THE PORT AUTHORITY OF NY & NJ

75th ANNIVERSARY

1921 • 1996

BUILDING THE FUTURE TOGETHER

Comprehensive Annual Financial Report
for the Year Ended December 31, 1995

The Port Authority of New York and New Jersey Comprehensive Annual Financial Report for the Year Ended December 31, 1995

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About the Cover:

In 1995, the Port Authority entered its 75th Anniversary year — which will be marked on April 30, 1996.

MISSION STATEMENT

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

The Honorable George E. Pataki, Governor
State of New York

The Honorable Christine Todd Whitman, Governor
State of New Jersey

Dear Governors:

We are pleased to submit to you and the legislatures of New York and New Jersey this 1995 Annual Report of The Port Authority of New York and New Jersey, pursuant to the bistate Port Compact of 1921.

In concert, both of you through a force of vision led the Port Authority into the new era of government responsiveness. By clearly articulating your goals to us, we were able to redirect the energies of this agency.

This 1995 Annual Report emphasizes efficiency, economy and effectiveness. It was a year in which the Port Authority improved service while avoiding toll and fare increases. It was also a year in which we returned to basics — rededicating ourselves to the agency's traditional role of contributing to the economic vitality of the bistate region through improved transportation infrastructure.

April 30, 1996, marks the Port Authority's 75th Anniversary. In 1921, the Governor of New York was Nathan L. Miller and the Governor of New Jersey was Edward I. Edwards. Certainly, much has changed — from air passenger transportation supplanting oceanliners, to the containerization of cargo shipping, to the modernization of the Hudson and Manhattan Railroad, now the PATH rapid transit system. Yet one constant endures. We continue to look to our Governors for direction, leadership and a sense of vision.

On behalf of the Board of Commissioners, Executive Director George J. Marlin, and all our employees, we thank you — Governors Whitman and Pataki — for steadfastly keeping us focused on our mission.

Very truly yours,

Lewis M. Eisenberg
Chairman

Charles A. Gargano
Vice Chairman

April 11, 1996

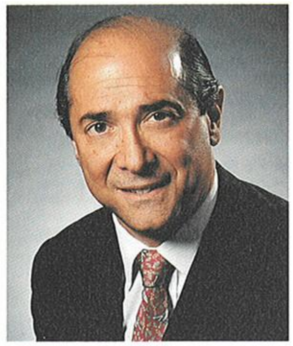
Board of Commissioners

Origins of the Port Authority

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

The new agency's area of jurisdiction was called the "Port District," a bistate region generally within a 25-mile radius of the Statue of Liberty.

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

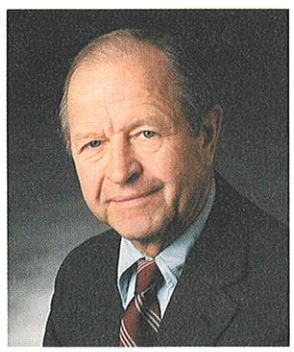


Lewis M. Eisenberg
Co-Chairman
Granite Capital International Group

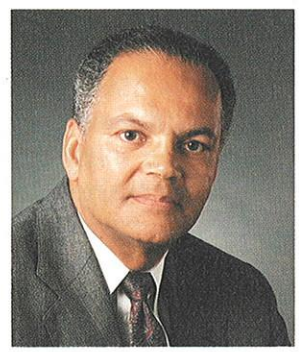
Charles A. Gargano
Chairman & CEO
Empire State Development Corp.

Tonio Burgos
President
Tonio Burgos & Assocs., Inc.

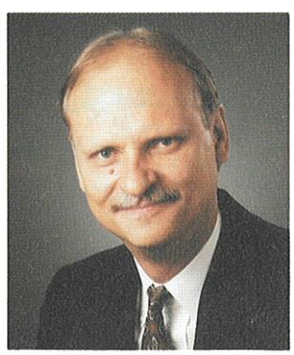
Kathleen A. Donovan
County Clerk
Bergen County, New Jersey



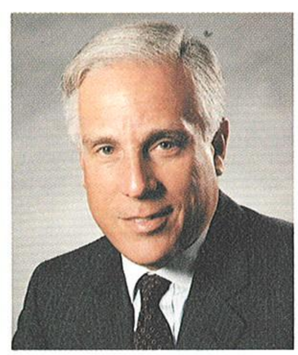
James G. Hellmuth
Consultant



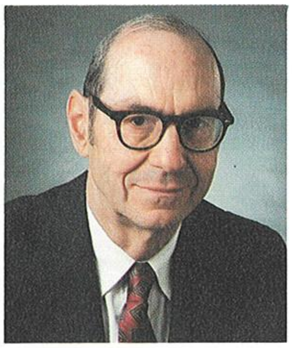
Henry F. Henderson, Jr.
President
H. F. Henderson Industries



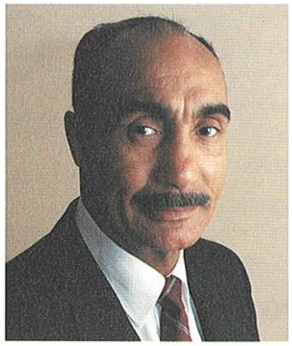
Robert C. Janiszewski
County Executive
Hudson County, New Jersey



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



George D. O'Neill
Chairman
Meriwether Capital Corporation

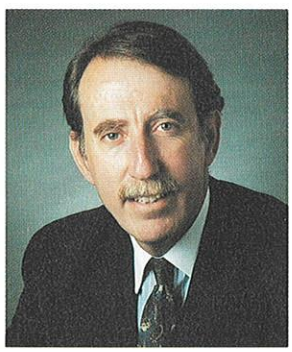


Basil A. Paterson
Attorney
Meyer, Suozzi, English & Klein, P.C.

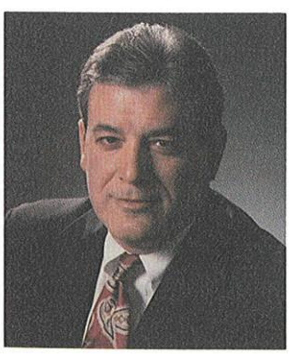
Alan G. Philibosian
Partner
Profita and Philibosian

Melvin L. Schweitzer
Partner
Rogers & Wells

Madelon DeVoe Talley
Consultant



Vincent Tese
Director
The Bear Stearns Companies, Inc.



Frank J. Wilson
Commissioner
Department of Transportation of the State of New Jersey

George J. Marlin
Executive Director

Governance of the Port Authority

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

The twelve Commissioners serve as public officials without remuneration.

The Governors retain the right to veto the actions of the Commissioners. The Port Authority may proceed only with those projects the two states authorize.

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

Board of Commissioners

Lewis M. Eisenberg, Chairman [1]
Charles A. Gargano, Vice Chairman [2]
Tonio Burgos[2]
Kathleen A. Donovan [1]
James G. Hellmuth
Henry F. Henderson, Jr.
Robert C. Janiszewski
Peter S. Kalikow [3]
George D. O'Neill
Basil A. Paterson [3]
Alan G. Philibosian
Melvin L. Schweitzer
Madelon DeVoe Talley [4]
Vincent Tese [2, 4]
Frank J. Wilson

