom inventories	(510)	(109)
(Increase) decrease in prepaid expenses	(1,164)	545
Increase (decrease) in accounts payable and accrued wages	593	(1,455)
Increase in accrued pension payable	48	30
Increase in deferred revenue	527	173
Increase in repainting reserves	4,363	4,498
Decrease (increase) in self-insurance reserves	325	(427)
Increase (decrease) in sick and vacation leave benefits payable	126	(171)
Increase in other accrued liabilities	9,811	10,265
Net cash provided by operating activities	$ 109,466	$ 108,068

The notes to the financial statements are an integral part of this statement.

NOTES TO COMBINED FINANCIAL STATEMENTS
For the Year Ended December 31, 2008 (Dollars in Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Operations **-** The Delaware River Port Authority (the "Authority") is a public corporate instrumentality of the Commonwealth of Pennsylvania (the "Commonwealth") and the State of New Jersey (the "State") created with the consent of Congress by compact legislation between the Commonwealth and the State. The Authority has no stockholders or equity holders. The Authority is vested with the ownership, control, operation, and collection of tolls and revenues of certain bridges spanning the Delaware River; namely, the Benjamin Franklin, Walt Whitman, Commodore Barry, and Betsy Ross bridges. The Authority has also constructed and owns a high-speed transit system that is operated by the Port Authority Transit Corporation (PATCO). The transit system operates between Philadelphia, Pennsylvania and Lindenwold, New Jersey. Among its powers, the Authority is responsible for regional economic development and the unification of certain port facilities of the Delaware River. The Authority's Port of Philadelphia and Camden Department (PPC) is responsible for the operation of the Philadelphia Cruise Terminal at Pier 1 at the former Navy Yard and the Riverlink Ferry System. The costs of providing facilities and services to the general public on a continuing basis are recovered primarily in the form of tolls and fares. The Authority is a member of the E-ZPass Interagency Group, the largest interoperable Electronic Toll Collection System in the world, comprised of twenty-two (22) agencies in eleven (11) states. Through December of 2008, customer participation in the E-ZPass electronic toll collection process grew to approximately sixty-five percent (65%) of its toll collection activity during rush hour periods. E-ZPass revenues now exceed sixty percent (60%) of total toll revenues.

B. Basis of Presentation **-** The Authority is a single enterprise fund and maintains its records on the accrual basis of accounting. Enterprise Funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by law or regulations that the activity's cost of providing services, including capital cost (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service). Under this method, revenues are recorded when earned and expenses are recorded when the related liability is incurred. The Authority has elected not to follow any FASB pronouncements issued after November 30, 1989.

C. Cash and Cash Equivalents **-** The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents (Note 2). In addition, according to the various Indentures of Trust which govern the flow and accounting of the Authority's financial resources, certain accounts are required to be maintained in order to comply with the provisions of the Indentures of Trust. For the accounts that are restricted, the Authority has recorded the applicable cash and cash equivalents as restricted on the combined financial statements (Note 11).

D. Investment in Securities **-** Investment in securities is stated at amortized cost, which approximates fair value. Certain investments are maintained in connection with the Authority's funded debt (Notes 3 and 12). Likewise, as with cash and cash equivalents, the accounts that are restricted as per the various Indentures of Trust have been recorded as restricted investments on the combined financial statements (Note 11).

E. Transit System Inventory **-** Transit system inventory, consisting principally of spare parts for maintenance of transit system facilities, is stated at the lower of cost (first-in, first-out method) or market.

F. Debt Issuance Costs, Bond Premiums, and Bond Discounts **-** Debt issuance costs and the premiums and discounts arising from the issuance of the revenue bonds and port district project bonds are amortized by the straight-line method from the issue date to maturity.

G. Investment in Facilities **-** Investment in facilities is stated at cost, which generally includes expenses for administrative and legal expenses incurred during the construction period. Investment in facilities also includes the cost incurred for port-related projects, and improvements, enlargements and betterments to the original facilities. Replacements of existing facilities (except for primarily police and certain other vehicles whose estimated useful life is two years or less) are also recorded at cost. The related costs and accumulated depreciation of the property replaced are removed from the respective accounts and any gain or loss on disposition is credited or charged to nonoperating revenues or expenses. Assets capitalizable generally have an original cost of $5 or more and a useful life in excess of three years. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the related assets, including those financed by federal and state contributions (Notes 7 and 15).

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

Bridges, freeways, and tunnels	100 years
Buildings, stations, and certain bridge components	35 - 50 years
Electrification, signals, and communication system	30 - 40 years
Transit cars, machinery, and equipment	10 - 25 years
Computer equipment, automobiles, and other equipment	3 - 10 years

H. Maintenance and Repainting **-** Maintenance and repair costs considered necessary to maintain bridge facilities in good operating condition are charged to operations as incurred. The Authority uses accrual accounting to record the projected cost of bridge repainting (a non-cash charge that involves debiting an expense and crediting an associated liability). Amounts sufficient to meet the estimated cost to repaint the bridges are provided by periodic charges to operations.

I. Other Provisions **-** The Authority provides for the uninsured portion of potential public liability claims and workers' compensation claims through self-insurance programs and charges current operations for estimated claims to be paid (Note 16).

J. Economic Development Activities **-** The Authority establishes loan loss provisions for economic development loans receivable.

K. Net Assets **-** Net assets comprise the various earnings from operating income, nonoperating revenues, expenses, and capital contributions. Net assets are classified in the following three components:

Invested in Capital Assets, Net of Related Debt - This component of net assets consists of capital assets, net of accumulated depreciation, reduced, by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted - This component of net assets consists of external constraints imposed by creditors (such as debt covenants), grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation, that restricts the use of net assets.

Unrestricted Net Assets - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt." This component includes net assets that may be allocated for specific purposes by the Board.

L. Operating and Nonoperating Revenues and Expenses **-** Operating revenues include all revenues derived from facility charges (i.e., toll revenues, which include E-ZPass revenues), PATCO operations (passenger fare, advertising and parking), and other revenue sources. Nonoperating revenues principally consist of interest income earned on various interest-bearing accounts and on investments in debt securities.

Operating expenses include expenses associated with the operation, maintenance and repair of the bridges, PATCO, PPC operations, and general administrative expenses. Nonoperating expenses principally include expenses attributable to the Authority's interest on funded debt and economic development activities.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

M. Debt Management **-** Total outstanding bond debt reflected on the balance sheet is net of unamortized bond discounts, premiums, and loss on defeasance (Note 12). The Authority presently has two interest rate hedge (swap) agreements with the Bank of America, N.A. and three interest rate hedge (swap) agreements with UBS AG (Paine Webber) to hedge interest rates on a portion of its outstanding long-term debt. Other than the net upfront option and exercise payments resulting from these agreements, which have been recorded as deferred revenue, no amounts are recorded in the financial statements (Note 4).

N. Budget **-** In accordance with Section 5.15 of the 1998 Revenue Refunding Bonds Indenture of Trust and Section 5.07 of the 1998, 1999 and 2001 Port District Project Bond Indentures of Trust, the Authority must annually adopt an Annual Budget on or before December 31 for the ensuing year. Section 5.15 of the 1998 Revenue Bond Indenture of Trust requires that the Authority, on or before December 31, in each fiscal year, adopt a final budget for the ensuing fiscal year of (i) operational expenses, (ii) the PATCO Subsidy, (iii) the amount to be deposited to the credit of the Maintenance Reserve Fund, and (iv) the estimated amounts to be deposited into the Debt Service Fund, the Debt Service Reserve Fund, and the Rebate Fund. Each Annual Budget must also contain the Authority's projections of revenues for the ensuing fiscal year demonstrating compliance with the covenant as to facility charges as set forth in Section 5.09 of the Indentures of Trust. On or before December 31 in each fiscal year, the Authority must file a copy of the Annual Budget for the ensuing fiscal year with the Trustees.

The Port District Project Bond Indentures require the following: the adopted budget must set forth, inter alia, the PATCO Subsidiary, the amount of any operating subsidy paid or payable by the Authority to or for the account of any other subsidiary of the Authority (including, without limitation, the Port of Philadelphia and Camden) and all other material operating expenses of the Authority payable from the General Fund. The Authority must also include the debt service payable on the Bonds and any Additional Subordinated Indebtedness during the ensuing fiscal year and all amounts required to be paid by the Authority into the Debt Service Reserve Fund or the Rebate Fund or to any Reserve Fund Credit Facility Issuer during the ensuing fiscal year. On or before December 31, in each fiscal year, the Authority must file a copy of the Annual Budget for the ensuing fiscal year with the Trustees and Credit Facility Issuer.

The Authority may at any time adopt an amended or supplemental Annual Budget for the remainder of the then-current fiscal year, which shall be treated as the Annual Budget under the provisions of the Indentures of Trust. A copy of any amended or supplemental Annual Budget must be promptly filed with the Trustee.

O. Interfunds - Interfund receivables / payables represent amounts that are owed, other than charges for goods and services rendered, to / from a particular fund. These receivables / payables are eliminated during the aggregation process.

P. Use of Estimates - Management of the Authority has made certain estimates and assumptions relating to the reporting of assets, liabilities and revenues and expenses to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results may differ from those estimates.

Q. Income Taxes - The Authority is a public corporate instrumentality of the State of New Jersey and the Commonwealth of Pennsylvania, and as described in its amended governing Compact, has been "deemed to be exercising an essential government function in effectuating such purposes," and therefore is exempt from income taxes pursuant to the Internal Revenue Code (Section 115).

2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be recovered. The Authority does not have a deposit policy for custodial credit risk. As of December 31, 2008 and December 31, 2007, the Authority's bank balances of $13,417 and $9,487 respectively, were exposed to custodial credit risk as follows:

	2008	2007
Uninsured and uncollateralized	$ 11,750	$ 7,497

3. INVESTMENT IN SECURITIES

The Authority's investments in various securities are maintained for specified funds in accordance with the provisions of the Indenture of Trust adopted as of July 1, 1998.

Custodial Credit Risk Related to Investments - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Of the Authority's total $480,243 of investments at December 31, 2008, $58,000 of investments in asset backed securities, collateralized mortgage obligations, commercial paper, corporate bonds and notes, fixed-rate capital securities, mortgage pass-through securities, municipal bonds, repurchase agreements, U.S. federal agency notes and bonds, and U.S. government treasuries, are uninsured, not registered in the name of the Authority, and held by the counterparty, and $96,419 are uninsured, not registered in the name of the Authority, and held by the counterparty's trust department or agent but not in the Authority's name.

As of December 31, 2008, the Authority had the following investments:

Investment	Maturities	Amortized Cost
Asset backed securities	173.17 months average	$ 3,359
Collateralized mortgage obligations	234.62 months average	416
Commercial paper	6.33 months average	75,216
Corporate bonds and notes	33.34 months average	23,958
Fixed-rate capital securities	.03 months average	525
Mortgage pass-through securities	290.49 months average	8,350
Municipal bonds	497.37 months average	1,900
Mutual bond funds	not applicable	87,888
Repurchase agreements	daily	2,829
Short-term investments	1.91 months average	200,286
U.S. federal agency notes and bonds	27.89 months average	37,166
U.S. government treasuries	33.61 months average	38,350
Total		$ 480,243

The short-term investments listed above consist of cash reserve funds, money market funds, and certificates of deposit. Since it is the policy of the Authority to utilize these funds for the purchase of investments with longer maturities, these amounts have been classified as investments as opposed to cash and cash equivalents.

Interest Rate Risk **-** The Authority's policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increasing interest rates is as follows: the average effective duration of the portfolio is not to exceed twenty-four months, and the maximum effective duration of any individual security is not to exceed five years, unless otherwise specified.

Credit Risk - Investments are purchased in accordance with the 1998, 1999, and 2008 Indentures of Trust, and generally include U.S. government obligations, money market funds, obligations of U.S. agencies or instrumentalities, and obligations of public agencies or municipalities rated in either of the two highest rating categories by Standard & Poor's Corporation or Moody's Investors Services. In accordance with the 1998, 1999, and 2008 Indentures of Trust, the Authority invests in corporate bonds and commercial paper rated A-1 by Standard and Poor's Corporation. Guaranteed Income Contracts are collateralized by U.S. government and agency securities, and debt obligations having a rating in the highest rating category from Moody's Investors Service or Standard and Poor's Rating Services.

As of December 31, 2008, the Authority's investments had the following ratings:

Investment	Standard & Poor's	Moody's
Asset backed securities	*	*
Collateralized mortgage obligations	* to AAA	* to Aaa
Commercial paper	*	*
Corporate bonds and notes	BBB to AAA	Baa1 to Aaa
Fixed-rate capital securities	AAA	Aaa
Mortgage pass-through securities	*	*
Municipal bonds	*	A1
Mutual bond funds	*	A1
U.S. federal agency notes and bonds	* to AAA	* to Aaa
U.S. government treasuries	* to AAA	* to Aaa
Repurchase agreements	*	*
Short-term investments	*	*

* investment not rated or no rating available.

Concentration of Credit Risk **-** The Authority's policy on the concentration of credit risk states that no limitations exist on the purchase of investments in obligations of the U.S. government and U.S. federal agencies since they are fully guaranteed by the U.S. government. For the purchase of investments in obligations of all other issuers, total investments held from any one issuer shall not exceed ten percent (10%) of the aggregate market value of the entire portfolio, except for repurchase agreements, which, from any one issuer, shall not exceed twenty-five percent (25%) of the aggregate market value of the portfolio. As of December 31, 2008, more than five percent (5%), or $51,575, of the Authority's investments is in UBS Financial, Inc. commercial paper. These investments represent eleven percent (11%) of the Authority's total investments.

4. DERIVATIVE INSTRUMENTS

Objective of the Derivatives **-** During 2000 and 2001, the Authority entered into seven interest rate hedge (swap) agreements that provided the Authority with net up-front payments totaling $44,642. In accordance with the 2000 Swaptions, the counterparty has the option to make the Authority enter into a pay-variable / receive fixed interest rate swap. In accordance with the 2001 Swaptions, the counterparty has the option to make the Authority enter into a pay-fixed / receive variable interest rate swap.

One option with Lehman Brothers Financial Products Inc. ("Lehman Brothers"), with a notional amount $50,000, was terminated in 2002. A second swap agreement with Lehman Brothers, the 1998 Port District Project Bonds, Series B Swaption, with a notional amount of $66,065, was exercised by Lehman in January 2008. It was subsequently terminated in December 2008, when the Authority made a net termination payment of $13,286 to Lehman Brothers.

As of December 31, 2008, only the 1995 Revenue Bonds swaption, mentioned below, has been exercised by UBS AG, the counterparty.

Significant Terms of the Derivatives **-** The five (5) remaining interest rate hedge agreements and the one (1) recently terminated Lehman Brothers swap agreement are described as follows. As set forth below, all of the interest rate hedge agreements at year-end 2008 had negative value to the Authority, meaning that if such agreements were terminated as of such date and no substitute counterparty could be found to replace the existing counterparty, the Authority would have to pay the amounts shown in parentheses.

2000 Swaptions **-** On August 21, 2000, the Authority entered into two (2) interest rate hedge agreements with Bank of America N.A. in the notional amounts of $39,657 (the "2000 Swaption #1") and $10,436 (the "2000 Swaption #2", and together with the 2000 Swaption #1, the "2000 Swaptions"). Under the 2000 Swaptions, Bank of America N.A. has the option on certain future dates (two business days preceding July 1, 2005 and each January 1 and July 1 thereafter through and including July 1, 2025 with respect to the 2000 Swaption #1 and two business days preceding January 2, 2006 and each July 1 and January 1 thereafter through and including July 1, 2025 with respect to the 2000 Swaption #2) to cause the 2000 Swaption #1 or the 2000 Swaption #2, as applicable, to commence on the next succeeding January 1 or July 1. Neither option relating to the 2000 Swaptions has been exercised by Bank of America N.A. If an option is exercised, the 2000 Swaption #1 or the 2000 Swaption #2, as applicable, would continue (unless earlier terminated) through January 1, 2026. The Authority's obligations under the 2000 Swaptions are general unsecured corporate obligations.

If the options relating to the 2000 Swaption #1 or the 2000 Swaption #2 are exercised by Bank of America N.A., Bank of America N.A. is obligated to pay periodic interest payments (payable monthly) to the Authority based upon a fixed rate of 5.9229% per annum and the Authority is obligated to pay periodic interest payments (payable monthly) to Bank of America N.A. at a variable rate based upon the BMA Municipal Swap Index (a tax-exempt variable rate index). Only the net difference in the periodic payments owed would be exchanged between Bank of America N.A and the Authority.