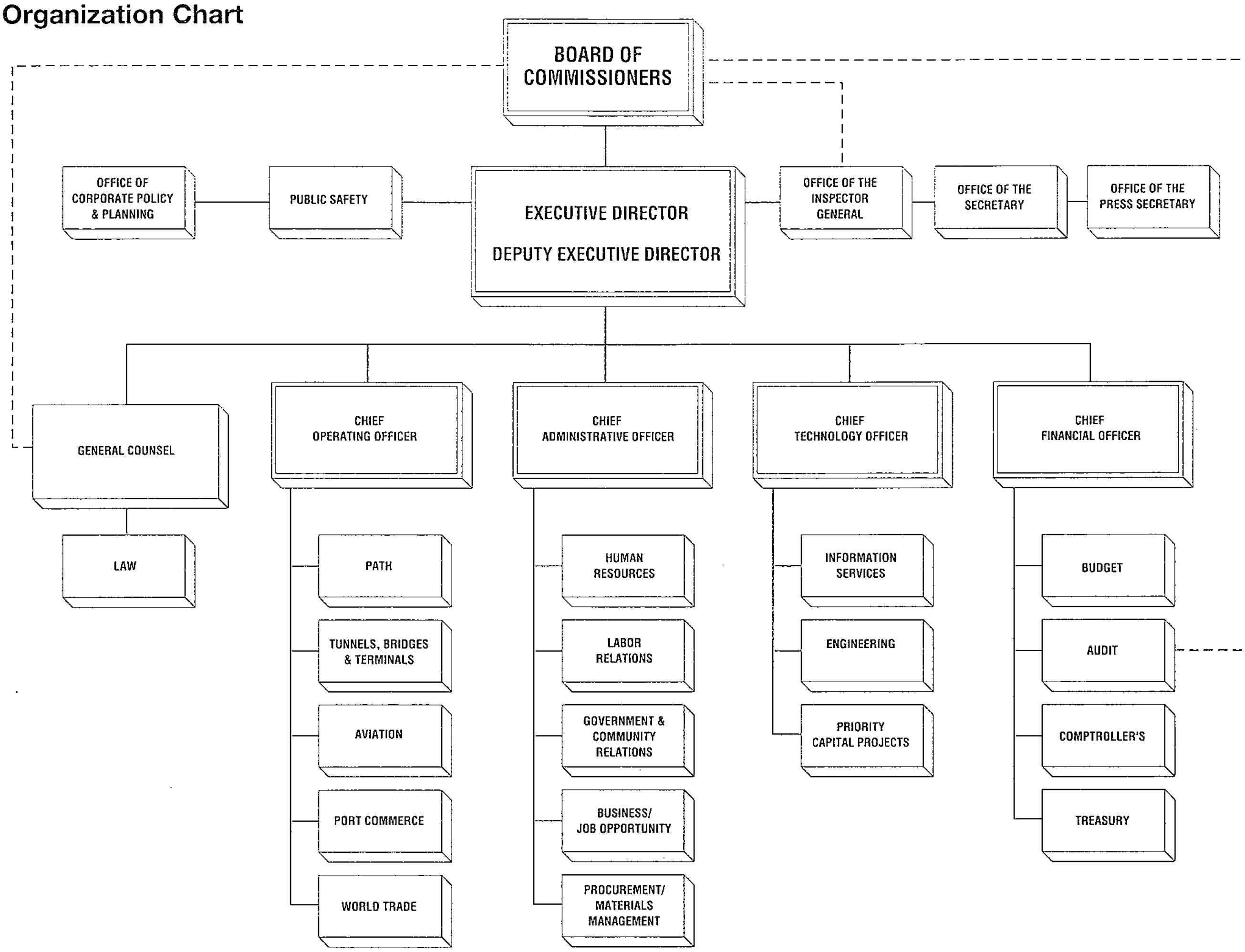
1 *Commissioner Eisenberg, a member of the Board since February 4, 1994, was elected Chairman on November 9, 1995, replacing Kathleen A. Donovan, who had been at the Board's helm since April 14, 1994, and who continues to serve on the Board.*

2 *Commissioner Gargano joined the Board on April 6, 1995, succeeding Commissioner Burgos. He was elected Vice Chairman on April 6, 1995, replacing Vincent Tese, who had served as Vice Chairman since January 7, 1992.*

3 *Commissioner Kalikow joined the Board on April 6, 1995, succeeding Commissioner Paterson.*

4 *Commissioner Talley joined the Board on December 19, 1995, succeeding Commissioner Tese.*

Organization Chart



Current Officers and Directors*

George J. Marlin, *Executive Director*
John J. Haley, Jr., *Deputy Executive Director*

Karen A. Antion, *Chief Technology Officer*
A. Paul Blanco, *Chief Administrative Officer*
David F. Feeley, *Chief Operating Officer*
Charles F. McClafferty, *Chief Financial Officer (Acting)*

Jeffrey S. Green, *General Counsel*

Bruce D. Bohlen, *Treasurer (Acting)*
Lillian C. Borrone, *Port Commerce*
John D. Brill, *Audit and Inspector General (Acting)*
Ernesto L. Butcher, *Tunnels, Bridges & Terminals*
Richard Codd, *Government & Community Relations (Acting)*
Michael DePallo, *PATH*
Gerald P. FitzGerald, *Aviation*
Frank Fox, *Public Safety (Acting)*
Labor Relations *(To Be Named)*
Louis J. LaCapra, *Human Resources*
Francis J. Lombardi, *Engineering (Acting)*
Charles J. Maikish, *World Trade*
Raymond P. Mannion, *Comptroller*
Lysa C. Meduri, *Secretary*
Roy S. Pleasant, *Information Services*
Procurement/Materials Management *(To Be Named)*
Richard W. Roper, *Business/Job Opportunity*
Cruz C. Russell, *Corporate Policy & Planning (Acting)*
Deborah E. Schneekloth, *Budget (Acting)*
Peter Yerkes, *Press Secretary*

**Beginning in 1995, the Port Authority has undertaken an ongoing staff reorganization intended to better serve the agency. The current organization is shown in the accompanying chart, with the directors who have been appointed on a permanent or acting basis. Some of these appointments occurred in 1996.*

1995 OVERVIEW

Managing Organizational Transition

The year 1995 was one of organizational and operational re-examination for The Port Authority of New York and New Jersey. At the heart of our restructuring was a determination to refocus on our core mission. That mission is transportation — our airports, trans-Hudson vehicular crossings, bus terminals, the PATH rapid transit system, and our marine terminals.

Because of our streamlining and efficiencies, we were able to avoid increasing tolls at our bridges and tunnels and fares for PATH. Concurrently, we embarked on an ambitious program of service improvements for all our core businesses.

In a very real sense, the Port Authority — as a government agency — paralleled the restructurings that have been occurring in private enterprise.

- As divestiture of unprofitable and/or unrelated activities became inevitable for corporate enterprises, so too was divestiture at the Port Authority of assets and functions that stretched the outer limits of the agency's mission. As a result, the Vista Hotel was sold, as was industrial park land. Furthermore, we commissioned a study on how to maximize the value of the World Trade Center — including three options: outright sale, net lease, or private asset management.
- And as private enterprises have outsourced some functions for cost efficiencies and enhanced performance, so too did the Port Authority look at avenues for privatization of functions — the most prominent possibilities being at Newark and Kennedy International airports.

The resulting reorganization eliminated layers of management, reduced the time needed to develop key projects and crystallized our vision for meeting the expectations of our customers. By reducing administrative overhead and eliminating duplicative services, we had the wherewithal not only to hold the line on our patron user fees, but also to give better value for the price. The underlying concept was to redirect dollars that had previously been spent on support services, and to free those resources for customer service and much needed improvements in the region's infrastructure. At the same time, we continue to fulfill our commitments to our bondholders and have maintained our bond ratings.

CAPITAL PROGRAM

As a result of the Port Authority's new efficiencies, our capital budget was protected. It remains at $4 billion from 1995 through 1999. Almost half this investment will be directed at the airports. In 1995:

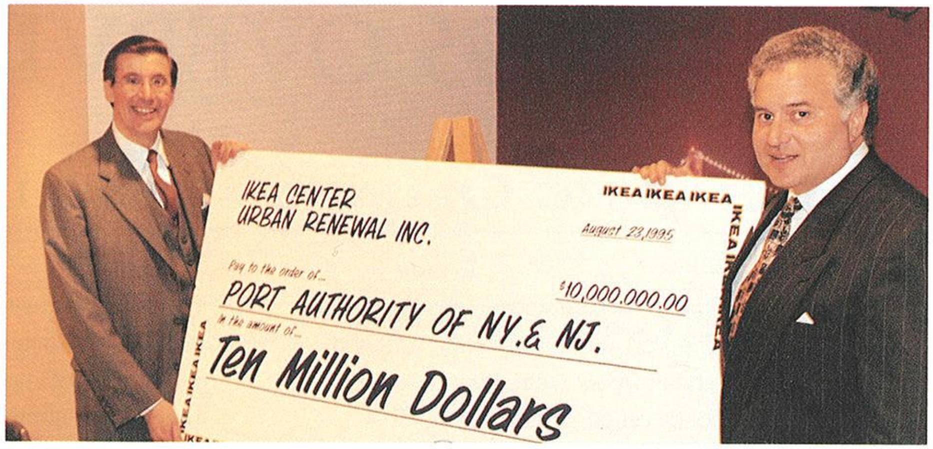
- We moved forward in the planning and development of a completely new $800 million International Arrivals Building at Kennedy International Airport.
- We completed construction of a new International Arrivals Facility at Newark International Airport.
- We made significant progress in the redevelopment of LaGuardia Airport's Central Terminal Building's public areas.