As of December 31, 2008, Swaption # 1 had a fair value of ($1,114) and Swaption #2 had a fair value of ($293). (For the method of valuation, see "Fair Value", Note 4).

In consideration for entering into the 2000 Swaptions, the Authority received net up-front, non-refundable option payments in the aggregate amount of $1,125 from Bank of America N.A., which have been recorded as deferred revenue and are being amortized.

2001 Swaptions

1995 Revenue Bonds Swap **-** On May 2, 2001, the Authority entered into the 1995 Revenue Bonds Swap with UBS AG in the notional amount of $358,215. Under the 1995 Revenue Bonds Swap, (i) UBS AG was obligated to pay to the Authority $7,144 on January 1, 2006 as an exercise premium amount, (ii) UBS AG is obligated to pay periodic payments (payable monthly) to the Authority based upon a variable rate of 66% of the USD-LIBOR-BBA index and (iii) the Authority is obligated to pay periodic payments (payable monthly) to UBS AG based upon a fixed rate of 5.447% per annum. The periodic interest rates are applied to the notional amount of the 1995 Revenue Bonds Swap which amortizes annually from its initial notional amount. Only the net difference in the periodic payments is to be exchanged between the Authority and UBS AG.

The periodic payment obligations of the Authority under the 1995 Revenue Bonds Swap are secured and payable equally and ratably with Bonds issued under the 1998 Revenue Bond Indenture. Regularly scheduled periodic payments to be made by the Authority under the 1995 Revenue Bonds Swap are insured by Ambac Assurance. In addition to other Events of Default and Termination Events (as defined in the 1995 Revenue Bond Swap), there exists an Additional Termination Event with respect to the Authority if the credit rating of Bonds issued under the 1998 Revenue Bond Indenture (without reference to municipal bond insurance or credit enhancement) falls below "Baa3" with respect to Moody's Investors Service ("Moody's") or "BBB-" with respect to Standard & Poor's Ratings Group ("S&P") or Fitch Ratings ("Fitch"), or the Bonds cease to be rated by one of Moody's, S&P or Fitch (and such rating agencies are still in the business of rating obligations such as the Bonds). However, as provided in the 1995 Revenue Bond Swap, so long as no Insurer Credit Event (as defined therein) has occurred, no Early Termination Date can be designated unless Ambac Assurance has consented in writing thereto.

As of December 31, 2008, the fair value of the 1995 Revenue Bond Swap was ($121,559). (For the method of valuation, see "Fair Value", Note 4).

In consideration for entering into the 1995 Revenue Bonds Swap, the Authority received a net up-front, non-refundable option payment in the amount of $18,401 from UBS AG, which has been recorded as deferred revenue and is being amortized.

On September 3, 2005, UBS advised the Authority that it was exercising its option on this swap as of January 1, 2006. As a result, UBS AG paid the Authority $7,144 on January 3, 2006 as an exercise premium. On February 1, 2006, the first monthly net swap payment, for the period January 3rd thru January 31st, was made to UBS AG in the amount of $694. The Authority is current on all of its net swap payments payable to UBS, which totaled $12,634 for the year 2008.

1999 Revenue Bonds Swaption **-** On May 2, 2001, the Authority entered into an interest rate hedge agreement with UBS AG in the initial notional amount of $403,035 (the "1999 Revenue Bonds Swaption"). Under the 1999 Revenue Bonds Swaption, UBS AG has the option, exercisable 120 days preceding January 1, 2010, January 1, 2011, and January 1, 2012, to elect to have the 1999 Revenue Bonds Swaption commence on the January 1 next succeeding the exercise of the option. Under the 1999 Revenue Bonds Swaption, if exercised, (i) UBS AG is obligated to pay periodic payments (payable monthly) to the Authority based upon a variable rate of 66% of the USD-LIBOR-BBA index and (ii) the Authority is obligated to pay periodic payments (payable monthly) to UBS AG based upon a fixed rate of 5.738% per annum. The periodic interest rates are applied to the notional amount of the 1999 Revenue Bonds Swaption which amortizes annually commencing January 1, 2011 from its initial notional amount. Only the net difference in the periodic payments is to be exchanged between the Authority and UBS AG.

If exercised, the 1999 Revenue Bonds Swaption would continue (unless earlier terminated) through January 1, 2026. The periodic payment obligations of the Authority under the 1999 Revenue Bonds Swaption (if exercised) are secured and payable equally and ratably with Bonds issued under the 1998 Revenue Bond Indenture. Regularly scheduled periodic payments to be made by the Authority under the 1999 Revenue Bonds Swaption are insured by Ambac Assurance. In addition to other Events of Default and Termination Events (as defined in the 1999 Revenue Bonds Swaption), there exists an Additional Termination Event with respect to the Authority if the credit rating of Bonds issued under the 1998 Revenue Bond Indenture (without reference to municipal bond insurance or credit enhancement) falls below "Baa3" with respect to Moody's or "BBB-" with respect to S&P or Fitch or the Bonds cease to be rated by one of Moody's, S&P or Fitch (and such rating agencies are still in the business of rating obligations such as the Bonds). However, as provided in the 1999 Revenue Bond Swaption, so long as no Insurer Credit Event (as defined therein) has occurred, no Early Termination Date can be designated unless Ambac Assurance has consented in writing thereto.

As of December 31, 2008, the fair value of the 1999 Revenue Bond Swaption was ($129,909). (For the method of valuation, see "Fair Value", Note 4).

In consideration for entering into the 1999 Revenue Bonds Swaption, the Authority received a net up-front, non-refundable option payment in the amount of $16,478 from UBS AG, which has been recorded as deferred revenue and is being amortized.

If the 1999 Revenue Bonds Swaption is exercised by UBS AG on an option exercise date, it is the expectation of the Authority (absent cash settling the 1999 Revenue Bonds Swaption) to currently refund the 1999 Revenue Bonds by issuing variable rate obligations with the same amortization as the notional amount amortization of the 1999 Revenue Bonds Swaption.

1999 Port District Project Bonds, Series B Swaption - On May 2, 2001, the Authority entered into an interest rate hedge agreement with UBS AG with respect to the Authority's Port District Project Bonds, Series B of 1999 in the initial notional amount of $108,470 (the "1999 Port District Project Bonds Swaption"). Under the 1999 Port District Project Bonds Swaption, UBS AG has the option, exercisable 120 days preceding January 1, 2010, January 1, 2011, and January 1, 2012, to elect to have the 1999 Port District Project Bonds Swaption commence on the January 1 next succeeding the exercise of the option. Under the 1999 Port District Project Bonds Swaption, if exercised, (i) UBS AG is obligated to pay periodic payments (payable monthly) to the Authority based upon a variable rate of 66% of the USD-LIBOR-BBA index and (ii) the Authority is obligated to pay periodic payments (payable monthly) to UBS AG based upon a fixed rate of 5.595% per annum. The periodic interest rates are applied to the notional amount of the 1999 Port District Project Bonds Swaption which amortizes annually from its initial notional amount commencing January 1, 2011. Only the net difference in the periodic payments is to be exchanged between the Authority and UBS AG.

If exercised, the 1999 Port District Project Bonds Swaption would continue (unless earlier terminated) through January 1, 2026. The Authority's obligations under the 1999 Port District Project Bonds Swaption are unsecured general corporate obligations. Regularly scheduled periodic payments to be made by the Authority under the 1999 Port District Project Bonds Swaption are insured by Ambac Assurance. In addition to other Events of Default and Termination Events (as defined in the 1999 Revenue Bonds Swaption), there exists an Additional Termination Event with respect to the Authority if the credit rating of Bonds issued under the 1998 Revenue Bond Indenture or bonds issued under the 1999 Port District Project Bond Indenture (hereinafter defined) under which the 1999 Port District Project Bonds were issued (without consideration of municipal bond insurance or credit enhancement) falls below "Baa3" with respect to Moody's or "BBB-" with respect to S&P or Fitch, or Bonds or bonds issued under the 1999 Port District Project Bond Indenture cease to be rated by Moody's, S&P or Fitch (and such rating agencies are still in the business of rating obligations such as the Bonds or bonds issued under the 1999 Port District Project Bond Indenture). However, as provided in the 1999 Revenue Bonds Swaption, so long as no Insurer Credit Event (as defined therein) has occurred, no Early Termination Date can be designated unless Ambac Assurance has consented in writing thereto. The 1999 Port District Project Bonds are currently rated Baa3 and BBB- by Moody's and S&P, respectively.

As of December 31, 2008, the fair value of the 1999 Port District Project Bonds Swaption was ($44,953). (For the method of valuation, see "Fair Value", Note 4).

In consideration for entering into the 1999 Port District Project Bonds Swaption, the Authority received a net up-front, non-refundable option payment in the amount of $5,175 from UBS AG which has been recorded as deferred revenue and is being amortized.

If the 1999 Port District Project Bonds Swaption is exercised by UBS AG on an option exercise date, it is the expectation of the Authority (absent cash settling the 1999 Port District Project Bonds Swaption) to currently refund the 1999 Port District Project Bonds by issuing variable rate obligations with the same amortization as of the notional amount amortization of the 1999 Port District Project Bonds Swaption.

1998 Port District Project Bonds, Series B Swaption(terminated 12/08) - On November 15, 2001, the Authority entered into an interest rate hedge agreement with Lehman Brothers with respect to the Authority's Port District Project Bonds, Series B of 1998 in the initial notional amount of $66,065 (the "1998 Port District Project Bonds Swaption"). Under the 1998 Port District Project Bonds Swaption, Lehman Brothers retains an option, exercisable on January 1, 2008, January 1, 2009, and January 1, 2010, to elect to have the 1998 Port District Project Bonds Swaption commence. Under the 1998 Port District Project Bonds Swaption, if exercised, (i) Lehman Brothers is obligated to pay the Authority $656 (if the option is exercised on January 1, 2008), (ii) Lehman Brothers is obligated to pay periodic payments (payable monthly) to the Authority based upon a variable rate of 66% of the USD-LIBOR-BBA index and (ii) the Authority is obligated to pay periodic payments (payable monthly) to Lehman Brothers based upon a fixed rate of 4.865% per annum. The periodic interest rates are applied to the notional amount of the 1998 Port District Project Bonds Swaption which amortizes annually commencing January 1, 2009. Only the net difference in the periodic payments is to be exchanged between the Authority and Lehman Brothers.

If exercised, the 1998 Port District Project Bonds Swaption would continue (unless earlier terminated) through January 1, 2026. The Authority's obligations under the 1998 Port District Project Bonds Swaption are general unsecured corporate obligations. Regularly scheduled periodic payments to be made by the Authority under the 1998 Port District Project Bonds Swaption are insured by Ambac Assurance. In addition to other Events of Default and Termination Events (as defined in the 1998 Port District Project Bond Swaption), there exists an Additional Termination Event with respect to the Authority if the credit rating of Bonds issued under the 1998 Revenue Bond Indenture or bonds issued under the 1998 Port District Project Bond Indenture (hereinafter defined) under which the 1998 Port District Project Bonds were issued (without consideration of municipal bond insurance or credit enhancement) falls below "Baa3" with respect to Moody's or "BBB-" with respect to S&P or Fitch, or Bonds or bonds issued under the 1998 Port District Project Bond Indenture cease to be rated by Moody's, S&P or Fitch (and such rating agencies are still in the business of rating obligations such as the Bonds or bonds issued under the 1998 Port District Project Bond Indenture). However, as provided in the 1998 Port District Project Bonds Swaption, so long as no Insurer Credit Event (as defined therein) has occurred, no Early Termination Date can be designated unless Ambac Assurance has consented in writing thereto. The 1998 Port District Project Bonds are currently rated Baa3 and BBB- by Moody's and S&P, respectively.

On August 30, 2007, Lehman Brothers advised the Authority that it was exercising its option on this Swaption as of January 1, 2008. As a result, Lehman Brothers paid the Authority $656 on January 1, 2008 as an exercise premium, which has been recorded as deferred revenue and is being amortized. On February 1, 2008, the first monthly net swap payment, for the period January 1st thru January 31st, was made to Lehman Brothers in the amount of $97. The Authority was current on all of its net swap payments payable to Lehman Brothers through December 1, 2008 when it made its last monthly net payment on the swap. Total net swap payments were $1,748 for the period ending December 31, 2008.

On December 3, 2008 the DRPA exercised its right to enter into an early termination agreement with Lehman Brothers due to an Event of Default as defined in the 1998 Port District Project Bond Swaption (specifically the Lehman Brothers Financial Products Inc. bankruptcy filing). A net cash settlement in the amount of $13,286 was transferred to Lehman Brothers, which officially terminated and removed the swaption from the Authority's books.

Risks Related to the Derivatives

Fair Value - Fair values were estimated using the zero-coupon method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon rate bonds due on the date of each future net settlement on the swaps.

Basis Risk - Basis risk exists to the extent the Authority's fixed rate payments to the counterparties do not exactly equal the index on the swaption. The Authority's taxable and tax-exempt bonds are hedged with the BMA Municipal Swap Index and a percentage of the USD-LIBOR-BBA Index.

Market-Access Risk **-** If a particular option is exercised and refunding bonds are not issued, the affected series of bonds would not be refunded, and the Authority would make net swap payments as required by the terms of the applicable aforementioned contracts. If the option is exercised and the variable-rate bonds issued, the actual difference ultimately recognized by the transaction will be affected by the relationship between the interest rate terms of the to-be-issued variable-rate bonds versus the payment as stipulated in the swaption agreement.

Interest Rate Swap Ratings **-** In December 2005, Standard & Poor's assigned a Debt Derivative Profile (DDP) rating of "3" for the Authority's swap portfolio, which is considered a neutral credit risk position on a scale from 1 to 5 (with 1 being the most credit worthy).

In March 2006, S&P advised its clients that they had revised the criteria for the DDP scoring by placing "more emphasis on the near and intermediate term risks and less emphasis on the longer-term risks." As a result, S&P changed the Authority's rating from a 3.0 to 3.5. There have been no subsequent changes to the Authority's DDP ratings, since the issuance of S&P's March 2006 report.

5. ACCOUNTS RECEIVABLE AND TOLL REVENUES

Accounts receivable for December 31, 2008 and December 31, 2007 are as follows:

	2008	2007
Reimbursements from governmental agencies - capital improvements to the PATCO system due from the Federal Transit Administration and New Jersey Transit	$ 2,594	$ 1,835
Other intergovernmental	3,500	3,500
Cruise terminal receivables	122	15
Development projects	4	4
Other	6,262	2,300
Gross receivables	12,482	7,654
Less: Allowance for uncollectibles	(1,500)	(1,500)
Net total receivables	$ 10,982	$ 6,154

Of the total intergovernmental receivables of $3,500 above, $3,500 is not expected to be collected within one year. In addition, the Authority records toll revenue net of uncollectible tolls and commuter credits. Gross toll revenues for 2008 were $213,390, while adjustments for uncollectible tolls and commuter credits were $742 and $3,792, respectively.

6. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2008 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within 1 Year
Bonds and loans payable:					
1998 Revenue Refunding Bonds	$ 49,100		$ (21,695)	$ 27,405	$ 22,795
1999 Revenue Bonds	422,310			422,310	
1998 Port District Project Bonds	67,900		(2,255)	65,645	2,365
1999 Port District Project Bonds	154,970		(2,215)	152,755	2,380
2001 Port District Project Bonds	138,445		(6,065)	132,380	6,370
2007 Revenue Refunding Bonds	358,195		(358,195)		
2008 Revenue Refunding Bonds		$ 358,175		358,175	20
Less issuance discounts / premiums and loss on defeasance	(10,018)	(9,564)	8,447	(11,135)	
Total bonds payable	1,180,902	348,611	(381,978)	1,147,535	33,930
Other liabilities:					
Bridge repainting	51,518	4,364		55,882	
Self-insurance	4,761	3,975	(3,650)	5,086	
Sick and vacation leave	4,464	210	(84)	4,590	3,442
Deferred revenue	8,664	656	(382)	8,938	2,562
Other (OPEB unfunded liability)	9,844	9,845		19,689	
Total long-term liabilities	$ 1,260,153	$ 367,661	$ (386,094)	$ 1,241,720	$ 39,934

7. INVESTMENT IN FACILITIES

Capital assets for the period ending December 31, 2008 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 76,325			$ 76,325
Construction in progress	57,107	$ 58,464	$ (34,015)	81,556
Total capital assets not being depreciated	133,432	58,464	(34,015)	157,881
Capital assets being depreciated:				
Bridges and related building and equipment	989,248	2,858	(2,628)	989,478
Transit property and equipment	373,899	26,466	(1,226)	399,139
Port enhancements	23,618	3,944	(342)	27,220
Total capital assets being depreciated	1,386,765	33,268	(4,196)	1,415,837
Less accumulated depreciation for:				
Bridges and related building and equipment	(330,521)	(29,958)	2,629	(357,850)
Transit property and equipment	(146,077)	(13,634)	1,226	(158,485)
Port enhancements	(9,923)	(1,894)	341	(11,476)
Total accumulated depreciation	(486,521)	(45,486)	4,196	(527,811)
Total capital assets being depreciated, net	900,244	(12,218)	-	888,026
Total capital assets, net	$ 1,033,676	$ 46,246	$ (34,015)	$ 1,045,907

Total depreciation expense for the year ended December 31, 2008 was $45,486.

8. DEFERRED COMPENSATION PLAN

The Authority offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan, available to all full-time employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Authority does not make any contributions to the plan. To comply with changes in federal regulations and GASB 32, "Accounting and Financial Reporting for Internal Revenue Code 457 Deferred Compensation Plans," the Authority amended the Plan in 1998 so that all amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property of the employees.

9. PENSION PLANS

Employees of the Authority participate in the Pennsylvania State Employees' Retirement System, the Public Employees' Retirement System of New Jersey, or the Teamsters Pension Plan of Philadelphia and Vicinity.

Pennsylvania State Employees' Retirement System

Plan Description **-** Permanent full-time and part-time employees are eligible and required to participate in the plan that provides pension, death and disability benefits. A member may retire after completing three years of service and after reaching normal retirement age (the age of 60, except police officers at age 50, or the age at which 35 years of service has been completed, whichever occurs first). Benefits vest after five years of service. If an employee terminates his or her employment after at least five years of service but before the normal retirement age, he or she may receive pension benefits immediately or defer pension benefits until reaching retirement age. Employees who retire after reaching the normal retirement age with at least three years of credited service are entitled to receive pension benefits equal to 2.50% of their final average compensation (average of the three highest years in earnings) times the number of years for which they were a participant in the plan. The pension benefits received by an employee who retires after five years of credited service but before normal retirement age are reduced for the number of years that person is under normal retirement age.

Pension provisions include death benefits, under which the surviving beneficiary may be entitled to receive the employee's accumulated contributions less the amount of pension payments that the employee received, the present value of the employee's account at retirement less the amount of pension benefits received by the employee, the same pension benefits formerly received by the employee, or one-half of the monthly pension payment formerly received by the employee. The maximum pension benefit to the employee previously described may be reduced depending on the benefits elected for the surviving beneficiary.

The Pennsylvania State Employees' Retirement System issues a publicly available annual financial report, including financial statements, which may be obtained by writing to Pennsylvania State Employees' Retirement System, 30 North Third Street, Harrisburg, Pennsylvania, 17108-1147.

Funding Policy **-** The contribution requirements of plan members and the Authority are established and amended by the Pennsylvania State Employees' Retirement System Board. As of January 1, 2002, employees are required to contribute 6.25% of their gross earnings to the plan. The Authority was required to, and did, contribute an actuarially determined amount to the plan, which equaled 3.72%, 3.67%, and 3.17% of covered payroll in 2008, 2007, and 2006, respectively. In 2008, 2007, and 2006, the Authority contributed $1,607, $1,507, and $1,302, respectively, to the plan.

New Jersey Public Employees Retirement System (NJ PERS)

Plan Description **-** Permanent full-time employees, hired after January 1, 2002, who were members of NJPERS when they were hired, are eligible to participate in this defined plan (administered by the New Jersey Division of Pensions and Benefits). The PERS was established in 1955. The PERS provides retirement, death, and disability, and medical benefits to qualified members. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

Funding Policy **-** The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L. 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2007, however, in accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. For employees enrolled in the retirement system prior to July 1, 2007, the increase is effective with the payroll period that begins immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, the statute also requires the return to the normal rate when such surplus pension assets no longer exist. The Authority was not required to contribute an actuarially determined amount to the plan for the years 2003 through 2006. The Authority began sending employee contributions to NJ PERS beginning in January, 2006. Beginning in 2008, the Authority was required to, and did, contribute an actuarially determined amount to the plan, which equaled 5.09% of participating payroll.

Teamsters Pension Plan of Philadelphia and Vicinity

Plan Description **-** Certain represented employees are eligible and required to participate in the Teamsters Pension Plan of Philadelphia and Vicinity, which provides pension, death and disability benefits. A member may retire at the later of (a) the date the employee reaches 65 or (b) the tenth anniversary of the employee's commencement of participation in the plan. Additionally, employees are eligible for early retirement after 10 years of participation in the plan and (a) completion of 30 years of vested service or (b) attainment of age 50 and completion of 10 years of vested service. Benefits vest after 10 years of service. An employee who retires on or after his or her normal retirement age is entitled to receive benefits based on his or her credited years of service multiplied by a monthly benefit rate, which is determined based on the employer's daily contributions. The benefits are subject to maximum rates that vary according to employer daily contribution rates. Members may also receive benefits after early retirement at reduced rates depending on age at retirement.

An employee who qualifies for disability retirement benefits (total and permanent disability with 10 years of vested service and 5 years of continuous service with at least 300 covered days of contributions) is entitled to receive two hundred dollars per month until retirement age, when retirement benefits would commence.

Provisions include surviving spouse death benefits, under which the surviving spouse is entitled to a 50% survivor annuity in certain cases.

The Teamsters Pension Plan of Philadelphia and Vicinity issues a publicly available annual financial report, including financial statements, which may be obtained by writing to Teamsters Pension Plan of Philadelphia and Vicinity, Fourth and Cherry Streets, Philadelphia, Pennsylvania, 19106.

Funding Policy - The Teamsters Pension Plan is controlled by the Teamsters Pension Plan of Philadelphia and Vicinity Board. The employer's contribution requirements are determined under the terms of one Collective Bargaining Agreement in force between the employer and the Teamsters. During 2008, the Authority was required to and did contribute the following amounts for PATCO employees: Twenty Dollars and Sixty Cents ($20.60) per day from January 1, 2008 through May 31, 2008 and Twenty One Dollars ($21.00) from June 1, 2008 through December 31, 2008 per participating employee. The Authority's contributions totaled 8.45%, 7.78%, and 8.21% of covered payroll in 2008, 2007, and 2006, respectively. The employees of the Authority make no contributions to the plan. The Authority contributed $1,025, $997, and $1,003 in 2008, 2007, and 2006, respectively.

10. POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description **-** The Authority provides certain health care and life insurance benefits for retired employees, where such benefits are established and amended by the Authority's Board of Commissioners. The Authority's plan provides two agent multiple-employer post-employment healthcare plans which cover two retiree populations: eligible retirees under the age of sixty-five (65) receive benefits through Amerihealth and eligible retirees sixty-five (65) and over receive benefits through the United Health Group (in partnership with AARP) and Aetna. Life insurance benefits to qualifying retirees are provided through Prudential. The plans are administered by the Authority; therefore, premium payments are made directly by the Authority to the insurance carriers.

Funding Policy - Employees become eligible for retirement benefits based on hire date and years of service. The contribution requirements of plan members and the Authority are established and may be amended by the Authority's Board of Commissioners. Plan members receiving benefits contribute the following amounts: $55 per month for retiree-only coverage for the base plan, $110 per month for retiree/spouse (or retiree/child) coverage, and $165 per month for retiree/family (or children) coverage to age sixty-five (65) for the base plan, and $55 per month, per retiree, per dependent for both the United Health Group (in partnership with AARP) and Aetna coverages. An additional amount is required for those retirees, under age sixty-five (65), who opt to participate in the "buy-up plan" for retirees and their dependents.

Retirees **-** The Authority presently funds its current retiree post employment benefit costs on a "pay-as-you-go" basis and, as shown above, receives annual contributions from retirees to offset a portion of this annual cost. The Authority's contributions to the plan for the years ended 2008, 2007, and 2006 were $4,625, $4,626, and $3,986, respectively.

Future Retirees - In accordance with Statement No. 45 of the Governmental Accounting Standards Board, the Authority is required to expense the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The ARC includes the costs of both current and future retirees. The current ARC was determined to be $14,470 at an unfunded discount rate of 5%. As stated above, the Authority has funded the cost of existing retirees in the amount of $4,625, and in 2008, the Authority has accrued the benefit costs for future eligible employees, but has not yet begun funding this outstanding liability. The Authority plans to begin funding a portion of this outstanding liability in 2009.

Annual OPEB Cost **-** For 2008, the Authority's annual OPEB cost (expense) of $14,470 for the plan was equal to the ARC. The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 and 2007 is as follows:

Year Ended	Annual OPEB Cost	Pay as You Go Cost (Existing Retirees)	Net OPEB Obligation	Percentage of Annual OPEB Cost Contributed
2008	$ 14,470	$ 4,625	$ 19,689	32%
2007	14,470	4,626	9,844	32%

Funded Status and Funding Progress **-** As of January 1, 2007, the most recent actuarial valuation date, the Authority's Plan was 0% funded. The actuarial accrued liability for benefits was $146,638, and the actuarial value of plan assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $146,638. The covered payroll (annual payroll of active employees covered by the plan) was $53,695. (For additional information, please refer to the "Required Supplementary Information Schedule of Funding Progress for Health Benefits Plan" shown at the end of the footnote section.) Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions **-** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits which is allocated to service in the current plan year for each active participant under the assumed retirement age. The actuarial assumptions included the following: a discount rate of five percent (5%) on future benefit costs; compensation increases of four percent (4%) per year; a medical cost trend rate of ten percent (10%) per year, reduced by decrements to an ultimate rate of five percent (5%) after ten years; turnover rate of twenty percent (20%) starting at age twenty (20) decreasing to a rate of one tenth of a percent (.1%) to age sixty (60); retirement rate of five percent (5%) starting at age fifty-five (55), increasing to ten percent (10%) for ages sixty (60) and sixty-one (61), fifteen (15%) for age sixty-two (62), five percent (5%) for ages sixty-three (63) through sixty-four (64), and ten percent (10%) for age sixty (65); and lastly, eighty percent (80%) of future retirees are assumed to have dependent coverage.

11. INDENTURES OF TRUST

The Authority is subject to the provisions of the following Indentures of Trust: Revenue Refunding Bonds of 1998 with TD Bank NA (as successor trustee to Commerce Bank NA), dated July 1,1998; and the Revenue Bonds of 1999 with TD Bank NA, dated December 1, 1999, and the Revenue Refunding Bonds of 2008, with TD Bank as Trustee, dated July 25, 2008 (collectively the "Bond Resolution"); Port District Project Bonds of 1998 with The Bank of New York (as successor trustee to U.S. Trust Company of New Jersey), dated August 15, 1998; Port District Project Bonds of 1999 with The Bank of New York (as successor trustee to Summit Bank), dated December 1, 1999; Port District Project Bonds of 2001 with TD Bank NA, dated December 1, 2001. The Bond Resolution requires the maintenance of the following accounts:

***Project Fund* -** This *restricted* account was established in accordance with Section 6.02 of the Bond Resolution. The Project Fund is held by the Trustee and is applied to pay the cost of the Projects and is pledged, pending application to such payment of costs for the security of the payment of principal and interest on the Revenue, Revenue Refunding, and Project Bonds (the "Bonds").

***Debt Service Fund* -** This *restricted* account was established in accordance with Section 6.04 of the Bond Resolution for the payment of maturing interest and principal on the Bonds. The balance on deposit must be sufficient to enable the Trustee to withdraw amounts equal to interest due on the Bonds, principal amounts maturing on Bonds, accrued interest included in the purchase price of the Bonds purchased for retirement, and sinking fund installments when payments are required.

***Debt Service Reserve Fund* -** This *restricted* account was established in accordance with Section 6.05 of the Bond Resolution. The amount of funds on deposit must be maintained at a level equal to the Maximum Debt Service to insure funds are available for payment of Debt Service.

***Bond Redemption Fund* -** This *restricted* account was established in accordance with Section 6.06 of the Bond Resolution to account for amounts received from any source for the redemption of Bonds, other than mandatory sinking fund payments.

*R**ebate Fund*** - This *restricted* account was established in accordance with Section 6.07 of the Bond Resolution to account for amounts deposited from time to time in order to comply with the arbitrage rebate requirements of Section 148 of the Code as applicable to any Series of Tax-Exempt Bonds issued.

In addition, in accordance with the Indentures of Trust for the Revenue Refunding Bonds of 1998 the following additional accounts are required to be maintained:

Revenue Fund - This *unrestricted* account was established in accordance with Section 6.03 of the Bond Resolution for the Authority to deposit all Revenues. On or before the 20th day of each calendar month, the Trustee shall, to the extent money is available, transfer to or credit funds needed in the following order: (1) the Debt Service Fund, (2) the Debt Service Reserve Fund, (3) any Reserve Fund Credit Facility Issuer, (4) the Trustee's Rebate Fund, (5) the Maintenance Reserve Fund, (6) the General Fund.

***Maintenance Reserve Fund* -** This *restricted* account was established in accordance with Section 6.08 of the Bond Resolution. These funds are maintained for reasonable and necessary expenses with respect to the system for major repairs, renewals, replacements, additions, betterments, enlargements, improvements, and extraordinary expenses, all to the extent not provided for in the then current Annual Budget. Money in this account is pledged for the security of payment principal and interest on the Bonds. Whenever the amount in this account exceeds the "Maintenance Reserve Fund Requirement", the excess shall be deposited in the General Fund. The "Maintenance Reserve Fund Requirement" on any date is at least $3,000.

***General Fund* -** This *unrestricted* account was established in accordance with Section 6.09 of the Bond Resolution. All excess funds of the Authority are recorded in the General Account. If the Authority is not in default in the payment of bond principal or interest and all fund requirements are satisfied, the excess funds may be used by the Authority for any lawful purpose.

12. FUNDED AND LONG-TERM DEBT

At December 31, 2008, the Authority had $1,147,535 in Revenue, Revenue Refunding, and Port District Project Bonds outstanding, consisting of bonds issued in 1998, 1999, 2001, and 2008. The 1998 Revenue Refunding Bonds were issued pursuant to the Indenture of Trust, dated July 1, 1998, and a First Supplemental Indenture thereto. The 1998 Port District Project Bonds were issued pursuant to an Indenture of Trust dated August 15, 1998. The 1999 Revenue Bonds were issued pursuant to the Indenture of Trust dated July 1, 1998, a Second Supplemental Indenture dated August 15, 1998, and a Third Supplemental Indenture dated December 1, 1999. The 1999 Port District Project Bonds were issued pursuant to an Indenture of Trust dated December 1, 1999. Under the terms of the 1998 Revenue Refunding Bonds Indenture of Trust, the Authority covenanted not to issue any additional bonds under the 1995 Indenture of Trust. The 2001 Port District Project Bonds were issued pursuant to an Indenture of Trust dated December 1, 2001. The 2008 Revenue Refunding Bonds were issued pursuant to the Indenture of trust dated July 1, 1998.

1998 Revenue Refunding Bonds - On July 6, 1998, the Authority issued $63,190 of Revenue Refunding Bonds, Series A, to provide funds, together with other funds available, to advance refund $79,980 principal amount of the Authority's Capital Appreciation Bonds, Series of 1989. In addition, the Authority issued on October 6, 1998, $125,200 of Revenue Refunding Bonds, Series B, for the purpose of refunding $120,380 aggregate principal amount of the Serial and Term Bonds, Series of 1989, which completed the defeasance of all bonds issued under the 1985 General Bond Resolution.

The 1998 Revenue Refunding Bonds, Series B, serial bonds outstanding at December 31, 2008 are as follows:

	Maturity Date (January 1)	Interest Rate / Yield	Principal Amount
	2009	5.25%	$ 22,795
	2010	5.25%	2,245
	2011	5.25%	2,365
Total 1998 Refunding Bonds			27,405
Plus unamortized bond premium			1,398
Less unamortized loss on defeasance			(1,892)
Total 1998 Refunding Bonds, net			$ 26,911

The 1998 Revenue Refunding Bonds, together with the Authority's 1999 Revenue Bonds, and any parity obligations hereafter issued under the 1998 Revenue Bond Indenture, are equally and ratably payable solely from and secured by a lien on and security interest in (i) the amounts on deposit in the Funds established under the 1998 Revenue Bond Indenture, except for the 1998 General Fund and the 1998 Rebate Fund. With the defeasance of the Authority's Revenue Bonds, Series of 1995 (the "1995 Revenue Bonds"), the 1999 Revenue Bonds are now secured by a lien on or security interest in the Net Revenues of the Authority.