Of utmost priority is airport access. At Newark International, 1995 saw construction of the passenger monorail system completed. Scheduled to begin service in the spring of 1996, the monorail will vastly improve mobility in and out of terminal facilities, as well as around the airport complex. Similarly, we are in the process of intensively considering several airport access options for Kennedy International and LaGuardia.

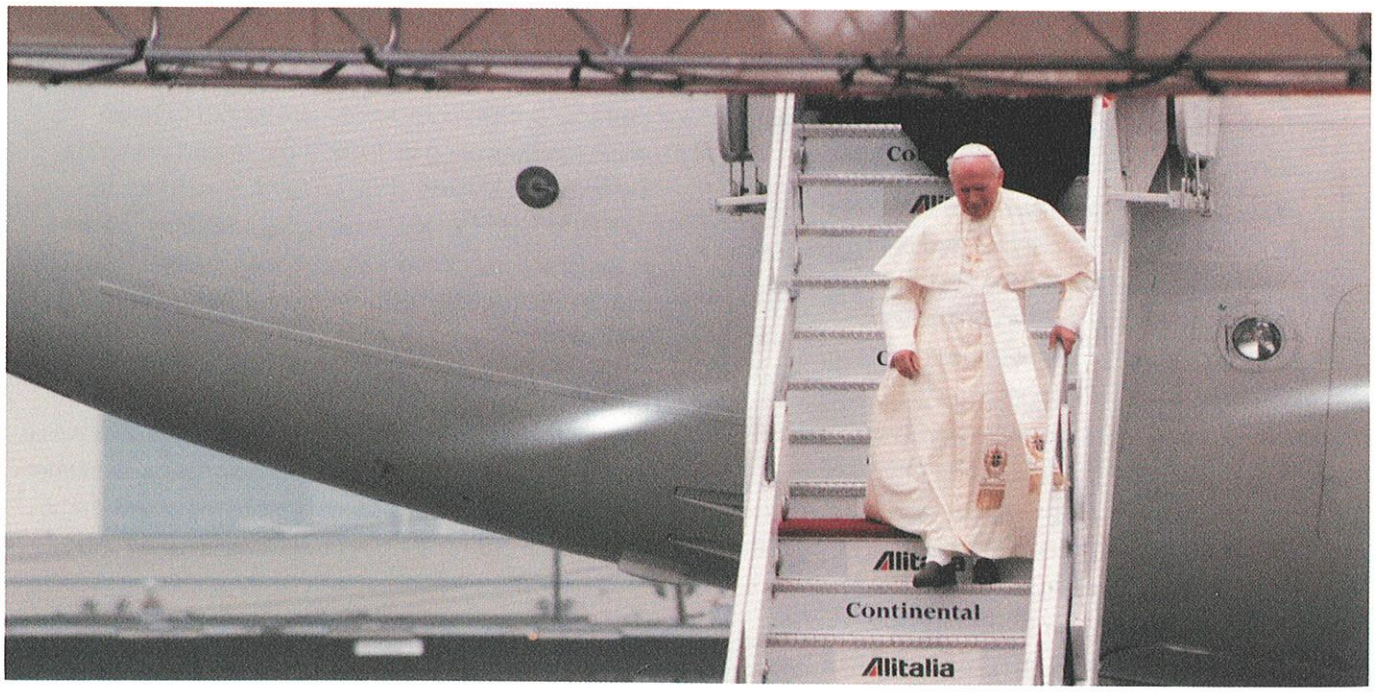
REVIVE AND GUIDE

A cornerstone of our reorganization and refocusing was a renewed commitment to providing high-quality, customer-oriented transportation service. Within the overall framework, plans provide for comprehensive cleaning and relamping at the Lincoln and Holland tunnels, expansion of customer relations training, improving information and directional signage at all interstate transportation facilities, as well as renovation of all 13 PATH stations.

As part of ongoing privatization efforts, Port Authority Executive Director George J. Marlin (left) accepts a check for $10 million for the sale of 25 acres of Port Authority-owned land at the agency's Industrial Park at Elizabeth, NJ, to IKEA, the Swedish home furnishings firm. Presenting the check at a formal closing ceremony is Roy Perez-Daple, President of IKEA Center Urban Renewal, Inc.



Privatization initiatives in 1995 also included the Port Authority's sale of the New York Vista Hotel to the Host Marriott Corp. for $141.5 million.



Pope John Paul II arrives at Newark International Airport on October 4 for a five-day visit to the New York-New Jersey region.

TECHNOLOGICAL ADVANCES

The business and regulatory climate affecting the Port Authority's technology environment has changed greatly. Rapidly progressing information technology and its supporting networks hold value beyond the direct use made of them for Port Authority operations and management.

This value comes about in two ways. First, we are learning to fully exploit new and developing technologies to ensure our operations are as efficient and cost effective as possible. Improvements such as electronic toll collection promise to be as important to our customers in the future as the construction of the river crossings themselves were in the past.

Second, by virtue of our geographic location, our rights-of-way and our facilities, the Port Authority holds a strategic advantage in one of the most advanced communications regions of the world. This advantage puts us at the forefront of the telecommunications marketplace.

The Port Authority is well positioned to utilize technology to streamline its internal operations, enhance customer service levels and develop revenue generating marketing opportunities.

PRIVATIZATION/COMPETITION

Today, governments at all levels are operating under a different paradigm. Two, three, or four decades ago, governments seemingly had the resources to finance anything they wanted. Today, new fiscal considerations are dictating that governments select the most cost-efficient delivery mechanisms, or production units. Carried to its logical conclusion at the Port Authority, this, as previously mentioned, has in some cases led to outright divestiture. In the final analysis, we acknowledged that there are some things that governments just do not do well.

MARKING A MILESTONE

These were the parameters and conditions under which The Port Authority of New York and New Jersey entered its 75th Anniversary year. We reaffirmed our values and the Board of Commissioners adopted a new, concerted mission statement.

One honored event should be noted. Pope John Paul II visited New York and New Jersey in October. The Port Authority was intricately involved in the logistics of his visit, and our staff did an excellent job in making his arrival a day of solemnity and joy. He arrived and departed from Newark International Airport and was escorted throughout the bistate region at Port Authority facilities. It was an uplifting event for all New Yorkers and New Jerseyans.

It served to remind us that the mission of the Port Authority has deep historical traditions. As we prepare to mark 75 years of those traditions, we have positioned the agency to continually retrofit the New York-New Jersey region as a supreme platform of transportation and trade for the North American continent.

George J. Marlin
George J. Marlin
Executive Director

INTERSTATE TRANSPORTATION

PUTTING THE CUSTOMER FIRST

ON A TYPICAL WEEKDAY IN 1995, MORE THAN A MILLION commuters traveled between New York and New Jersey by car, bus, rail and ferry on the Port Authority's interstate transportation network. They made these trips on a system revitalized and reconditioned with customer service first and foremost in mind.

Systemwide improvements were launched during the year as part of an ambitious "Revive and Guide" program that promised our customers faster, safer, more reliable service. At year-end, the program had delivered:

- Expanded courtesy training for toll takers and other front-line staff at all facilities.
- Cleaner, brighter tunnels, bridges and terminals.
- Cleaner PATH trains and stations.
- Easier to follow roadway and facility signs.
- Improved safety.