The 1998 Revenue Refunding Bonds Series A are not subject to mandatory redemption prior to maturity. The 1998 Revenue Refunding Bonds Series B are subject to redemption prior to maturity at the option of the Authority on or after January 1, 2009, in whole at any time or in part at any time and from time to time in any order of maturity as specified by the Authority, in any principal amount which is an integral multiple of $5 as specified by the Authority, and within a maturity as allocated by the Trustee or by lot at the respective redemption prices expressed as percentages of the principal amount of such 1998 Revenue Refunding Bonds Series B or portions thereof to be redeemed as set forth below, together with accrued interest to the redemption date:

Optional Redemption Dates (Inclusive)	Redemption Price 1998 Refunding Bonds, Series B
January 1, 2009 through December 31, 2009	101.00%
January 1, 2010 and thereafter	100.00%

The issuance of the 1998 Revenue Refunding Bonds resulted in a loss of $16,044 which represents the costs associated with the defeasance or call of the 1989 Bonds. These costs were deferred and will be amortized over the life of the 1998 issue to the year 2011.

1998 Port District Project Bonds - On September 2, 1998, the Authority issued $84,705 of Port District Project Bonds, Series of 1998, to provide funds to finance (a) all or a portion of the cost of certain economic development and capital projects, including reimbursing the Authority for the cost of economic development projects financed with Authority funds, (b) a deposit to the Port District Debt Service Reserve Fund established under the 1998 Port District Indenture, and (c) all or a portion of the costs and expenses of the Authority relating to the issuance and sale of the 1998 Port District Bonds.

The 1998 Port District Project Bonds are general corporate obligations of the Authority. Except as expressly provided in the 1998 Port District Indenture, the 1998 Port District Project Bonds are not secured by a lien or charge on, or pledge of, any revenues or other assets of the Authority. No tolls, rents, rates or other such charges are pledged for the benefit of the 1998 Port District Project Bonds. The 1998 Port District Project Bonds are payable from such funds and from other monies of the Authority legally available.

The 1998 Port District Project Bonds outstanding at December 31, 2008 are as follows:

Maturity Date (January 1)	Interest Rate / Yield	Principal Amount	Maturity Date (January 1)	Interest Rate / Yield	Principal Amount
		Serial Bonds			
			2012	4.75%	$ 2,720
2009	5.00%	$ 2,365	2013	5.00%	2,845
2010	4.50%	2,485	2014	4.75%	2,990
2011	4.63%	2,600	2015	5.00%	3,130
					19,135
		Term Bonds			
2016	4.75%	$ 3,290	2021	5.00%	$ 4,175
2017	4.75%	3,445	2022	5.00%	4,385
2018	5.00%	3,605	2023	5.00%	4,605
2019	5.00%	3,790	2024	5.00%	4,835
2020	5.00%	3,975	2025	5.00%	5,075
			2026	5.00%	5,330
					46,510
Total par value of 1998 Port District Project Bonds outstanding					65,645
Less unamortized bond discount					(360)
Total 1998 Port District Project Bonds, net					$ 65,285

The 1998 Port District Project Bonds are subject to redemption prior to maturity on or after January 1, 2008, in whole at any time, or in part at any time and from time to time in any order of maturity as specified by the Authority, in any principal amount within a maturity as specified by the Authority, and within a maturity as selected by the Trustee by lot at the respective redemption prices expressed as percentages of the principal amount of such Port District Project Bonds or portions thereof to be redeemed as set forth below, together with accrued interest to the redemption date:

Optional Redemption Dates (Inclusive)	Redemption Price Port District Project Bonds
January 1, 2009 and thereafter	100.00%

1999 Revenue Bonds - On December 22, 1999, the Authority issued $422,310 of Revenue Bonds of 1999 to provide funds, together with other funds available, (i) to finance, refinance or reimburse a portion of the costs of certain capital projects undertaken or to be undertaken by the Authority, (ii) to fund a portion of the interest on the 1999 Revenue Bonds during the period of construction and acquisition of the aforesaid projects, (iii) to fund the Debt Service Reserve Requirement for the 1999 Revenue Bonds, and (iv) to pay the costs of issuance of the 1999 Revenue Bonds.

The 1999 Revenue Bonds, together with the Authority's Revenue Refunding Bonds, Series A of 1998 and Series B of 1998 (the "1998 Revenue Bonds") and any parity obligations hereafter issued under the 1998 Revenue Bond Indenture, are equally and ratably payable solely from and secured by a lien on and security interest in (i) the amounts on deposit in the 1995 General Fund established under the Indenture of Trust dated as of November 15, 1995, as supplemented as of November 15, 1995 (collectively, the "1995 Revenue Bond Indenture"), (ii) the amounts on deposit in the Funds established under the 1998 Revenue Bond Indenture, except for the 1998 General Fund and the 1998 Rebate Fund. So long as the Authority's Revenue Bonds, Series of 1995 (the "1995 Revenue Bonds") remain outstanding, the 1999 Revenue Bonds will not be secured by any lien on or security interest in the Net Revenues of the Authority.

The 1999 Revenue Bonds outstanding at December 31, 2008 are as follows:

Maturity Date (January 1)	Interest Rate / Yield	Principal Amount	Maturity Date (January 1)	Interest Rate / Yield	Principal Amount
		Serial Bonds			
2010	5.50%	$ 10,385	2014	5.40%	$ 5,000
2010	5.10%	5,000	2015	5.75%	20,145
2011	5.50%	16,230	2016	5.75%	16,300
2012	5.50%	12,110	2016	5.63%	5,000
2012	5.25%	5,000	2017	6.00%	22,525
2013	5.63%	18,055	2018	6.00%	18,865
2014	5.75%	14,050	2018	5.75%	5,000
			2019	6.00%	25,295
					198,960
		Term Bonds			
2020	5.75%	$ 26,810	2023	5.75%	$ 31,710
2021	5.75%	28,355	2024	5.75%	33,530
2022	5.75%	29,985	2025	5.75%	35,460
			2026	5.75%	37,500
					223,350
Total par value of 1999 Revenue Bonds					422,310
Less unamortized bond discount					(533)
Total 1999 Revenue Bonds, net					$ 421,777

Optional Redemption **-** The 1999 Revenue Bonds are subject to redemption prior to maturity at the option of the Authority on or after January 1, 2010, in whole at any time or in part at any time and from time to time in any order of maturity as specified by the Authority, in any principal amount which is an integral multiple of $5 as specified by the Authority, and within a maturity as allocated by the Trustee or by lot (and, if 1999 Revenue Bonds of a maturity bear interest at different rates, as allocated by the Trustee or by lot among 1999 Revenue Bonds of the interest rate or rates specified by the Authority) at a redemption price equal to 100% of the principal amount of such 1999 Revenue Bonds or portions thereof to be redeemed, together with accrued interest to the redemption date.

1999 Port District Project Bonds **-** On December 22, 1999, the Authority issued $272,095 to provide funds to finance (a) all or a portion of the cost of certain port improvement and economic development projects within the Port District, (b) a deposit of cash or a Reserve Fund Credit Facility to the credit of the Debt Service Reserve Fund established under the 1999 Port District Project Bond Indenture, and (c) all or a portion of the costs and expenses of the Authority relating to the issuance and sale of the 1999 Port District Project Bonds.

The 1999 Port District Project Bonds are general corporate obligations of the Authority. The 1999 Port District Project Bonds are not secured by a lien or charge on, or pledge of, any revenues or other assets of the Authority other than the monies, if any, on deposit from time to time in the Funds established under the 1999 Port District Project Bond Indenture. No tolls, rents, rates or other such charges are pledged for the benefit of the 1999 Port District Project Bonds. The 1999 Port District Project Bonds are equally and ratably secured by the funds on deposit in the Funds established under the 1999 Port District Project Bond Indenture, except for the Rebate Fund. The 1999 Port District Project Bonds are payable from such Funds and from other monies of the Authority legally available.

The 1999 Port District Project Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity as more fully described herein.

The scheduled payment of principal and interest on the 1999 Port District Project Bonds when due are guaranteed under an insurance policy issued concurrently with the delivery of the 1999 Port District Project Bonds by Financial Security Assurance Inc.

The 1999 Port District Project Bonds outstanding at December 31, 2008 are as follows:

Maturity Date (January 1)	**Interest Rate / Yield**	**Principal Amount**	**Maturity Date (January 1)**	**Interest Rate / Yield**	**Principal Amount**
		Series A Bonds			
			2011	7.46%	$ 2,740
2009	7.37%	$ 2,380	2012	7.50%	2,950
2010	7.42%	2,555	2013	7.54%	3,170
					13,795
		Term Bonds			
2014	7.63%	$ 3,405	2018	7.63%	$ 4,570
2015	7.63%	3,665	2019	7.63%	4,920
2016	7.63%	3,945	2020	7.63%	5,295
2017	7.63%	4,245	2021	7.63%	1,035
					31,080

Maturity Date (January 1)	**Interest Rate / Yield**	**Principal Amount**	**Maturity Date (January 1)**	**Interest Rate / Yield**	**Principal Amount**
		Series B Bonds			
2021	5.70%	$ 13,060	2022	5.70%	$ 16,930
			2023	5.70%	17,895
					47,885
		Term Bonds			
2024	5.63%	$ 18,915	2025	5.63%	$ 19,980
			2026	5.63%	21,100
					59,995
Total par value of 1999 Port District Project Bonds					152,755
Less unamortized bond discount					(2,240)
Total 1999 Port District Project Bonds, net					$ 150,515

Optional Redemption - The Series A Port District Project Bonds are redeemable by the Authority on any interest payment date in whole or in part, and if in part, in any order of maturity specified by the Authority and in any principal amount within a maturity as specified by the Authority. Any such redemption shall be made at a redemption price equal to accrued interest to the redemption date plus the greater of: (i) the principal amount of the Series A Port District Project Bonds to be redeemed, and (ii) an amount equal to the discounted remaining fixed amount payments applicable to the Series A Port District Project Bonds to be redeemed. Allocation of the amounts of Series A Port District Project Bonds to be redeemed shall be proportionate nearly as reasonably possible having due regard for minimum authorized denominations of the 1999 Port District Project Bonds among the respective interest of the holders of the Series A Port District Project Bonds to be redeemed at the time of selection of such Series A Port District Project Bonds for redemption.

The Series B Port District Project Bonds shall be subject to redemption prior to maturity on or after January 1, 2010, in whole at any time, or in part at any time and from time to time in any order of maturity as specified by the Authority, in any principal amount within a maturity as specified by the Authority, and within a maturity as selected by the Trustee by lot at a redemption price equal to 100% of the principal amount of such Series B Port District Project Bonds or portions thereof to be redeemed, together with accrued interest to the redemption date.

2001 Port District Project Bonds - On December 27, 2001, the Authority issued $128,395 of Port District Project Refunding Bonds, Series A of 2001, and $31,180 Port District Project Bonds, Series B of 2001. The 2001 Port District Project Bonds are being issued to provide funds to finance (a) the current refunding of $100,500 of the Authority's Port District Project Bonds, Series A of 1999 (Federally Taxable), (b) all or a portion of the cost of certain port improvement and economic development projects within the Port District, (c) a deposit of cash to the credit of the Debt Service Reserve Fund established under the 2001 Port District Project Bond Indenture, and (d) all or a portion of the costs and expenses of the Authority relating to the issuance and sale of the 2001 Port District Project Bonds.

The 2001 Port District Project Bonds outstanding at December 31, 2008 are as follows:

Maturity Date (January 1)	Interest Rate / Yield	Principal Amount	Maturity Date (January 1)	Interest Rate / Yield	Principal Amount
		Series A Refunding Bonds (Federally Taxable)			
			2015	5.50%	$ 7,260
2009	5.25%	$ 4,350	2016	5.50%	7,660
2009	5.00%	1,000	2017	5.50%	8,080
2010	5.50%	2,625	2018	5.50%	8,525
2010	5.25%	3,000	2019	5.10%	8,995
2011	5.25%	5,935	2020	5.10%	9,450
2012	5.25%	6,255	2021	5.10%	1,580
2013	5.50%	5,570	2022	5.13%	1,300
2014	5.50%	6,880	2023	5.15%	1,300
					$ 89,765
		Term Bonds			
2024	5.20%	$ 1,300	2026	5.20%	$ 1,300
2025	5.20%	1,300	2027	5.20%	12,900
					16,800
Total par value of Series A Refunding Bonds					106,565
Plus unamortized bond premium					2,124
Total 2001 Series A Refunding Bonds, net					$ 108,689

Maturity Date (January 1)	Interest Rate / Yield	Principal Amount	Maturity Date (January 1)	Interest Rate / Yield	Principal Amount
		Series B Refunding Bonds			
			2016	5.00%	$ 1,400
2009	4.35%	$ 1,020	2017	5.00%	1,470
2010	4.45%	1,065	2018	5.00%	1,540
2011	4.50%	1,115	2019	5.10%	1,620
2012	4.60%	1,165	2020	5.10%	1,700
2013	4.63%	1,215	2021	5.10%	1,785
2014	4.75%	1,270	2022	5.13%	1,880
2015	4.85%	1,335	2023	5.15%	1,975
					$ 21,555
		Term Bonds			
2024	5.20%	$ 2,075	2025	5.20%	$ 2,185
					4,260
Total par value of Series B Bonds					25,815
Less unamortized bond discount					(260)
Total 2001Series B Bonds, net					25,555
Total 2001Port District Project Bonds, net					$ 134,244

The 2001 Port District Project Bonds are general corporate obligations of the Authority. The 2001 Port District Project Bonds are not secured by a lien or charge on, or pledge of, any revenues or other assets of the Authority other than the monies, if any, on deposit from time to time in the Funds established under the 2001 Port District Project Bond Indenture. No tolls, rents, rates or other such charges are pledged for the benefit of the 2001 Port District Project Bonds.

Optional Redemption - The Series A Port District Project Refunding Bonds maturing on or after January 1, 2013 are subject to redemption prior to maturity at the option of the Authority on or after January 1, 2012, in whole at any time, or in part at any time and from time to time, in any order of maturity as specified by the Authority and within a maturity as selected by the Trustee by lot, at a redemption price equal to 100% of the principal amount of such Series A Port District Project Bonds or portions thereof to be redeemed, together with accrued interest to the redemption date.

2008 Revenue Refunding Bonds - On July 25, 2008, the Authority issued $358,175 in variable rate Revenue Refunding Bonds. The 2008 Refunding Revenue Bonds were issued to provide funds, together with other funds available: (a) to finance the current refunding of $358,175 aggregate principal amount of the Authority's Revenue Refunding Bonds, Series of 2007, constituting all of the outstanding bonds of such series; and (b) to pay the costs of issuance of the 2008 Revenue Refunding Bonds.

The 2008 Revenue Refunding Bonds were issued pursuant to the Compact, the New Jersey Act, the Pennsylvania Act (as such terms are defined herein) and an Indenture of Trust dated as of July 1, 1998, by and between the Authority and TD Bank, N.A, Cherry Hill, New Jersey, as successor to Commerce Bank, National Association (the "Trustee"), as supplemented by a First Supplemental Indenture dated as of July 1, 1998, a Second Supplemental Indenture dated as of August 15, 1998, a Third Supplemental Indenture dated as of December 1, 1999, a Fourth Supplemental Indenture dated as of October 1, 2007 and a Fifth Supplemental Indenture dated as of July 15, 2008 (the "Fifth Supplemental Indenture") (collectively, the "1998 Revenue Bond Indenture").

The 2008 Revenue Refunding Bonds, together with all other indebtedness outstanding under the 1998 Revenue Bond Indenture and any parity obligations hereafter issued under the 1998 Revenue Bond Indenture, are equally and ratably payable solely from and secured by a lien on and security interest in (i) the Net Revenues described herein, (ii) all moneys, instruments and securities at any time and from time to time held by the Authority or the Trustee in any Fund created or established under the

1998 Revenue Bond Indenture and (iii) the proceeds of all the foregoing, except for the moneys, instruments and securities held in the 1998 General Fund and the 1998 Rebate Fund. The 2008A Letter of Credit (as defined herein) secures only the 2008A Revenue Refunding Bonds and the 2008B Letter of Credit (as defined herein) secures only the 2008B Revenue Refunding Bonds.

The 2008 Revenue Refunding Bonds outstanding at December 31, 2008 are as follows:

Series A			Series B		
Maturity Date (January 1)	**Interest Rate / Yield**	**Principal Amount**	**Maturity Date (January 1)**	**Interest Rate / Yield**	**Principal Amount**
2026	Variable	$ 169,660	2026	Variable	$ 188,515
Total par value of 2008 Revenue Refunding Bonds					358,175
Less unamortized bond discount					(9,372)
Total 2008 Revenue Refunding Bonds, net					$ 348,803

Interest Rate Mode: Weekly

Rate Determination Date: Generally each Wednesday

Interest Payment Dates: First Business Day of each month

Optional Redemption - While in the Weekly Mode, the 2008A Revenue Refunding Bonds are subject to optional redemption by the Authority, in whole or in part, in Authorized Denominations on any Business Day, at redemption price equal to the principal amount thereof, plus accrued interest, if any, to the Redemption Date. While in the Weekly Mode, the 2008B Revenue Refunding Bonds are subject to optional redemption by the Authority, in whole or in part, in Authorized Denominations on any Business Day, at a redemption price equal to the principal amount thereof, plus accrued interest, if any, to the Redemption Date.

Sinking Fund Redemption - The 2008 Revenue Refunding Bonds are subject to mandatory redemption in part on January 1 of each year and in the respective principal amounts set forth below at one hundred percent (100%) of the principal amount of 2008 Revenue Refunding Bonds to be redeemed, plus interest accrued to the Redemption Date, from funds which the Authority covenants to deposit in the 2008A Bonds Sinking Fund Account created in the 1998 Debt Service Fund established pursuant to 1998 Revenue Bond Indenture, in amounts sufficient to redeem on January 1 of each year the principal amount of such 2008 Revenue Refunding Bonds for each of the years set forth below:

Sinking Fund Installments

January 1	Series A	Series B	Total
2009	$ 10	$ 10	$ 20
2010	5,250	5,835	11,085
2011	5,535	6,155	11,690
2012	7,115	7,910	15,025
2013	7,505	8,340	15,845
2014	7,915	8,795	16,710
2015	8,345	9,275	17,620
2016	8,800	9,775	18,575
2017	9,280	10,310	19,590
2018	9,785	10,870	20,655
2019	10,315	11,465	21,780
2020	10,880	12,090	22,970
2021	11,475	12,745	24,220
2022	12,100	13,440	25,540
2023	12,755	14,175	26,930
2024	13,455	14,945	28,400
2025	14,185	15,760	29,945
2026	14,955	16,620	31,575
	$169,660	$188,515	$358,175

The following recapitulates the principal and interest due on all bonds outstanding as of December 31, 2008:

Year Ending December 31,	Principal	Interest	Total
2009	$ 33,930	$ 46,637	$ 80,567
2010	40,445	47,373	87,818
2011	42,675	45,627	88,302
2012	45,225	43,810	89,035
2013	46,700	41,969	88,669
2014-2018	281,745	176,935	458,680
2019-2023	375,245	108,235	483,480
2024-2027	292,705	23,709	316,414
	1,158,670	$ 534,295	$ 1,692,965
Net unamortized bond discounts, premiums, and loss on defeasance	(11,135)		
	$ 1,147,535		

Interest on the 1995, 1998, 1999, and 2001 Bonds is payable semi-annually on January 1 and July 1 in each year. Interest on the 2008 Revenue Refunding Bonds is payable monthly on the first business day of each month. Interest expense includes interest on the bonds and amortization of bond discounts and loss on defeasance.

Total funded debt and long-term debt as of December 31, 2008 totaled $1,147,535, of which $33,930 is short term and $1,113,605 is long term. The Authority is current on all of its monthly debt service payments on all obligations.

Debt Authorized but not Issued - On October 15, 2008, the Authority's Board approved the issuance of new revenue bonds to fund a portion of the Authority's 5-year capital program. The Board authorized the issuance of these bonds, which are supported by new toll revenues, in an amount "not-to-exceed" $510,000.

Also, at its December meeting, the Authority's Board approved a resolution authorizing the Authority to reimburse its General Fund for capital expenditures made sixty (60) days prior to the Board's action date. Expenditures subsequent to December 10, 2008 are also eligible for reimbursement.

Bond Ratings - *Moody's Investors Service, Inc. Ratings* - In September 2007, concurrent with the issuance of the 2007 Revenue Refunding Bonds, Moody's affirmed the Authority's existing underlying ratings on all revenue and port district project bonds (which were A3 and Baa3, respectively) and assigned a rating of A3 to the 2007 Revenue Refunding Bonds. In addition, Moody's revised its outlook on the Authority's bonds to "stable."

Concurrent with its issuance of $358 million in Revenue Refunding Bonds on July 9, 2008, Moody's assigned an A3 rating to the new issue, with a "stable outlook." Moody's also affirmed the A3 ratings on all outstanding revenue bond debt issued under the 1998 Indenture, and its Baa3 ratings on all existing port district project bonds.

As of December 31, 2008, the Authority's underlying revenue bonds ratings remained at A3, while its port district project bonds remained at Baa3.

Standard & Poors, Inc. Ratings - On October 2, 2007, concurrent with the issuance of the 2007 Revenue Refunding Bonds, S&P affirmed the Authority's existing underlying BBB+ ratings on all revenue bonds and assigned a rating of BBB+ to the 2007 Revenue Refunding Bonds. S&P also affirmed its BBB- underlying ratings on all port district project bonds and revised its outlook on the Authority's bonds to "stable from negative."

On July 8, 2008, concurrent with the issuance of the 2008 Revenue Refunding Bonds described herein, S&P assigned its BBB+ rating to the new bonds. S&P also affirmed its BBB+ underlying ratings on all outstanding revenue bonds and revised its outlook on these bonds from "stable" to "positive." S&P also affirmed its BBB- ratings on all Port District Project Bonds, which carry a "stable" outlook.

As of December 31, 2008, the Authority's underlying revenue bonds ratings remained at BBB+, while its underlying port district project bonds ratings remained at BBB-.

Ratings on Jointly Supported Transactions - Moody's Investors Service ("Moody's") and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P"), assigned their municipal bond ratings to the 2008 Revenue Refunding Bonds as set forth in the following chart based upon the understanding that upon delivery of the 2008A Revenue Refunding Bonds or 2008B Revenue Refunding Bonds, the respective Letter of Credit securing the payment when due of the principal of, or purchase price of 2008A Revenue Refunding Bonds or 2008B Revenue Refunding Bonds tendered for purchase and not otherwise remarketed and interest on the 2008A Revenue Refunding Bonds or 2008B Revenue Refunding Bonds will be delivered by Bank of America, N.A. and TD Bank, N.A., respectively.

		Long-term	Short-term
2008A Revenue Refunding Bonds	Moody's:	Aaa	VMIG 1
	S&P:	AA+	A-1+
2008B Revenue Refunding Bonds	Moody's:	Aaa	VMIG 1
	S&P:	AA-	A-1+

The long-term ratings assigned by Moody's and S&P reflect each organization's approach to rating jointly supported transactions and are based upon the Direct Pay Letters of Credit provided by Bank of America, N.A for the 2008A Revenue Refunding Bonds and TD Bank, N.A. for the 2008B Revenue Refunding Bonds. Since a loss to a bondholder of a 2008A Revenue Refunding Bond or a 2008B Revenue Refunding Bond would occur only if both the bank providing the applicable Letter of Credit and the Authority default in payment, Moody's and S&P have assigned a long-term rating to the 2008 Revenue Refunding Bonds based upon the joint probability of default by both applicable parties. In determining the joint probability of default, Moody's considers the level of correlation between the bank providing the applicable Letter of Credit and the Authority. Moody's has determined that there is a low level of correlation between the bank providing the applicable Letter of Credit and the Authority. Given this correlation, Moody's believes the joint probability of default results in credit risk consistent with a Aaa rating for the 2008 Revenue Refunding Bonds.

No provider of a Letter of Credit is obligated to maintain its present or any other credit rating and shall have no liability if any such credit rating is lowered, withdrawn, or suspended.

13. DEFEASANCE OF DEBT

On October 4, 2007, the Authority issued 2007 Revenue Refunding Bonds at par value in the amount of $358,195 with a variable interest rate to finance the current refunding of $357,185 aggregate principal amount of the Authority's Revenue Bonds, Series of 1995, with interest rates ranging from 5.30% to 5.50%. The Revenue Bonds, Series of 1995, mature on January 1, 2026 and were callable during 2007 at 101.00% and at par as of January 1, 2008.

In addition, on July 25, 2008, the Authority issued the 2008 Revenue Refunding Bonds at par value in the amount of $358,175 with a variable interest rate to finance the current refunding of the Authority's 2007 Revenue Refunding Bonds, with a par value of $358,175 and a variable interest rate. The Authority issued the 2008 Revenue Refunding Bonds (as variable rate demand bonds) in response to sharply higher interest rates and instability in the auction rate securities market. The 2007 Revenue Refunding Bonds mature on January 1, 2026 and were callable during 2008 at 100% and at par as of January 1, 2008.

As a result of the current refunding of the 2007 Revenue Refunding Bonds, the Authority incurred a loss on defeasance of $9,564, which has been recorded as a contra-asset account against the noncurrent liability of bonded debt, and is being amortized as a component of interest expense over the life of the newly issued, refunding debt.

14. CONDUIT DEBT OBLIGATIONS

The Authority is authorized to plan, finance, develop, acquire, construct, purchase, lease, maintain, market, improve and operate any project within the Port District including, but not limited to, any terminal, terminal facility, transportation facility, or any other facility of commerce or economic development activity, from funds available after appropriate allocation for maintenance of bridge and other capital facilities. Utilizing this authorization, the Authority has issued certain debt bearing its name to lower the cost of borrowing for specific governmental entities. This debt is commonly referred to as conduit (or non-commitment) debt. Typically, the debt proceeds are used to finance facilities within the Authority's jurisdiction that are transferred to the third party either by lease or by sale. The underlying lease or mortgage loan agreement, which serves as collateral for the promise of payments by the third party, calls for payments that are essentially the same as those required by the debt. These payments are made by the third-party directly to an independent trustee, who is appointed to service and administer the arrangement. The Authority assumes no responsibility for repayment of this debt beyond the resources provided by the underlying leases or mortgage loans.

As of December 31, 2008, there was one series of Charter School Project Bonds outstanding, issued for the LEAP Academy Charter School, Inc. The corresponding aggregate principal totaling $8,500 is treated strictly as conduit debt obligations under Interpretation No. 2 of the Governmental Accounting Standards Board (GASB) and accordingly is not included in the financial statements. The following schedule details the series together with the amount outstanding:

Issue	Issue Date	Issued Amount	Beginning Balance	Issued	Paid	Ending Balance
Charter School Project Bonds, Series 2003	09/01/03	$ 8,500	$ 8,500	-	$ 680	$ 7,820

15. GOVERNMENT CONTRIBUTIONS FOR CAPITAL IMPROVEMENTS, ADDITIONS AND OTHER PROJECTS

The Authority receives contributions in aid for financing capital improvements to the rapid transit system from the Federal Transit Administration and New Jersey Transit. Capital improvement grant funds of $14,417 and $10,024 were received in 2008 and 2007, respectively. The Authority receives federal and state grants for specific construction purposes that are subject to review and audit by the grantor agencies. Although such audits could result in disallowances under terms of the grants, it is the opinion of management that any required reimbursements will not be material to the Authority's net assets.

16. CONTINGENCIES

Public liability claim exposures are self-insured by the Authority within its retention limit of $5 million per occurrence, after which, exists $20 million of excess liability insurance per occurrence to respond to any large losses exceeding the retention. The Authority, excluding PATCO, self-insures the initial $1 million, per occurrence, for workers' compensation claims, after which $5 million of excess workers' compensation insurance is retained to respond to significant claims. PATCO is completely self-insured for workers' compensation claims.

The Authority is involved in various actions arising in the ordinary course of business and from workers' compensation claims. In the opinion of management, the ultimate outcome of these actions will not have a material adverse effect on the Authority's combined financial position and combined results of operations.

The Authority reviews annually and where appropriate adjusts policy loss limits and deductibles as recommended by our insurance consultants in response to prevailing market conditions, loss experience, and revenues. Policy loss limits are established with the professional assistance of independent insurance and engineering consultants to ensure that sufficient coverage exists to accommodate the maximum probable loss that may result in the ordinary course of business. In addition, the amounts of settlements for the last three years have not exceeded the insurance coverage provided in those years.

Self-insurance

	2008	2007
Beginning balance	$ 4,761	$ 5,187
Incurred claims	3,900	1,538
Payment of claims	(3,650)	(2,129)
Other - administrative fees, recoveries	75	165
Ending balance	$ 5,086	$ 4,761

17. COMMITMENTS

A. Development Projects **-** In accordance with the economic development powers and responsibilities granted to the Authority by its amended compact, the Board of Commissioners authorized the Authority to participate in the funding of certain projects or activities of various organizations in support of regional economic development. The funding of these projects is provided through loans, grants or other means. The Authority formalizes its participation with these organizations by written agreement, and may retain a legal or equitable interest in certain projects. The Authority has established a loss reserve in the amount of $1,345 for its economic development loans outstanding.

In support of various economic development projects, the Authority has entered into loan guarantees with various banks to complete the financing aspects of a particular project. The Authority's Board has authorized loan guarantees in an amount not to exceed $27,000. As of December 31, 2008, the Authority has executed loan guarantees with various banks, totaling $25,000, including a $3,500 loan guarantee with FastShip, which was extended by the Authority's Board in August 2008, for up to three, one-year periods including the current extension. Other large loan guarantees include: L3 Communications ($10.0 million), World Trade Center ($8.0 million), and the Home Port Alliance ($1.0 million). These guarantees all remain in force; however, the Authority has made no cash outlays relating to these guarantees.

B. Leases - The Authority currently leases certain subway properties from the City of Philadelphia (City) for use by the PATCO high-speed transit system. During 1995, the Authority and City agreed to amend and extend the lease agreement, which will now expire on December 21, 2050. For the lease years 1998 through 2000, the Authority was required to pay $1,000 in base rent to the City and $6,000 annually in Special Economic and Community Development Grants (SECD Grants) to the City. In 2008, the base rent payable to the City totaled $2,880 as adjusted for the cumulative increases in the Consumer Price Index (CPI) between 1998 and 2007. Base rent payments for 2009 through 2017 shall equal the previous year's base rent adjusted by any increase in the CPI for that year. For the years 2018 through 2050, annual base rent shall equal one dollar. No SECD Grants are payable to the City for the lease years 2001 through 2050.

In addition, for the duration of the lease the Authority is required to annually create a PATCO Community Impact Fund in the amount of $500, with payment of such fund to be divided annually between communities within the Commonwealth and the State, based on PATCO track miles in the respective states. The significant minimum lease commitments, based on current operations and including future adjustments for CPI, are as follows:

Year	Amount
2009	$ 3,495
2010	3,769
2011	3,862
2012	3,958
2013	4,057

C. Americans with Disabilities Act (ADA) - In July 1990, the ADA was enacted to ensure that persons with disabilities have access to public accommodations. The Authority has made all key transit system stations accessible and is in compliance with the significant provisions of the law. Under a separate voluntary compliance agreement with the Federal Transit Administration, the Authority brought the transit public address system into full compliance at year-end 1999.

D. Letters of Credit **-** In May 2008, the Authority entered into two new separate irrevocable standby Letter of Credits with TD Bank, N.A. (formerly Commerce Bank) and Wachovia Bank in support of the Authority's "Owner Controlled Insurance Program (OCIP)." Under this program, the Authority purchased coverage for all contractors working on major construction projects.

The Letter of Credit with Wachovia Bank is for a four-year term in the amount of $5,000 with an expiration date of May 7, 2011. The Letter of Credit with TD Bank, N.A. (formerly Commerce Bank) is in an initial amount of $3,015 and automatically increases annually each May in the amount of $816 until its expires on May 7, 2011.

As of December 31, 2008, the unused amount of the Letter of Credits totaled $8,015. No draw downs have been made against any Letter of Credit.

Direct Pay Letters of Credit (2008 Revenue Refunding Bonds)

The Authority's 2008 Revenue Refunding Bonds (Series A and B), are secured by irrevocable transferable Direct Pay Letters of Credit (DPLOC) issued by two credit providers, the Bank of America, N.A. and TD Bank, N.A, in the amounts of $172.6 million and $191.8 million, respectively. The Authority entered into separate Reimbursement Agreements with each credit provider to facilitate the issuance of said DPLOCs.