Cleaner, Brighter Facilities. At the Lincoln and Holland tunnels, we scrubbed wall and ceiling tiles until they gleamed. We also installed brighter lighting at the Holland Tunnel and will do the same at the Lincoln Tunnel in 1996. At the Port Authority Bus Terminal, we intensified cleaning standards and upgraded lighting in several busy areas.

Enhanced Training. We launched new courtesy training programs for PATH employees and toll collectors. These efforts are part of our agency-wide plan to provide special customer service training for more than 2,600 front-line employees at all Port Authority facilities.

Rehabilitated PATH Stations. Brighter lighting and freshly painted walls, ceilings and handrails added shine to the Harrison Station in New Jersey and the Ninth Street Station in New York. Eleven more PATH stations will be refurbished over the next two years.

Better Signage Inside and Out. Upgraded variable message signs at our tunnels and bridges provide better traffic information, along with additional trailblazer directional signs at approach and exit roadways. The flow of pedestrian traffic inside the Port Authority Bus Terminal benefits from redesigned directional signs to bus ramps, subways and other services and upgraded tenant directories.

New maps provide Bus Terminal patrons with routes, accurate bus gate and ticketing information and the location of restaurants and retail services.

Bus Terminal Service Additions. The Bus Terminal welcomed several new tenants, including a delicatessen, sunglass kiosk and candy shop. Enhanced services also include additional automated teller machines. Combined, these and other improvements resulted in a private investment of $1.2 million.

Improved Traffic Flow. At our busy bridge and tunnel toll plazas, more exact fare toll lanes help speed the traffic flow and cut commutation time for travelers.

Cleaner PATH Trains. Along with better looking stations, PATH's 207,000 average weekday commuters also now enjoy better looking trains. We increased train washing — from floor to ceiling — and we will replace more than 5,000 PATH car windows to eliminate "scratchfiti," vandalism of rail car windows by scratching that mars their appearance and hampers visibility.

Electronic Toll Collection. Along with the Port Authority's "Revive and Guide" customer service improvement initiative, we also continued to put new technologies to work to add capacity across the system and to advance E-ZPass electronic toll collection for the region. E-ZPass will help improve traffic flow and enhance customer service by simplifying toll payment.

We plan our first E-ZPass implementation in third quarter 1997 at the three Staten Island crossings — the Bayonne Bridge, Goethals Bridge and Outerbridge Crossing — to serve the growing market already created by the E-ZPass electronic toll collection system in operation at the Verrazano-Narrows Bridge. Current plans call for the implementation of electronic toll

The Port Authority Bus Terminal, the busiest in the nation, accommodates more than 185,000 customers on a typical weekday. Customer service improvements in 1995 include upgraded directory and bus information kiosks.

Over 14 million wall and ceiling tiles in the Lincoln and Holland tunnels were cleaned as part of the Port Authority's "Revive and Guide" improvement program.

An overhauled Ninth Street PATH Station in Manhattan sparkles. All PATH stations will be refurbished over the next two years.

collection at all Port Authority vehicular crossings by the end of 1998.

Uninterrupted Cellular Calls. While traveling through our tunnels, motorists can make uninterrupted cellular phone calls for the first time. AT&T Wireless (Cellular One) and NYNEX/Bell Atlantic Mobile began cellular service in the Holland Tunnel in April, while NYNEX had already begun service in the Lincoln Tunnel in February.

RENEWING AND IMPROVING FACILITIES

The Port Authority's commitment to customers recognizes the importance of upgrading and maintaining the physical infrastructure of our facilities. In 1995, we invested $146 million in a range of projects to improve the regional mobility of people and goods across the interstate transportation system. Among key projects:

- We continued to assess, with environmental and other transportation agencies, the advantages of expanding and modernizing the Goethals Bridge to provide modern lane widths, full shoulders and an express lane for buses and car-poolers. We coordinated our efforts with local officials, business groups and community representatives.
- We advanced planning for the $53 million renovation of the Center Tube ceiling, roadway, curbs, and other areas of the Lincoln Tunnel as well as the installation of a new lighting system. Work is expected to begin in first quarter 1996.
- We completed improvements on and around 12th Street at the Holland Tunnel entrance in Jersey City, including the replacement and upgrading of traffic signals, roadway lighting and sidewalk areas.
- We advanced a $19 million project to repaint the Outerbridge Crossing. Layers of old, lead-based paint will be removed, and the bridge will be painted with a special new coating to protect the steel from corrosion for at least the next 25 years. Work on the bridge in 1995 also included the installation of a higher median barrier to reduce glare from oncoming headlights and improve nighttime driving conditions.
- We completed construction of new PATH underground emergency ventilation fans at Avenue of the Americas (Sixth Avenue) and 19th Street in Manhattan. Tunnel fans will exhaust smoke from the PATH tunnels and/or provide fresh air in an emergency.
- We replaced the PATH portal bridge east of Journal Square in just three days. The extensive $1.9 million project included removing the existing structure and installing a new pre-assembled bridge section.

1995 TRAFFIC POSTS RECORD HIGHS

The Port Authority's interstate transportation network is one of the most heavily used systems in the United States. In 1995, traffic on this vital network registered record gains systemwide.

At our four bridges and two tunnels, annual traffic volume rose 3.2 percent over 1994 to 112.5 million vehicles — an all-time high, breaking the previous record set in 1990 of 112.4 million vehicles. While all facilities experienced increased activity and set new records, the George Washington Bridge posted the biggest increase, up 4.1 percent to almost 48 million vehicles.

PATH ridership was up slightly to 59.3 million passengers compared with 58.8 million in 1994. Year-end average weekend ridership surpassed 1994 levels by nearly one percent on Saturdays and 3.2 percent on Sundays. PATH's on-time service improved to 92.9 percent compared with 92.5 percent in 1994.

Hoboken Ferry ridership remained constant at 2.4 million annual passengers.

AVIATION

Progress and Results

John F. Kennedy International, Newark International and LaGuardia airports comprise one of the biggest and busiest regional aviation complexes in the world — handling nearly 78 million passengers and 2.6 million tons of air cargo in 1995.

To ensure our regional aviation system's continued competitiveness and operational integrity, the Port Authority invested $350 million in capital improvement projects during the year.

We also provided a full complement of service enhancements to meet the varied needs of our customers. These initiatives produced results in several areas:

- New and expanded or upgraded passenger and cargo facilities.
- Added convenience at airport parking lots.
- Speedier customs and immigration processing.
- Improved food, retail and ground transportation services.

Easier On-Airport Travel. Hundreds of new and improved roadway and terminal signs were installed to make it easier for passengers to travel to and around the three airports.

Better Access to Information. Along with better signage, a new, automated telephone information system gives customers direct access to airport information. Additionally, a new computerized ground transportation information system helps agents serve travelers faster by providing easier access to such data as types of service available, schedules and prices.

Improved Baggage Services. We completed a new domestic baggage claim facility at Kennedy's International Arrivals Building, enabling airlines to offer travelers in-terminal connections between international and domestic flights.

For travelers at Newark International, convenient luggage carts are now available for the first time at Terminals A and C.

Parking Lot Convenience. We added more prepaid express exit lanes at airport parking lots to help speed up departures. Parking fees can be prepaid at machines inside selected passenger terminals.

More Shopping and Dining Choices. All of our airports welcomed new retail shops and restaurants. In fact, a totally new food court opened at Kennedy's International Arrivals Building, and a new "mall" area under development in the Central Terminal Building at LaGuardia Airport will bring first class food and retail services in 1996.

Increased Competition. Redevelopment and management of food and retail concessions at LaGuardia's Central Terminal Building is being accomplished by a private developer, Marketplace LaGuardia Limited Partnership.

This project and others at Kennedy and Newark International airports reflect the Port Authority's ongoing pursuit of public-private partnerships to improve efficiency in the management, development and operation of passenger and cargo facilities and services.

Front-line Training. Stressing friendliness and hospitality, we continued our "Airport Ambassadors" courtesy training program for front-line, on-airport staff such as ground transportation agents, bus and taxicab drivers, and parking lot cashiers. More than 1,500 front-line staff at all three airports will take part in "Ambassador" courtesy training in 1996.