Each Letter of Credit is in an original stated amount which is sufficient to pay the unpaid principal amount of and up to fifty-three (53) days' of accrued interest (at a maximum interest rate of 12%) on the related 2008A Revenue Refunding Bonds or 2008B Revenue Refunding Bonds, when due, and the Purchase Price of the 2008A Revenue Refunding Bonds or the 2008B Revenue Refunding Bonds tendered or deemed tendered for purchase and not remarketed. The Credit Provider for the 2008A Revenue Refunding Bonds is only responsible for payments with respect to the 2008A Revenue Refunding Bonds for which the 2008A Letter of Credit was issued and the Credit Provider for the 2008B Revenue Refunding Bonds is only responsible for payments with respect to the 2008B Revenue Refunding Bonds for which the 2008B Letter of Credit was issued. The 2008A Letter of Credit and the 2008B Letter of Credit will each expire on July 23, 2010, unless extended or sooner terminated in accordance with their respective terms.

As described in the Official Statement for the 2008 Revenue Refunding Bonds, "any draw under a Letter of Credit for principal, interest or Purchase Price creates a reimbursement obligation on the part of the Authority that is secured the 1998 Revenue Bond Indenture on a parity basis with the 2008 Revenue Refunding Bonds." (Additional information related to this transaction and the accompanying Letters of Credit can be found under Note 12).

E. Contractual Commitments - As of December 31, 2008, the Authority had contractual commitments as follows (in thousands):

	Total
Benjamin Franklin Bridge:	
Anchorage door replacement	$973
Part time & temporary toll collectors	1,964
Bridge painting - Phase 5	12,157
Main suspension inspection and design	412
Engineering services - task orders	2,945
Other	2,510
Walt Whitman Bridge:	
Bridge inspection	128
Deck condition assessment and design	2,806
Bridge painting	781
Engineering services - suspension cable and rope investigation	661
Commodore Barry Bridge:	
Bridge inspection	234
Fender replacement	631
Administration building air handler	439
Deck joint replacement	781
Betsy Ross Bridge:	
Bridge inspection	130
PATCO System:	
PATCO interlocking & roadbed rehabilitation	2,639
Fare collection system	1,260
Power cable and pole line replacement	1,001
Design services - car overhaul	7,129
Rehab track structure on Collingswood viaduct	13,225
Smoke and fire subway tunnel improvements	1,732
Transit extension alternativ analysis	979
Station improvements	481
Other	714
Other:	
Delaware River tram & riverfront development	10,069
Port enhancement projects	109
Cruise terminal and ferry operations	275
	$67,165

18. NEW BRIDGE AND PATCO FARE SCHEDULES

At its monthly August 2008 commission meeting, the Authority's Board approved changes to the DRPA's bridge toll schedule and PATCO's passenger fare schedule. The increases were enacted to fund the Authority’s on-going 5-year $ 1.1 billion capital plan. (The Board Resolution includes language stating that no proceeds from toll schedule changes can be used for regional economic development purposes.)

Effective September 14, tolls for passenger cars increased from $3 to $4, with commercial truck pricing increasing by $1.50 /axle, across all commercial vehicle classes. The commuter discount was adjusted to provide commuters with a $12 discount for 18 trips during the month and the E-ZPass discount for commercial vehicles was eliminated. (The commuter discount will ultimately be phased out in 2010). Senior citizen discount program was restructured to include an increase of the toll from $1 to $2 for manual tolls. Senior citizens utilizing E-ZPass are subject to a $1.75 toll, a discount of $ 0.25 per trip. As of December 31, 2008, sale of the senior discount coupons were discontinued, although coupons can still be used.

The new toll schedule is shown below:

	Old Schedule	New Schedule	Increase
Class 1 - Motorcycle	$2.00	$4.00	$2.00
Class 2 - Automobile	3.00	4.00	1.00
Class 3 - Two Axle Trucks	9.00	12.00	3.00
Class 4 - Three Axle Trucks	13.50	18.00	4.50
Class 5 - Four Axle Trucks	18.00	24.00	6.00
Class 6 - Five Axle Trucks	22.50	30.00	7.50
Class 7 - Six Axle Trucks	27.00	36.00	9.00
Class 8 - Bus	4.50	6.00	1.50
Class 9 - Bus	6.75	9.00	2.25
Class 10 - Senior Citizen (With 2 Tickets Only)	1.00	2.00	1.00
Class 13 - Auto w/trailer (1 axle)	5.25	6.00	0.75

In addition, effective September 14th, PATCO's passenger fares increased by 10% across all zones. The new fare schedule is shown below:

	Old Schedule	New Schedule	Increase
Lindenwold/Ashland/Woodcrest	$2.45	$2.70	$0.25
Haddonfield/West Haddonfield/Collingswood	2.15	2.35	0.20
Ferry Avenue	1.85	2.05	0.20
New Jersey	1.30	1.45	0.15
City Hall/Broadway/Philadelphia	1.15	1.25	0.10
Off-peak Reduced Fare Program	0.57	0.62	0.05

As noted above, PATCO has a federally mandated reduced off-peak fare program for "elderly persons and persons with disabilities." These off-peak rates increased from $0.57/trip to $0.62/trip.

19. SUBSEQUENT EVENTS

Use of General Fund Reserve for Capital Expenditures (2008/2009 Capital Plans) - As noted in "Management's Discussion & Analysis" the Authority began using its General Fund reserves to fund its capital expenditures beginning in October 2008. Through end of year 2008, these expenditures totaled $13.5 million. Through April 30, 2009, these reimbursable expenditures have now totaled $24.6 million. As authorized by the Authority's Board in its December meeting, General Fund reserves spent in support of the Authority's Capital Plans will be reimbursed from the proceeds of a future revenue bond issue.

UBS Swaptions - In November 2008, AMBAC was downgraded by Moody's. Pursuant to the 1999 Port District Project (PDP) Bonds interest hedge agreement, UBS AG, counterparty to the agreement, on December 17, 2008 mailed notices to the Authority ("Notice of Insurer Credit Event") asserting that an Insurer Credit Event had occurred on all of the swap/swaptions insured by AMBAC, including the 1999 Port District Project Bonds swap and also on the 1995 and 1999 Revenue Bond swaptions. After discussions with the Authority and its co-bond counsel, UBS rescinded/withdrew, "without prejudice", the aforementioned insurer downgrade notices sent to the Authority, in separate letters dated January 21, 2009.

The Authority's position is that no Insurer Credit Event had occurred with respect to the 1995 and 1999 Revenue bond swap/swaption, as the underlying ratings are at the "A3" level. Furthermore, it is the Authority's position, and also the position of AMBAC, that no Insurer Credit Event had occurred with respect to the 1999 PDP swaption, since AMBAC continues to maintain an "A" rating, from Standard & Poor's. AMBAC formally notified UBS of its objection to the notices sent to the Authority.

With respect to the swap and swaption tied to the senior debt (revenue bonds), the Authority has asserted that no insurer credit event had occurred, as its underlying bond ratings are sufficient. The Authority's ratings on these bonds are high enough that no insurer credit event can occur regardless of how AMBAC is rated. The issue was resolved when UBS AG withdrew its notices.

Ratings on "Jointly Supported Obligations" - In May 2009, the Authority was advised that Standard & Poor's Ratings Services has updated its methodology and assumptions for rating "jointly supported obligations" when each obligor is fully responsible for the entire obligation. In this situation, a default on the obligation would occur only if both obligors default. As a result, in its report dated April 22, 2009 ("List of U.S. Public Finance Ratings Placed on CreditWatch Positive As A Result of Joint-Supported Criteria Update"), S&P changed its ratings on the 2008 Revenue Refunding Bonds (Series A), supported by a Letter of Credit by Bank of America, N.A., from AA+/A-1+ to A+/A-1. (The ratings on the Series B Revenue Refunding Bonds were not changed.)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR HEALTH BENEFITS PLAN
(In thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
01/01/07	-	$ 146,638	$ 146,638	-	$ 53,695	273.1%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION:

Other Postemployment Benefits

The information presented in the required supplementary schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation is as follows:

Valuation Date	January 1, 2007
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level dollar amount using open 30-year period
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate	5%
Rate of Salary Increases	4%
Rate of Medical and Prescription Inflation	10% grading to 5% in 2013 and later

For determining the annual required contribution (ARC), the rate of employer contributions to the Plan is composed of the normal cost plus amortization of the unfunded actuarial accrued liability (UAAL), multiplied by the sum of 1 plus the discount rate, or 1.05. The normal cost is a portion of the actuarial present value of plan benefits and expenses which is allocated to a valuation year by the actuarial cost method. The actuarial accrued liability (AAL) is that portion of the present value of projected benefits that will not be paid by future employer normal costs. The difference between this liability and the funds accumulated as of the same date is the unfunded actuarial liability (UAL).

COMBINED SUPPLEMENTAL SCHEDULE OF NET ASSET INFORMATION BY FUND
December 31, 2008 (In Thousands)

	Capital Fund	Revenue Fund	Maint. Reserve Fund	General Fund	Combined Bond Funds	Combined Project Funds	2008 Total
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents		$ 3,272		$ 2,078			$ 5,350
Investments		1,380	$ 800	191,909			194,089
Accounts receivable (net of allowance for uncollectibles)		4,001		6,981			10,982
Accrued interest receivable				714			714
Transit system and storeroom inventories		386		5,842			6,228
Economic development loans - current				791			791
Prepaid Expenses		1,976		1,869			3,845
Restricted assets:							
Temporarily restricted:							
Cash and cash equivalents						$ 537	537
Investments		12,740	3,000		$ 166,465	103,949	286,154
Accrued interest receivable						4	4
Total current assets	-	23,755	3,800	210,184	166,465	104,490	508,694
NONCURRENT ASSETS:							
Capital assets (net of accumulated depreciation):							
Land	76,300			25			76,325
Construction in progress	81,556						81,556
Bridges, related buildings and equipment	631,628						631,628
Transit property and equipment	240,654						240,654
Port enhancements	15,669			75			15,744
Total capital assets	1,045,807	-	-	100	-	-	1,045,907
Other:							
Economic development loans (net of allowance for uncollectibles)				22,642			22,642
Deferred charges:							
Debt issuance costs (net of amortization)	9,915			31,461			41,376
Total other assets	9,915	-	-	54,103	-	-	64,018
Total noncurrent assets	1,055,722	-	-	54,203	-	-	1,109,925
Total assets	$ 1,055,722	$ 23,755	$ 3,800	$ 264,387	$ 166,465	$ 104,490	$ 1,618,619

COMBINED SUPPLEMENTAL SCHEDULE OF NET ASSET INFORMATION BY FUND
December 31, 2008 (In Thousands)

	Capital Fund	Revenue Fund	Maint. Reserve Fund	General Fund	Combined Bond Funds	Combined Project Funds	Total
LIABILITIES							
CURRENT LIABILITIES:							
Accounts payable:							
Retained amounts on contracts		$ 109		$ 3,853			$ 3,962
Other		4,390		6,975			11,365
Accrued liabilities:							
Pension		291		292			583
Sick and vacation leave benefits		2,138		1,304			3,442
Other		446		202			648
Deferred revenue		162		2,400			2,562
Liabilities payable from restricted assets:							
Accrued interest payable					$ 23,100	-	23,100
Bonds payable - current					33,930		33,930
Total current liabilities	-	7,536	-	15,026	57,030	-	79,592
NONCURRENT LIABILITIES:							
Accrued liabilities:							
Repainting		55,882					55,882
Self-insurance		4,023		1,063			5,086
Sick and vacation leave benefits		713		435			1,148
Other (GASB 45 Liability)		12,439		7,250			19,689
Deferred Revenue		8,285		653			8,938
Bonds and loans (net of unamortized discount/premium)	$ 774,676			280,430		$ 58,499	1,113,605
Total noncurrent liabilities	774,676	81,342	-	289,831	-	58,499	1,204,348
Total liabilities	$ 774,676	$ 88,878	-	$ 304,857	$ 57,030	$ 58,499	$ 1,283,940
NET ASSETS							
Invested in capital assets, net of related debt	$ 281,046			$ 100			$ 281,146
Restricted for:							
Debt requirements		$ 12,740	$ 3,000		$ 86,119		101,859
Port projects						45,991	45,991
Unrestricted (deficit)		(77,863)	800	(40,570)	23,316		(94,317)
Total net assets	$ 281,046	$ (65,123)	$ 3,800	$ (40,470)	$ 109,435	$ 45,991	$ 334,679

COMBINED SUPPLEMENTAL SCHEDULE OF CHANGES IN FUND NET ASSETS INFORMATION BY FUND
December 31, 2008 (In Thousands)

	Capital Fund	Revenue Fund	Maint. Reserve Fund	General Fund	Combined Bond Funds	Combined Project Funds	Total
Net assets (deficit), January 1	$ 245,075	$ (60,799)	$ 3,644	$ (43,233)	$ 112,018	$ 73,294	$ 329,999
Revenues and expenses:							
Operating revenues		214,670		24,313			238,983
Operating expenses	(45,486)	(52,035)		(53,307)			(150,828)
General administration expenses		(34,480)			(494)		(34,974)
Investment earnings	370	621	156	8,087	5,232	3,126	17,592
Interest expense	(1,872)			(984)	(72,798)		(75,654)
Economic development activities				(3,960)			(3,960)
Other nonoperating revenues (expenses)	162			(1,058)			(896)
Total revenues and expenses	(46,826)	128,776	156	(26,909)	(68,060)	3,126	(9,737)
Government contributions for capital improvements, additions and other projects	-	6	-	14,411	-	-	14,417
Interfund transfers and payments:							
Bond service		(68,332)		(32,339)	100,671		
Funds in excess on bond reserve requirement							
Funds free and clear of any lien or pledge		(63,530)		63,530			
Retirement of bonds	22,815			11,115	(33,930)		
Funds for permitted capital expenditures				31,139		(31,139)	
Funds for permitted port projects							
Net equity from 2001 port district bonds					(710)	710	
Net equity from 2007 port district bonds							
Capital additions	58,498			(58,498)			
Interfund transfers	1,484	(1,244)		314	(554)		
Total interfund transfers and payments	82,797	(133,106)	-	15,261	65,477	(30,429)	-
Net assets (deficit), December 31	$ 281,046	$ (65,123)	$ 3,800	$ (40,470)	$ 109,435	$ 45,991	$ 334,679

COMBINED SUPPLEMENTAL SCHEDULE OF NET ASSET INFORMATION FOR COMBINED BOND AND PROJECT FUNDS
December 31, 2008 (In Thousands)

	Bond Reserve Funds	Bond Service Funds	1998 Port District Project Fund	1999 Project Fund	1999 Port District Project Fund	2001 Port District Project Fund	Total Combined Funds
ASSETS							
CURRENT ASSETS:							
Restricted assets:							
Temporarily restricted:							
Cash and cash equivalents			$ 4	$ 60	$ 473		$ 537
Investments	$ 106,996	$ 59,469	7,703		83,930	$ 12,316	270,414
Accrued interest receivable					4		4
Total current assets	106,996	59,469	7,707	60	84,407	12,316	270,955
Total assets	106,996	59,469	7,707	60	84,407	12,316	270,955
LIABILITIES							
CURRENT LIABILITIES:							
Liabilities payable from restricted assets:							
Accrued interest payable		23,100					23,100
Bonds payable - current		33,930					33,930
Total current liabilities	-	57,030	-	-	-	-	57,030
NONCURRENT LIABILITIES:							
Bonds (net of unamortized discount/premium)					53,148	5,351	58,499
Total noncurrent liabilities	-	-	-	-	53,148	5,351	58,499
Total liabilities	-	57,030	-	-	53,148	5,351	115,529
NET ASSETS							
Restricted for:							
Revenue and port district project bonds	83,680						83,680
Revenue and port district bond service		2,439					2,439
Port projects			7,707	60	31,259	6,965	45,991
Unrestricted	23,316						23,316
Total net assets	$ 106,996	$ 2,439	$ 7,707	$ 60	$ 31,259	$ 6,965	$ 155,426

COMBINED SUPPLEMENTAL SCHEDULE OF CHANGES IN NET ASSET INFORMATION FOR COMBINED BOND AND PROJECT FUNDS
December 31, 2008 (In Thousands)

	Bond Reserve Funds	Bond Service Funds	1998 Port District Project Fund	1999 Project Fund	1999 Port District Project Fund	2001 Port District Project Fund	Total Combined Funds
Net assets, January 1	$ 106,112	$ 5,906	$ 7,488	$ 30,681	$ 29,187	$ 5,938	$ 185,312
Revenues and expenses:							
General & Administration expense		(494)					(494)
Investment income	4,810	422	219	518	2,072	317	8,358
Interest expense		(72,798)					(72,798)
Total revenues and expenses	4,810	(72,870)	219	518	2,072	317	(64,934)
Government contributions for capital improvements, additions and other projects	-	-	-	-	-	-	-
Interfund transfers and payments:							
Bond service		100,671					100,671
Funds in excess of bond reserve requirement	(3,216)	3,216					-
Funds for permitted capital expenditures				(31,139)			(31,139)
Retirement of bonds		(33,930)					(33,930)
Funds for permitted port projects							-
Net equity from 2001 port district bonds	(710)					710	-
Net equity from 2007 port district bonds							-
Interfund transfers		(554)					(554)
Total interfund transfers and payments	(3,926)	69,403	-	(31,139)	-	710	35,048
Net assets, December 31	$ 106,996	$ 2,439	$ 7,707	$ 60	$ 31,259	$ 6,965	$ 155,426

Statistical SECTION

YOUR FARE DOLLARS AT WORK

FINANCIAL TREND DATA

The Authority experienced positive growth in net assets during the period from 2004 through 2006. While a small decrease in net assets is apparent for 2007, this reduction is directly related to the $9.8 million accrued (non-cash) expenses charged to operating expenses due to the GASB 45 pronouncement concerning Accounting and Financial Reporting of Postemployment Benefits (OPEB). Net assets increased in 2008 due to higher capital contributions and an increase in overall operating income. As noted below, bridge operations generate the most revenue for the Authority, accounting for almost 90% of total operating revenues during 2008. The total value of operating expenses increased by $10.4 million from the previous year, in part due to the Authority's biennial inspection of its facilities and other factors cited in this report. Please refer to the following schedules for a historical view of the Authority's financial performance.

Last Six Fiscal Years (In Thousands)

NET ASSETS

	2008	2007	2006	2005	2004	2003	2002
Invested in Capital Assets, Net of Related Debt	$ 281,146	$ 245,959	$ 244,194	$ 245,211	$ 224,189	$ 180,741	$ 275,718
Restricted	147,850	176,895	199,758	236,796	257,111	249,155	236,737
Unrestricted (deficit)	(94,317)	(92,855)	(113,329)	(158,624)	(173,185)	(128,777)	(197,287)
Total Net Assets	$ 334,679	$ 329,999	$ 330,623	$ 323,383	$ 308,115	$ 301,119	$ 315,168

CHANGES IN NET ASSETS

	2008	2007	2006	2005	2004	2003	2002
Operating Revenues							
Bridges:							
Tolls	$ 208,856	$ 196,069	$ 194,958	$ 190,930	$ 188,809	$ 175,622	$ 174,418
Other operating revenues	5,815	5,540	4,170	4,219	6,194	5,914	3,220
Total bridge operating revenues	214,671	201,609	199,128	195,149	195,003	181,536	177,638
Transit system:							
Passenger fares	21,459	18,978	19,014	19,067	18,647	18,430	19,251
Other operating revenues	1,507	1,438	1,600	1,871	1,221	1,151	1,252
Total transit system operating revenues	22,966	20,416	20,614	20,938	19,868	19,581	20,503
Port of Philadelphia and Camden:							
AmeriPort	-	-	-	1,838	1,734	1,018	1,085
Cruise terminal	683	1,043	1,608	1,264	839	601	510
RiverLink	73	50	72	51	50	877	745
Total Port of Philadelphia and Camden	756	1,093	1,680	3,153	2,623	2,496	2,340
Other:							
Miscellaneous	590	852	1,697	623	142	701	-
Total operating revenues	238,983	223,970	223,119	219,863	217,636	204,314	200,481
Operating Expenses:							
Operations	100,515	94,762	88,482	82,239	81,857	80,179	72,964
Lease and community impact	3,380	3,306	3,198	3,078	3,021	2,952	2,917
General and administration	34,974	31,025	27,780	26,857	29,355	32,567	30,307
Port of Philadelphia and Camden	1,447	1,698	1,824	3,548	3,683	6,828	6,884
Depreciation	45,486	44,634	42,355	38,432	34,702	30,819	28,139
Total operating expenses	185,802	175,425	163,639	154,154	152,618	153,345	141,211
Operating Income	53,181	48,545	59,480	65,709	65,018	50,969	59,270
Nonoperating Revenues (Expenses)							
Investment income	17,592	26,704	28,383	27,282	28,391	38,111	45,072
Interest expenses	(75,654)	(74,668)	(78,267)	(72,213)	(73,621)	(74,770)	(77,039)
Amortization expense	(1,353)	(1,353)	(1,346)	(2,059)	(2,114)	(1,871)	(1,007)
Economic development activities	(3,960)	(9,841)	(7,050)	(9,704)	(14,850)	(34,013)	(55,506)
Other	457	(35)	(1,065)	(1,533)	(2,280)	(526)	(289)
Total nonoperating revenues (expenses)	(62,918)	(59,193)	(59,345)	(58,227)	(64,474)	(73,069)	(88,769)
Income (Loss) Before Capital Contributions and Special Items	(9,737)	(10,648)	135	7,482	544	(22,100)	(29,499)
Capital Contributions:							
Federal and state capital improvement grants	14,417	10,024	12,076	7,786	6,452	9,646	13,023
Special Items:							
Employee incentive and layoff expense	-	-	-	-	-	(1,595)	-
Special Items:							
Discontinued Operations	-	-	(4,971)	-	-	-	-
Change in Net Assets	$ 4,680	$ (624)	$ 7,240	$ 15,268	$ 6,996	$ (14,049)	$ (16,476)

REVENUE CAPACITY DATA

Major revenues, consisting primarily of bridge operating revenues, have shown positive growth since 2004. In September 2008, bridge toll and transit system rates were adjusted with the passage by the Authority's Board of new bridge toll and transit system passenger rate schedules. Interest income decreased significantly in 2008, however, total revenues increased by $6.2 million over 2007 revenues, primarily attributable to higher bridge toll and PATCO system revenues. PATCO operating revenues grew modestly over the period from 2003 through 2007, but in 2008 total operating revenues increased by $2.5 million. Revenues from passenger fares on the PATCO transit system increased as a result of the increase in passenger ridership (in part due to higher gas prices) and the implementation of the new fare schedule in mid-September. For additional historical information on the Authority's bridge traffic, passenger trips and other revenues, please refer to the schedules below.

Last Ten Fiscal Years (In Thousands)

MAJOR REVENUES BY SOURCE

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Bridge operating revenues	$214,671	$201,609	$199,128	$195,149	$195,003	$181,536	$177,638	$176,389	$169,750	$119,467
PATCO transit system operating revenues	22,966	20,416	20,614	20,938	19,868	19,581	20,503	20,473	18,780	16,354
Port of Philadelphia and Camden	756	1,093	1,680	3,153	2,623	2,496	2,340	3,180	1,349	1,947
Interest income	17,592	26,704	28,383	27,282	28,391	38,111	45,072	50,301	50,884	14,208
Total revenues	$255,985	$249,822	$249,805	$246,522	$245,885	$241,724	$245,553	$250,343	$240,763	$151,976

The Authority increased toll rates on January 2, 2000. E-ZPass was fully implemented on DRPA facilities on January 2, 2000 in conjunction with the toll increase. E-ZPass discount program was restructured on January 1, 2004. On September 14, 2008, the Authority implemented a new bridge toll schedule which increased tolls in each vehicle class and restructured the E-ZPass and senior citizen programs. Please see Note 18 for additional information.

TOLL REVENUE BY BRIDGE

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Walt Whitman Bridge	$82,198	$77,109	$77,527	$76,255	$75,001	$68,214	$68,168	$66,923	$62,985	$43,050
Ben Franklin Bridge	67,188	62,235	61,577	60,550	60,377	58,261	57,890	56,633	54,857	37,600
Betsy Ross Bridge	27,590	26,734	26,907	26,305	26,581	24,627	24,609	24,916	24,842	18,412
Commodore Barry Bridge	31,880	29,991	28,947	27,820	26,850	24,520	23,751	25,193	25,267	17,882
Total toll revenues	$208,856	$196,069	$194,958	$190,930	$188,809	$175,622	$174,418	$173,665	$167,951	$116,944

The Authority increased toll rates on January 2, 2000. E-ZPass was fully implemented on DRPA facilities on January 2, 2000 in conjunction with the toll increase. E-ZPass discount program was restructured on January 1, 2004. On September 14, 2008, the Authority implemented a new bridge toll schedule which increased tolls in each vehicle class and restructured the E-ZPass and senior citizen programs. Please see Note 18 for additional information.

BRIDGE CASH TOLL RATES

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Class 1 - Motorcycle	$4.00	$2.00	$2.00	$2.00	$2.00	$2.00	$2.00	$2.00	$2.00	$1.50
Class 2 - Automobile	4.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00
Class 3 - Two Axle Trucks	12.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	6.00
Class 4 - Three Axle Trucks	18.00	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	9.00
Class 5 - Four Axle Trucks	24.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	12.00
Class 6 - Five Axle Trucks	30.00	22.50	22.50	22.50	22.50	22.50	22.50	22.50	22.50	15.00
Class 7 - Six Axle Trucks	36.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	18.00
Class 8 - Bus	6.00	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	3.00
Class 9 - Bus	9.00	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	4.50
Class 10 - Senior Citizen (With Ticket Only)	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Class 13 - Auto w/trailer (1 axle)	6.00	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	3.50
Class 14 - Senior Citizens (With 2 Tickets Only	-	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70

The toll rates shown above are cash toll rates in effect for the period indicated. The Authority has always provided a commuter program for its passenger vehicle customers. In January 2000, the Authority fully implemented E-ZPass, an electronic toll collection system, in conjunction with a toll increase. At implementation, as an incentive to use E-ZPass, a 10% discount was offered to E-ZPass customers, and a modified commuter program became effective and available through E-ZPass. In 2004, most discount programs were eliminated and the commuter program was further modified. On September 14, 2008, the Authority implemented a new bridge toll schedule which increased tolls in each vehicle class and restructured the E-ZPass and senior citizen programs. Please see Note 18 for additional information.

REVENUE CAPACITY DATA (Continued)

BRIDGE TRAFFIC BY VEHICLE CLASSIFICATION

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Vehicle classification:										
Automobiles & light trucks	48,310	49,678	49,394	48,667	48,345	46,683	46,225	45,411	43,863	35,206
Commuter vehicles	-	-	-	-	-	-	-	-	-	10,326
Trucks	2,890	3,038	3,035	2,974	2,965	2,824	2,724	2,786	2,716	2,888
Buses	287	301	314	317	331	327	333	340	351	374
Senior citizens	1,906	1,998	2,033	2,005	2,054	2,018	2,063	2,003	1,884	1,620
Other	6	61	89	102	113	115	286	126	161	286
Total traffic	53,399	55,076	54,865	54,065	53,808	51,967	51,631	50,666	48,975	50,700

Commuter vehicle traffic has been included in Automobiles & light trucks for Year 2000 and beyond.

BRIDGE TRAFFIC BY BRIDGE

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Walt Whitman Bridge	20,877	21,473	21,577	21,293	21,070	19,869	19,876	19,345	18,314	18,470
Ben Franklin Bridge	19,296	19,759	19,600	19,363	19,371	19,298	19,139	18,579	18,019	18,471
Betsy Ross Bridge	6,511	6,900	6,906	6,788	6,909	6,653	6,583	6,627	6,582	6,368
Commodore Barry Bridge	6,715	6,944	6,782	6,621	6,458	6,147	6,033	6,115	6,060	7,391
Total traffic	53,399	55,076	54,865	54,065	53,808	51,967	51,631	50,666	48,975	50,700

PATCO TRANSIT SYSTEM OPERATING REVENUES

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Passenger fares (net)	$21,459	$18,978	$19,014	$19,067	$18,647	$18,430	$19,251	$18,942	$17,247	$15,587
Other revenues	1,507	1,438	1,600	1,871	1,221	1,151	1,252	1,531	1,533	767
Total operating revenues	$22,966	$20,416	$20,614	$20,938	$19,868	$19,581	$20,503	$20,473	$18,780	$16,354

Fare increases for 2001, 2000 and 1999, were effective on July 29, 2001, August 25, 2000, and July 25, 1999, respectively. On September 14, 2008, passenger fares, were increased by 10% across all zones. Please see Note 18 for additional information.

PATCO PASSENGER FARES

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Lindenwold/Ashland/Woodcrest	$2.70	$2.45	$2.45	$2.45	$2.45	$2.45	$2.45	$2.45	$2.10	$1.85
Haddonfield/West Haddonfield/Collingswood	2.35	2.15	2.15	2.15	2.15	2.15	2.15	2.15	1.85	1.60
Ferry Avenue	2.05	1.85	1.85	1.85	1.85	1.85	1.85	1.85	1.60	1.40
New Jersey	1.45	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.10	1.00
City Hall/Broadway/Philadelphia	1.25	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.00	0.85

Fare increases for 2001, 2000 and 1999, were effective on July 29, 2001, August 25, 2000, and July 25, 1999, respectively. On September 14, 2008, passenger fares, were increased by 10% across all zones. Please see Note 18 for additional information.

PATCO TRANSIT SYSTEM RIDERSHIP

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Passengers	10,338	9,406	9,377	9,363	9,150	8,864	9,288	10,037	10,581	10,919

DEBT CAPACITY DATA

Debt service coverage, as calculated in accordance with the Authority's governing Bond Indenture (s), for the period 1999 through 2008, is shown below. For 2008, the net revenues available for debt service coverage, under the governing 1998 Bond Indenture, increased by $4.3 million due to higher bridge toll revenues. The total amount of outstanding funded debt has continued to decrease during the period since 2001. For additional historical information on the Authority's debt service coverage, total outstanding debt and the ratio of debt per customer, please refer to the schedules below.

Last Ten Fiscal Years (In Thousands)

DEBT SERVICE COVERAGE

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Revenues available for Debt Service:										
Bridge operating	$214,671	$201,609	$199,128	$195,149	$195,003	$181,536	$177,638	$176,389	$169,750	$119,467
Interest income	777	3,516	4,392	2,635	2,249	2,247	2,347	2,604	3,530	3,189
Reserved funds	-	-	-	-	-	-	-	-	-	-
	$215,448	$205,125	$203,520	$197,784	$197,252	183,783	179,985	178,993	173,280	122,656
Less expenses:										
Bridge operating	54,393	52,294	50,644	46,505	47,686	43,241	41,574	39,879	38,547	35,393
General administration	34,974	31,025	27,780	26,857	29,355	32,567	30,307	26,549	22,845	18,919
	$89,367	$83,319	$78,424	$73,362	$77,041	$75,808	$71,881	$66,428	$61,392	$54,312
Net revenues available for Debt Service:										
1995 Revenue Bond Indenture	-	-	$125,096	$124,422	$120,211	$107,975	$108,104	$112,565	$111,888	$68,344
Add:										
Bridge Repainting Expense	$4,363	$4,498	$3,892	$3,779	$3,973	$5,664	$5,653	$6,397	$4,367	$2,875
GASB 45 Expense (DRPA)	6,219	6,219	-	-	-	-	-	-	-	-
Interest Income:										
1998, 1999, 2007 Revenue Bonds	3,166	2,989	2,776	3,195	2,832	2,746	3,139	3,257	3,615	921
2008 Revenue Bonds	60	-	-	-	-	-	-	-	-	-
Net revenues available for Debt Service:										
1998 Revenue Bond Indenture	$139,889	$135,512	$131,764	$131,396	$127,016	$116,385	$116,896	$122,219	$119,870	$72,140
Debt Service (Revenue Bonds):										
1995 Revenue Bonds	-	14,652	19,535	19,535	19,535	19,535	19,535	19,535	19,535	19,535
Swap Payments (net)	12,634	7,045	7,538	-	-	-	-	-	-	-
1998, 1999, 2007 Revenue Bonds	56,839	51,803	48,519	48,527	48,519	48,117	47,100	47,214	35,153	19,120
2008 Revenue Bonds	3,584	-	-	-	-	-	-	-	-	-
Total Debt Service	$ 73,057	$ 73,500	$75,592	$68,062	$68,054	$67,652	$66,635	$66,749	$54,688	$38,655
Debt Service coverage (Times) :										
1995 Indenture	-	-	4.62	6.37	6.15	5.53	5.53	5.76	5.73	3.50
Debt Service coverage (Times) :										
1998 Indenture	1.91	1.84	1.74	1.93	1.87	1.72	1.75	1.83	2.19	1.87

For 2006, the Authority has reflected the net swap debt service expense related to its annual payment under the 1995 Revenue Bond swap, which was exercised in January 2006. The Authority believes that this calculation, based on Generally Accepted Accounting Principles, fairly, clearly and completely represents the economic condition of the Authority as it relates to the debt service coverage calculation. For periods prior to 2006, the schedule reflects calculations made in accordance with the Authority's 1995 and 1998 Indentures of Trust. The Authority believes that this calculation is also consistent with Generally Accepted Accounting Principles and fairly, clearly and completely represents the economic condition of the Authority as it relates to the debt service coverage calculation for the periods specified. 'Under a "legally enacted basis" (as prescribed by the governing Revenue Bond Indentures), debt service coverage under the 1995 and 1998 Indentures, for 2006, would be 3.21 and 1.51 times, respectively. (Under a legally enacted basis, only the gross swap interest payment to the counter party, or $19.46 million, is used in the calculation, while the net interest revenue payment of $11.92 million to the DRPA is not included in the calculation). In 2007, the supplemental indenture to the 1998 Indenture was revised which changed the "legally enacted basis" calculation to allow for inclusion of the swap interest paid to the Authority in the debt service coverage calculation.