School Soundproofing. We completed soundproofing of the twenty-sixth in a series of schools located near our airports. Soundproofing reduces aircraft noise by half and provides added benefits such as reduced energy costs for the schools.

A joint effort of the Port Authority and the Federal Aviation Administration, we have invested approximately $31 million since the program began in 1983.

New York Governor George E. Pataki (fourth from left) joins officials at a groundbreaking for the first new passenger terminal at Kennedy International Airport in 25 years. It is being built by the Terminal One Group Association, comprised of Lufthansa German Airlines, Japan Airlines, Korean Air and Air France. With the Governor at the September 6 event are (left to right) Kathleen A. Donovan, Port Authority Commissioner and Board Chairperson at the time; Yang Ho Cho, President and CEO, Korean Air; Juergen Weber, Chairman, Lufthansa German Airlines; George J. Marlin, Executive Director of the Port Authority; Claire Shulman, President, Borough of Queens; Susumu Yamaji, Chairman, Japan Airlines; Robert J. Kelly, Port Authority General Manager, Kennedy International Airport; and Christian Blanc, Chairman, Air France.

Testing of the on-airport passenger monorail began during 1995 at Newark International Airport. The fully automated system is expected to begin operation in the spring of 1996.

INFRASTRUCTURE RENEWAL

The primary goal of our airport redevelopment program is to provide an upgraded, modernized regional aviation infrastructure. In 1995, work progressed in several areas:

Kennedy International Airport

- We moved ahead in the planning and development of a completely new International Arrivals Building (IAB). Projected for completion in 2001 by a private developer, the $800 million project envisions a facility that is state-of-the-art, optimally practical, attractive — and a credit to the region it serves. Once a developer is selected to design, build and operate the new IAB, construction could begin by late 1996.
- At year-end, patrons experienced improved traffic flow in and out of the airport as major components of a new roadway quadrant system were nearly completed. The new roadway system will allow motorists to proceed directly to the terminal of their choice and the terminal's associated parking areas from either the Van Wyck or JFK expressways.
- Tenant airlines accounted for key improvement projects. American Airlines finished most of its $76 million in-terminal capital program; Tower Air built a new enclosed concourse and expanded its terminal space and parking facilities; and Delta Air Lines spent over $100 million in terminal enhancements.
- The Terminal One Group Association, comprised of Lufthansa German Airlines, Japan Airlines, Korean Air and Air France, was well into the construction of its $435 million, 650,000-square-foot facility scheduled to open in 1998.

Newark International Airport

- We completed a new International Arrivals Facility. The $120 million facility provides more wide-body aircraft gates and a new and larger Federal inspection area. It doubles the capacity of the former international facility and enables arriving passengers to move through the airport quickly and easily.
- On-airport travel will soon be quicker and easier too, as we move closer to beginning service on the fully automated passenger monorail system. We completed construction during the year and began testing the $354 million system — slated to board its first passenger in the spring of 1996. When operational, the Newark monorail will whisk travelers quickly between airport passenger terminals, parking lots and car rental facilities. The system is to eventually link up with Northeast Corridor rail service.
- Several tenant airlines upgraded their facilities, including United Airlines' multi-million dollar modernization at Terminal A and a $60 million expansion by Federal Express of its new facilities in the South Area Cargo Complex, adding some 200 new airport jobs.

LaGuardia Airport

- At LaGuardia, an $800 million makeover is nearly complete — including terminal and roadway improvements. In 1995, modernization of the Center Section and the East Wing of the Central Terminal Building (CTB) advanced. The Center Section project is a $47 million redevelopment effort to improve the quality and variety of services provided to our customers.

  Public area enhancements include a dramatic open space with a three-level, skylit atrium — targeted for completion in late 1996. It will feature new retail services and food concessions being developed and managed by a private developer.

  Trans World Airlines expects to complete the East Wing modernization in late 1996, featuring wider, brighter and cleaner baggage claim, ticket counter and ground transportation areas.

PORT COMMERCE

OPPORTUNITIES FOR GROWTH

PORT COMMERCE WAS ESTABLISHED IN 1995 AS PART OF the Port Authority's organizational restructuring and our refocusing on core businesses. Strengthening the bistate region to compete effectively in the global marketplace emerged as the central objective in the following areas: the New York-New Jersey port; economic development; and international business.

Port Commerce capital spending during the year amounted to $97 million. Projects included berth and wharf rehabilitation, roadway, utility and intermodal improvements and waterfront development activities.

PORT BUSINESS DEVELOPMENT

Total oceanborne general cargo at our port facilities rose 5.5 percent in 1995 to 14.6 million long tons — reflecting growth fueled by an overall 17.3 percent increase in exports. The surge in exports resulted from the continuing economic recovery in Europe, our largest trading partner, and favorable exchange rates. Imports totaled 9.5 million long tons, virtually the same as 1994.

Vehicle shipments represent significant cargo for the New York-New Jersey port. This trade was bolstered by Hyundai Motor Company of America's announcement during the year that it would import approximately 50,000 automobiles through Port Newark annually in order to serve its dealerships throughout the East Coast. The Hyundai initiative is expected to generate 170 direct and indirect jobs in the region.

Other port business development achievements in 1995 that supported efforts to promote and protect our competitive position included:

Dredging Disposal Solutions. Throughout 1995, the Port Authority continued high priority efforts to identify immediate and long-term solutions to the New York-New Jersey port's dredged material disposal needs. Our Board authorized $2.5 million to begin engineering and environmental studies for the construction of a disposal site in Newark Bay adjacent to the Port Newark/Elizabeth Marine Terminal.

This Newark Bay Confined Disposal Facility is one element in solving some of the port's dredged material disposal needs. Discussions for other dredging solutions continue among various federal and state agencies as well as industry and environmental groups.

Howland Hook Operations. In the fall, we completed all the necessary dredging to reactivate the Howland Hook Marine Terminal on Staten Island for container operations. The terminal is expected to open in the first half of 1996 under a lease with a new operator, whose tenancy began in November.

Red Hook Container Terminal. Under the operation of American Stevedoring, Inc., this Brooklyn facility continued to build business in 1995 by attracting new liner services and boosting container volume.

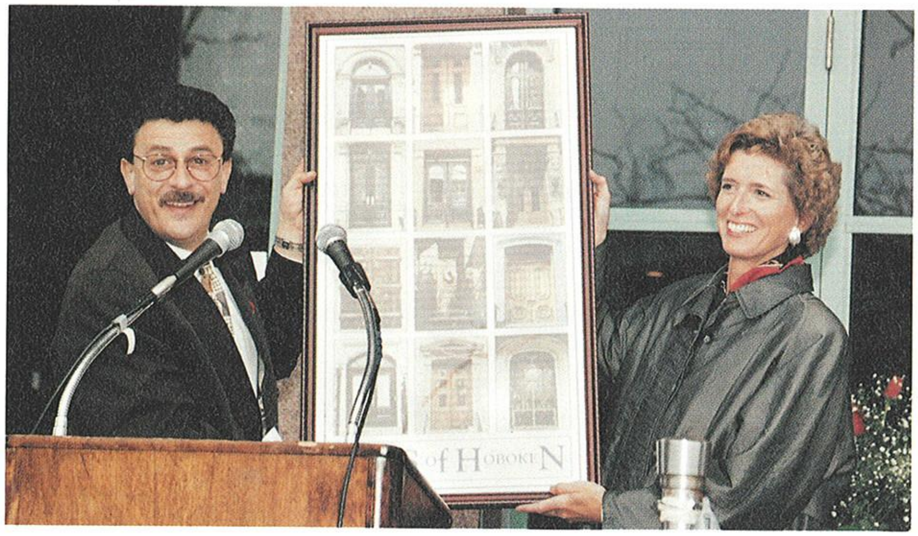
Intermodal Improvements. We completed construction of the expanded ExpressRail terminal at the Elizabeth-Port Authority Marine Terminal in December. ExpressRail is designed to meet the growing demand for international container shipments by rail to and from the U.S. Midwest and Eastern Canada through the New York-New Jersey port. The new facility has an annual capacity of 150,000 containers and has room for expansion to more than 200,000 containers.