FUNDED DEBT

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Outstanding debt	$1,147,535	$1,180,902	$1,212,187	$1,245,209	$1,273,127	$1,299,338	$1,319,446	$1,440,614	$1,298,040	$1,313,221

Net of amortizing premiums and discounts.

RATIO OF DEBT PER CUSTOMER

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Outstanding revenue bonds	$807,890	$820,392	$847,472	$867,277	$886,098	$903,609	$919,191	$934,057	$948,013	$961,187
Total annual debt service	$ 73,057	$ 73,500	$75,592	$68,062	$68,054	$67,652	$66,635	$66,749	$54,688	$38,655
Total traffic	53,399	55,076	54,865	54,065	53,808	51,967	51,631	50,666	48,975	50,700
Outstanding debt per customer	$15.13	$14.90	$15.45	$16.04	$16.47	$17.39	$17.80	$18.44	$19.36	$18.96
Debt service per customer	$1.37	$1.33	$1.38	$1.26	$1.26	$1.30	$1.29	$1.32	$1.12	$0.76

Reflects Revenue Bond debt only.

DEMOGRAPHIC AND ECONOMIC DATA

The following figures provide four external factors during the ten years from 1998 to 2007 that affected the geographic region in which the Authority functions; this region consists of the Port District comprising of the counties of Bucks, Chester, Delaware, Montgomery, and Philadelphia in Pennsylvania, and the counties of Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, and Salem in New Jersey. Based on the most recent data, population growth in the region is at very modest levels, with growth in New Jersey counties occurring at a slightly higher rate than that experienced in Pennsylvania counties. The unemployment rate in the Philadelphia Metropolitan Region averaged 4.68% for the period 2003 through 2007, reflecting a high of 5.22% in 2003 and a low of 4.26% during 2006. The region's major employers tended to be health care facilities. Please refer to the following schedules below for a historical view of the demographic information and area employers within the Port District.

Last Ten Fiscal Years

PENNSYLVANIA PORT DISTRICT

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Population (1)	3,882,564	3,879,207	3,873,792	3,870,442	3,863,296	3,859,756	3,855,162	3,852,215	3,837,569	3,824,434
Total Personal Income (1)	$184,342,322	$174,120,302	$164,091,035	$155,961,239	$147,697,927	$142,858,681	$138,218,681	$135,225,323	$125,611,839	$120,961,332
Per Capita Personal Income (1)	$47,480	$44,886	$42,359	$40,295	$38,231	$37,012	$35,853	$35,103	$32,732	$31,629
Unemployment Rate (2)	4.36%	4.26%	4.58%	5.00%	5.22%	5.16%	4.28%	3.82%	3.88%	4.04%

Sources:
(1) Bureau of Economic Analysis, Regional Economic Accounts, Metropolitan Divisions (Philadelphia, PA Metropolitan Division)
(2) United States Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics

PENNSYLVANIA PORT DISTRICT TOP TEN EMPLOYERS

	# of Employees	% of Employment
1. University Of Pennsylvania	21,000	1.14%
2. Merck & Co.	12,000	0.65%
3. University Of Pennsylvania Health System	11,908	0.64%
4. Wachovia Bank	8,306	0.45%
5. Temple University Health Systems	8,000	0.43%
6. The Childrens Hospital Of Philadelphia	7,800	0.42%
7. Albert Einstein Healthcare Network	6,482	0.35%
8. Jefferson University Hospital	6,150	0.33%
9. Tenet Health System	6,021	0.33%
10. PNC Bank NA	5,749	0.31%

List excludes Federal Government Agencies (Federal Reserve Bank, U.S. Mint, U.S. District Court, Internal Revenue Service and U.S. Military), City Departments (Police and Fire Departments, Streets Department, Courts and the Water and Gas Company) and area School Systems (including Board of Education).

Source: Select Greater Philadelphia, Regional Data

NEW JERSEY PORT DISTRICT

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Population	2,401,441	2,391,435	2,378,301	2,364,176	2,342,408	2,317,310	2,287,197	2,268,020	2,249,838	2,235,661
Total Personal Income	$92,444,597	$89,285,614	$84,062,922	$80,794,632	$77,083,605	$74,580,994	$72,109,982	$69,029,512	$64,424,231	$62,285,627
Per Capita Personal Income	$38,495	$37,336	$35,346	$34,175	$32,908	$32,184	$31,528	$30,436	$28,635	$27,860
Unemployment Rate	5.16%	5.44%	5.14%	5.45%	6.29%	6.10%	4.81%	4.39%	5.81%	6.19%

Source: United States Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics

NEW JERSEY PORT DISTRICT TOP TEN EMPLOYERS

	# of Employees	% of Employment
1. Lockheed Martin	5,000	0.44%
2. St. Barnabus Healthcare System	4,700	0.41%
3. Six Flags Theme Park	4,340	0.38%
4. Our Lady Of Lourdes Health System	3,408	0.30%
5. PHH Mortgage Corporation	3,400	0.30%
6. Virtua West Jersey	3,006	0.26%
7. Cooper Health System	3,000	0.26%
8. TD Bank Corp	2,664	0.23%
9. United Parcel Service	2,500	0.22%
10. Kennedy Health System	2,331	0.20%

List excludes Federal Government Agencies, City Departments, area School Systems (inlcuding Board of Education) and NJ Casinos

Sources: Select Greater Philadelphia, Regional Data, Ocean County Data Book, The Press, Atlantic City, Sunday January 28, 2007

OPERATING INFORMATION

Overall bridge operating revenues have shown positive growth for the ten-year period shown below, although, until fiscal year 2008, the growth trend during the past few years had slowed relative to the growth experienced in the period 2000 through 2004. Total general expense growth has reflected higher operational costs of bridge and PATCO operations, although general administrative expenses have trended downwards from a high of $32.6 million in 2003 to $27.8 million in 2006, as a result of Authority-wide cost control measures adopted in fiscal year 2004. DRPA expenses during 2007 and 2008 were significantly impacted by accrued expenses related to GASB 45. Note that biennial inspection costs impact the operating expenses for each even-numbered year. Please refer to the schedules below for a historical view of the Authority's bridge operating revenues and general expenses during the past ten fiscal years.

Last Ten Fiscal Years (In Thousands)

BRIDGE OPERATING REVENUES

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Toll revenues by vehicle classification:										
Automobiles, light trucks and commuters	$155,009	$144,835	$143,843	$141,057	$139,471	$130,399	$129,888	$129,431	$126,747	$83,512
Trucks	49,467	47,363	47,145	45,618	45,099	40,946	40,029	41,210	40,280	30,906
Buses	1,640	1,434	1,500	1,515	1,655	1,573	1,730	1,559	1,649	1,474
Senior citizens	2,389	1,999	2,033	2,005	2,054	2,018	2,065	2,002	1,882	1,619
Other	351	438	437	735	530	686	842	282	647	553
Discounts and deductions	-	-	-	-	-	-	(136)	(819)	(3,254)	(1,120)
Total toll revenues	$208,856	$196,069	$194,958	$190,930	$188,809	$175,622	174,418	173,665	167,951	116,944
Other bridge operating revenues	5,815	5,540	4,170	4,219	6,194	5,914	3,220	2,724	1,799	2,523
Total bridge operating revenues	$214,671	$201,609	$199,128	$195,149	$195,003	$181,536	177,638	$176,389	$169,750	$119,467

The Authority increased toll rates on January 2, 2000. E-ZPass was fully implemented on DRPA facilities on January 2, 2000 in conjunction with the toll increase.
E-ZPass discount program was restructured on January 1, 2004. On September 14, 2008, the Authority implemented a new bridge toll schedule which increased tolls in each vehicle class and restructured the E-ZPass and senior citizen programs. Please see Note 18 for additional information.

GENERAL EXPENSES BY FUNCTION

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Bridge operations:										
Salaries and employee benefits	$31,551	$30,047	$29,059	$26,954	$27,450	$25,318	$24,931	$23,884	$23,500	$23,441
Equipment and supplies	212	176	156	136	106	170	84	68	85	47
Maintenance and repairs	3,417	3,277	2,966	1,511	1,599	2,245	2,167	2,349	2,251	1,811
Utilities	2,783	2,621	2,386	1,678	1,678	1,862	1,320	1,353	1,257	1,158
Insurance	4,644	5,093	5,573	2,838	2,753	2,448	1,765	1,220	1,212	1,184
Other	11,786	11,080	10,264	13,387	14,100	11,198	11,307	11,005	10,242	7,752
Total bridge operations	54,393	52,294	50,404	46,504	47,686	43,241	41,574	39,879	38,547	35,393
PATCO transit system:										
Maintenance of way and power	10,229	9,774	9,438	8,884	8,618	8,140	6,681	7,364	7,085	6,707
Maintenance of equipment	6,696	6,679	6,370	7,046	6,345	6,417	6,195	5,533	4,899	4,997
Purchased power	5,656	4,933	4,984	3,335	2,852	3,041	2,772	2,905	3,461	2,754
Transportation	14,489	13,015	11,800	11,622	11,725	11,217	10,713	9,377	9,446	9,102
General insurance	1,256	692	704	823	502	856	1,373	1,210	711	394
Administration	7,795	7,375	4,782	4,024	4,129	3,943	3,655	3,258	2,867	3,348
Total PATCO transit system	46,121	42,468	38,078	35,734	34,171	33,614	31,389	29,647	28,469	27,302
Lease and community impact	3,380	3,306	3,198	3,078	3,021	2,952	2,920	2,857	4,072	7,500
General administration	34,974	31,025	27,780	26,858	29,355	32,567	30,307	26,549	22,845	18,919
Port of Philadelphia and Camden	1,447	1,698	1,824	3,548	3,683	6,828	6,884	6,629	5,338	4,516
Interest	75,654	74,668	78,267	72,213	73,621	74,770	77,039	77,195	77,884	36,441
Total expenses	$215,969	205,459	$199,551	$187,935	$191,537	$193,972	$190,113	$182,756	$177,155	$130,071

OPERATING INFORMATION (Continued)

OPERATING STATISTICS

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
DRPA										
Total Traffic	53,399	55,076	54,865	54,065	53,808	51,967	51,631	50,666	48,975	50,700
Non-Commercial Traffic	50,509	52,038	51,830	51,091	50,843	49,143	48,907	47,880	46,259	47,812
Commercial Traffic	2,890	3,038	3,035	2,974	2,965	2,824	2,724	2,786	2,716	2,888
Average Daily Traffic (365 day basis)	146	151	150	148	147	142	141	139	134	139
Average Toll per Customer	$3.91	$3.56	$3.55	$3.53	$3.51	$3.38	$3.37	$3.43	$3.43	$2.31
E-ZPass Traffic	28,130	27,987	26,946	25,522	24,481	22,819	21,458	15,669	15,669	N/A
% of E-ZPass Traffic	52.7%	50.8%	49.1%	47.2%	45.5%	43.9%	41.6%	30.9%	32.0%	N/A
PATCO										
Total Passengers	10,338	9,406	9,377	9,363	9,150	8,864	9,288	10,037	10,581	10,919
Average Passengers (365 day basis)	28	26	26	26	25	24	25	27	29	30
Average Fare Per Passenger	$2.08	$2.02	$2.03	$2.04	$2.04	$2.08	$2.07	$1.89	$1.63	$1.43

Average fare per passenger based on PATCO net passenger fare revenues.

FULL TIME AUTHORITY EMPLOYEES

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
DRPA	589	589	553	554	570	632	625	554	550	594
PATCO	301	302	355	358	373	373	368	344	325	328
Total Full-time	890	891	908	912	943	1005	993	898	875	922

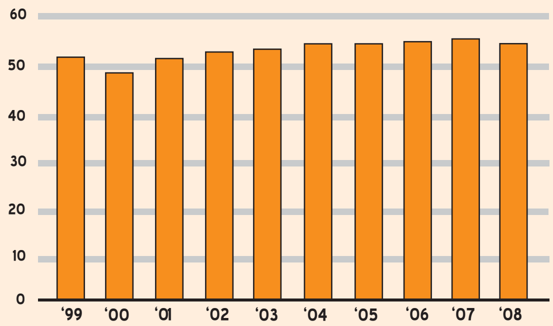
CAPITAL EXPENDITURES

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Bridge and Transit System	$58,498	$23,395	$31,109	$44,501	$74,435	$98,108	$98,154	$68,288	$71,719	$79,639

Bridge and PATCO OPERATIONS

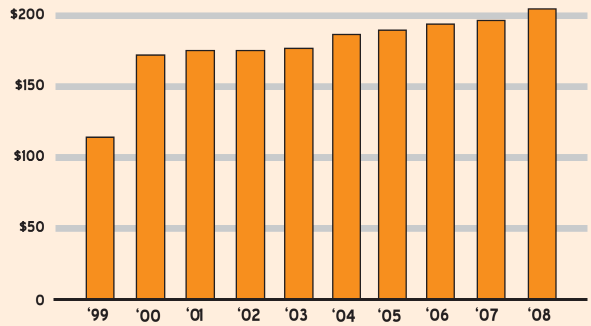
DRPA Bridge Traffic 1999-2008[1][2]

(in millions of vehicles)



DRPA Bridge Toll Revenues 1999-2008[1][2]

(in millions of dollars)

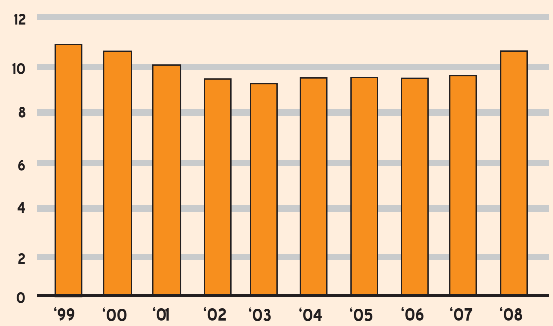


(1) The DRPA increased toll rates January 2, 2000. E-ZPass was fully implemented on DRPA facilities on January 2, 2000 in conjunction with the toll increase. The DRPA restructured its E-ZPass discount program on January 1, 2004.

(2) On September 14, 2008, the Authority implemented a new bridge toll schedule which increased tolls in each vehicle class and restructured the E-ZPass and senior citizen programs. Please see Note 18 for additional information.

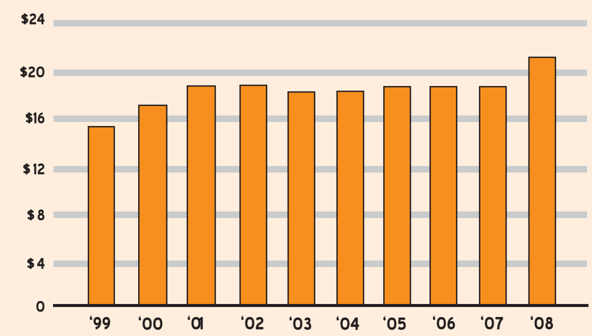
PATCO Passenger Ridership 1999-2008[3][4]

(in millions of passengers)



PATCO Passenger Fare Revenues 1999-2008[3][4]

(in millions of dollars)



(3) In July 2001, PATCO implemented the third and final phase of the fares increases.

(4) On September 14, 2008, passenger fares, were increased by 10% across all zones. Please see Note 18 for additional information.

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YOUR TOLL DOLLARS AT WORK

YOUR FARE DOLLARS AT WORK

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