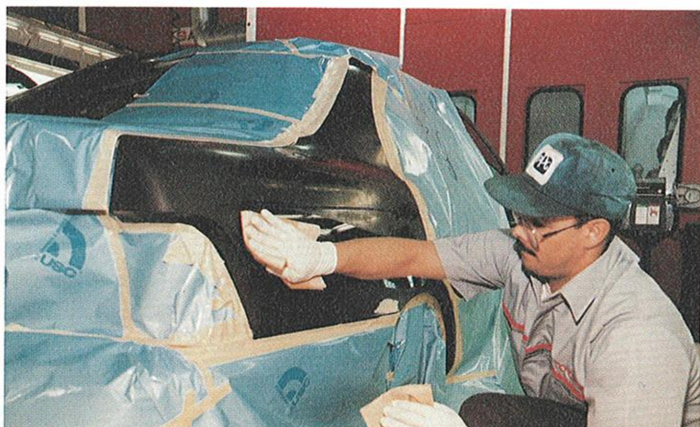
Better Signage. We developed a new comprehensive signage system to replace the current directional signage at Port Authority marine terminals. The new system is expected to help move port truck traffic more quickly and effectively through the terminals.

Processing Services Upgraded. To help marine terminal operators, customs brokers and truckers move import cargo off the docks quickly and efficiently by reducing paperwork, the Port Authority began pilot testing an Electronic Delivery Order program.

The latest in a series of electronic document processing services offered through our Automated Cargo Expediting System, the Electronic Delivery Order program will be available to the full port community in 1996.

In 1995, the Port Authority and the City of Hoboken reached an agreement for the mixed-use development of the city's southern waterfront. At a signing ceremony on July 13, New Jersey Governor Christine Todd Whitman accepts a "Doors of Hoboken" poster from Hoboken Mayor Anthony Russo.





Automobile imports and exports represent significant trade for the New York-New Jersey port.

The New York-New Jersey port handled 14.6 million long tons of general cargo in 1995, valued at $63 billion.

ECONOMIC DEVELOPMENT

Substantial gains were registered during the year in the Port Authority's ongoing goal of attracting private investment and jobs to the region.

Industrial Park at Yonkers. We moved aggressively to privatize the Industrial Park at Yonkers, NY, and to implement interim cost containment initiatives. Our Board approved the sale of several of the park's buildings, and we reduced operating costs by outsourcing maintenance and consolidating management of the agency's New York industrial parks. The primary tenant at Yonkers, Kawasaki Rail Car, Inc. (KRC), extended its lease after getting major contracts from New York's Metropolitan Transportation Authority and from Baltimore's commuter rail system.

Industrial Park at Elizabeth. In our ongoing efforts to privatize the park, we sold 25 additional acres to IKEA, a Swedish home furnishings retailer that already operates its flagship U.S. store on adjacent property purchased from the Port Authority in 1988.

In its expansion, IKEA plans to build a 350,000-square-foot retail center that will create approximately 500 construction jobs, 800 permanent jobs and provide increased real estate and other tax revenues for the City of Elizabeth and the State of New Jersey.

Bathgate Industrial Park. We leased the last remaining site at the park for the construction of a 23,000-square-foot dry cleaning plant. At year-end, Bathgate tenants provided employment for 1,500 people, most of them Bronx residents.

The Teleport. The Teleport office and communications complex on Staten Island achieved 99 percent occupancy of constructed space and increased its total earth stations to 26. We also selected a real estate broker to market the remainder of the complex for private sector development.

Essex County Resource Recovery Facility. This public-private partnership of the Port Authority, American Ref-Fuel and Essex County, NJ, marked its fourth year with another increase in volume. The facility processed about 900,000 tons of waste in 1995.

New Jersey Waterfront Development. We reached an agreement with the City of Hoboken, NJ, for the cooperative development of The South Waterfront along the Hudson River. A Port Authority investment of $75 million is expected to generate an additional $525 million in private sector investment.

The mixed-use development plan will create at least 2.3 million square feet of office, residential, retail and hotel space and 525,000 square feet of open space. The South Waterfront is expected to generate 5,300 construction jobs and 7,000 permanent jobs.

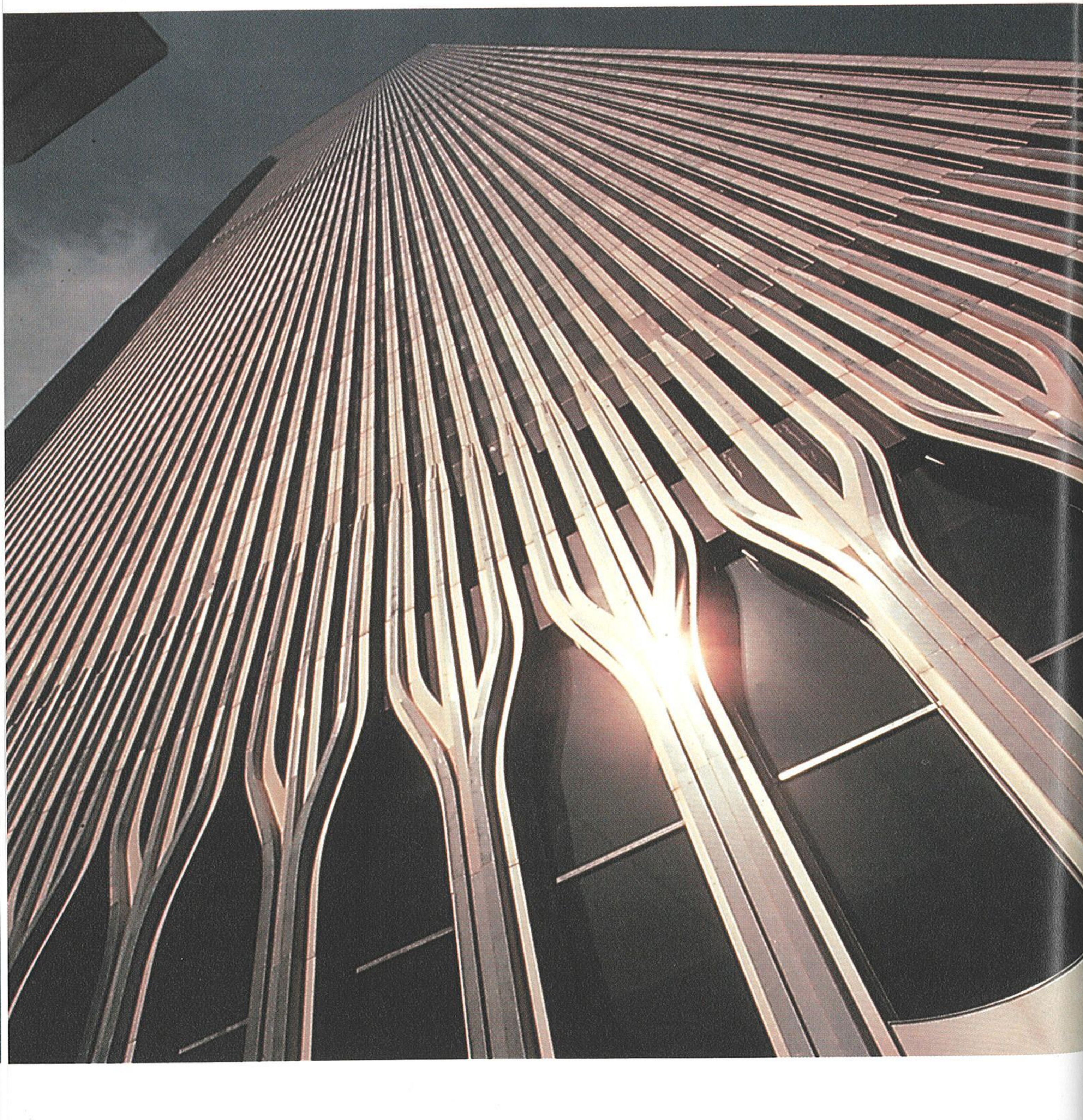
New York Waterfront Development. Work progressed at the Queens West Waterfront Development, located along the East River across from the United Nations. A new community park opened in August, and planning began for a groundbreaking in the first half of 1996 for the construction of the site's first building. Ridership on the New York Waterway ferry service between Queens West and midtown Manhattan, inaugurated in October 1994, averaged 9,000 passengers per month in 1995.

Queens West is a partnership of the Port Authority, the New York City Economic Development Corporation and New York's Empire State Development Corporation. A Port Authority investment of $125 million, with additional support from New York State and the City of New York, is expected to generate more than $2 billion in private sector participation.

INTERNATIONAL BUSINESS DEVELOPMENT

The Port Authority's international sales and marketing activities helped generate business opportunities for both the agency and the New York-New Jersey region during 1995. Our representatives abroad played important roles in the development of new waterborne and air cargo carrier services between overseas markets and the New York-New Jersey port and airports.

WORLD TRADE



THE COMPETITIVE CHALLENGE

WORLD TRADE CENTER ACTIVITIES IN 1995 REFLECTED THE Port Authority's ongoing commitment to improve and effectively manage the complex. There was progress on many fronts.

- We moved forward with efforts to maximize the value of the complex through increased private sector participation.
- We welcomed 70 new tenants who signed or committed to office leases totaling 420,000 square feet.
- We posted an occupancy rate of 83 percent, despite the continued weakness of the downtown Manhattan real estate market.
- We responded to customer needs through a range of service and facility improvements.

MAXIMIZING COMPETITION

The Port Authority's continued commitment to private sector participation to maximize the value and operation of the World Trade Center complex was central to several agreements and projects begun or completed during the year.

Asset Management Options. In May, we selected Chemical Securities, Inc. to study ways of maximizing the value of the World Trade Center to the Port Authority and to the region. Three options were identified: sale of the complex, net lease of the complex or private asset management. Our Board subsequently developed a strategy for testing the reaction of the marketplace to these options and will continue to evaluate them as the market testing proceeds.

Vista Hotel Sale. In a major privatization initiative, we sold the 825-room Vista Hotel to Host Marriott in November for $141.5 million. Taking into account the present value of ground lease payments, the total consideration for the sale of the hotel exceeded $155 million, or $190,000 a room — the second highest per-room price paid for a Manhattan hotel in the past several years.

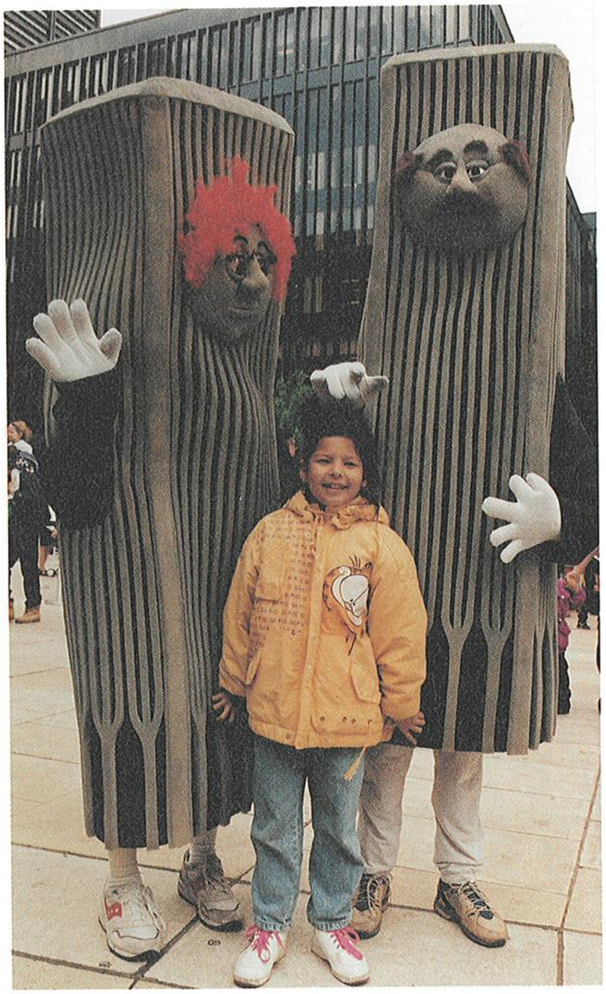
Observation Deck Privatization. We leased the Observation Deck to a private operator, Ogden Entertainment Services, in October. The facility, renamed "Top of the World," is slated for a $5.8 million renovation by Ogden.

Mall Redevelopment. The World Trade Center Mall gained new drawing power with major retail and food service additions, including Coach, Warner Brothers Studio Store and the Coffee Station. We also signed a lease agreement with Borders Books and Music, which plans to open a megastore in 1996. These successes contributed to a nearly 25 percent increase in gross retail sales at the World Trade Center.

CUSTOMER SERVICE IMPROVEMENTS

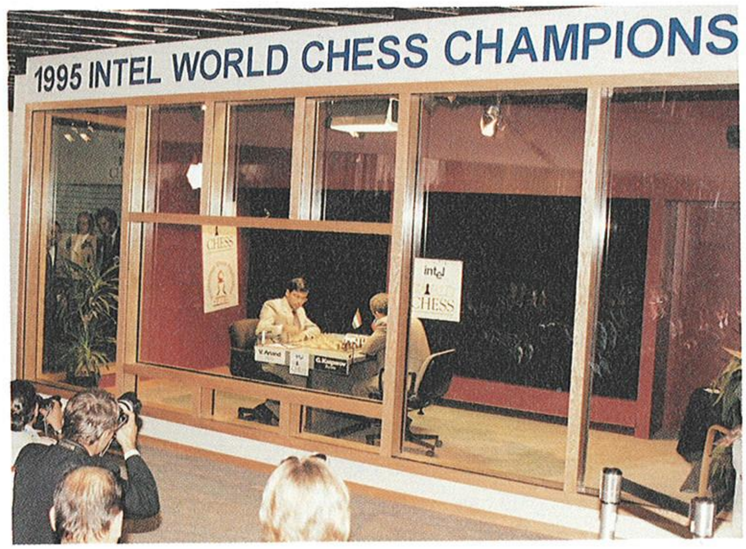
The seven-building World Trade Center complex serves a varied customer base, including tenants and their employees, commuters, tourists, shoppers, diners, hotel guests, downtown residents and neighborhood businesses. We endeavored to meet the needs of this diverse group through a range of service initiatives and $82 million in capital spending on facility upgrades and modernization:

- Safety and security remain vital considerations. Incorporating the most advanced technologies, development and installation of a modern operations control center and a new fire alarm system will ensure that the World Trade Center will be well prepared for emergencies.
- Significant progress was made on modernizing the complex's more than 300 elevators and escalators and expanding its electrical and heating, ventilation and air conditioning capacity.
- Getting around and through the World Trade Center Concourse was made easier and more convenient. We completed major pedestrian circulation improvements, including a new central corridor leading to the PATH World Trade Center terminal and more user-friendly signage throughout the busy complex.



The World Trade Center plaza is a popular venue for a variety of outdoor events, including the annual "Buskers Fare" featuring colorful street performers.

At the 1995 Intel World Chess Championship, Garry Kasparov and Vishy Anand compete in a soundproof glass enclosure on the 107th floor Observation Deck of the World Trade Center, site of the event from September 11-October 13.



On May 25, the Port Authority dedicated a memorial in honor of those who lost their lives in the February 26, 1993, bombing at the World Trade Center.

FINANCIAL SECTION

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

The Port Authority of New York & New Jersey, New York

For the Fiscal Year Beginning January 1, 1995

President Executive Director

For the fourth consecutive year, The Port Authority of New York and New Jersey was awarded the Distinguished Budget Presentation Award by the Government Finance Officers Association of the United States and Canada for its 1995 Annual Budget.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

The Port Authority of New York & New Jersey

For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 1994

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 eleventh consecutive year, The Port Authority of New York and New Jersey was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada for its 1994 Comprehensive Annual Financial Report.

THE PORT AUTHORITY OF NY & NJ

ONE WORLD TRADE CENTER
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To The Board of Commissioners of The Port Authority of New York and New Jersey

The Comprehensive Annual Financial Report of The Port Authority of New York and New Jersey, including its wholly-owned subsidiaries, for the year ended December 31, 1995, is submitted herewith. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Port Authority. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the Port Authority's financial results of operations, financial position, and cash flows in accordance with the requirements of generally accepted accounting principles and Port Authority bond resolutions.

Reporting Entity and its Services

The Port Authority of New York and New Jersey is a municipal corporate instrumentality and political subdivision of the States of New York and New Jersey, created in 1921 by Compact between the two States and thereafter consented to by the Congress of the United States, which undertakes only those projects authorized by the two States. The Port Authority presently has two wholly-owned subsidiaries, Port Authority Trans-Hudson Corporation and the Newark Legal and Communications Center Urban Renewal Corporation. The Governor of each State appoints six of the twelve members of the governing Board of Commissioners. Actions taken by the Commissioners at Port Authority meetings are subject to a gubernatorial review period. From time to time Governors have exercised their power to veto the actions of Commissioners from their respective State. The Compact envisions the Port Authority as being financially self-sustaining and, as such, it must raise the funds necessary for the improvement, construction or acquisition of facilities upon the basis of its own credit. The agency has neither the power to pledge the credit of either State or any municipality nor to levy taxes or assessments. It is authorized and directed to plan, develop, and operate terminals and other facilities of transportation and commerce, and to advance projects in the general fields of transportation, economic development, and world trade that contribute to promoting and protecting the commerce and economy of the Port District, which comprises an area of about 1,500 square miles in both States centering about New York Harbor.

Non-Financial Information

Information concerning current and future economic conditions and how they may impact on operations and the future commitment of Port Authority resources, as well as highlights of current and future initiatives and programs of the Port Authority are presented in the Introductory Section.

Financial Systems, Structure and Control:

Accounting Systems — The Port Authority's Combined Financial Statements include the accounts of the Port Authority and those of its wholly-owned subsidiaries, Port Authority Trans-Hudson Corporation (PATH) and the Newark Legal and Communications Center Urban Renewal Corporation. The Combined Financial Statements are prepared in accordance with generally accepted accounting principles, and include information on Port Authority operations by operating segment. Where appropriate, statements and schedules reflect amounts, including provisions for claims made against the Port Authority, based on estimates and judgments which the Port Authority believes to be sound. These financial statement presentations do not in any way change the net revenues or reserves of the Port Authority or their application as they are defined and governed by requirements of law and the Port Authority's bond resolutions and as they are reflected in Schedules A, B and C. The Port Authority conducts its operations in accordance with such resolutions and legal requirements. Reconciliations of the Combined Statements of Income to Schedule A, Revenues and Reserves, and the Combined Statements of Financial Position to Schedule B, Assets and Liabilities, are included in Note A of the Combined Financial Statements.

Internal Controls — To reasonably assure compliance with published policies and procedures and to protect the Port Authority's assets, a system of internal control, including budget guidelines, has been developed. This system is strengthened and supplemented by internal auditors who conduct examinations of the Port Authority's operations and report on management's performance to the Audit Committee of the Board of Commissioners. There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal control. The concept of reasonable assurance is based on the recognition that the cost of a system of internal control should not exceed the benefits derived and that the evaluation of those factors requires estimates and judgments by management.

Financial Planning Structure — The Port Authority's annual budget provides an outline of estimated expenditures for the year. Approval of the budget by the Board of Commissioners, based upon financial projections developed as a part of the Port Authority business planning process, does not in itself authorize any specific expenditures, which are authorized by other actions of the Board of Commissioners consistent with statutory, contractual and other commitments of the Port Authority, including agreements with the holders of its obligations. The budget, upon approval, becomes a mechanism which facilitates the systematic review of program expenditures to ensure they are made consistent with statutory, contractual and other commitments of the Port Authority, the policies and financial decisions of the Board of Commissioners and the requirements of the By-Laws of the Port Authority.

Results of Operations:

Gross operating revenues totalled $2.1 billion in 1995, an increase of $103 million or 5% from 1994. This increase was primarily attributable to increased revenues from airline terminal rentals, cogeneration plant operations, flight fees and increased activity levels for consumer and aircraft services at John F. Kennedy International Airport (JFK); higher flight fees at LaGuardia Airport (LGA); higher toll revenues due to increased vehicular activity at all Port Authority tunnel and bridge facilities; and increased revenues from the Vista International Hotel reflecting a full year operation.

Operating expenses totalled $1.5 billion in 1995, an increase of $62 million or 4% from 1994. This increase was primarily attributable to higher costs at JFK in connection with the operation of the cogeneration plant, increased municipal rent expense, labor costs and major work programs; increased expenses for the Vista International Hotel reflecting a full year operation; higher operating and maintenance costs at all tunnel, bridge and terminal facilities; and higher police and security costs at all facilities.

Disposition of Property

During 1995 parcels of land which no longer were required for the purpose for which they were originally acquired at the Industrial Park at Elizabeth and the Lincoln Tunnel were sold. Also, in December, certain property interests of the Vista International Hotel and certain personal property used in connection with the operation of the hotel was acquired by HMHWTC, Inc., a single purpose affiliate of the Host Marriott Corporation.

Portfolio Management

The Port Authority's long-term investments are maintained in securities of or guaranteed by the United States Government and in Port Authority bonds. During 1995 earnings on long-term investments totalled $42.9 million.

Short-term investments consisted primarily of United States Government securities (including such securities held pursuant to repurchase agreements and reverse repurchase agreements), securities of United States government agencies, commercial paper, United States Treasury and municipal bond futures contracts, interest rate exchange contracts and interest rate options contracts. These investments include derivatives that are employed in hedging strategies to minimize interest rate risk. Earnings on short-term investments totalled $32.9 million, which includes earnings allocated to capital and to the Passenger Facility Charge Program.

Combined earnings on such long-term and short-term investments increased due to the fact that short-term interest rates were higher during 1995 than in 1994. Also, average invested balances were higher than in 1994.

Invested In Facilities

Invested in facilities, pursuant to Port Authority bond resolutions, totalled $11.8 billion at year-end 1995, which reflects a net increased investment of $560 million (capital expenditures of $675 million offset by $115 million in disposition of assets) for the operating segments and $75 million for Regional and Other Programs. The additional investment in Port Authority operating segments, and the major projects of each segment, is primarily comprised of:

Air Terminals — $350 million

- Improvements and modernization of terminal buildings;
- Roadways, runways and taxiways;
- Newark International Airport (EWR) Monorail;
- International Arrivals Building expansion at JFK;
- Redevelopment of aeronautic guidance signing;
- Landside access.

Interstate Transportation Network — $146 million

- Roadway improvements;
- PATH tunnel and station rehabilitation;
- Electric and mechanical improvements.

Port Commerce Facilities — $97 million

- Berth and wharf rehabilitation;
- Roadway, utility and rail improvements;
- Site acquisition - Hoboken South Waterfront development activities.

World Trade Center — $82 million

- Infrastructure rehabilitation;
- Fire and security system enhancements;
- Elevator/escalator modernization.

Passenger Facility Charges

The Federal Aviation Administration (FAA) granted the Port Authority the right, effective October 1, 1992, to impose a $3 Passenger Facility Charge (PFC) per enplaned passenger at LGA, JFK and EWR to be collected by the airlines on behalf of the Port Authority. As of September 1995 the Port Authority was authorized to collect up to an aggregate amount (including interest thereon) of $846 million, net of air carrier handling charges. As of September 1995 the FAA also approved expenditures of $171 million attributable to amounts received from collection of PFCs to fund the on-airport monorail and landside access program at EWR and studies associated with ground access projects pertaining to each airport. Future applications are to be submitted to the FAA for approval to continue the collection of PFCs at the airports and to spend PFCs on airport-related capital construction projects.

As of December 31, 1995, total cumulative investment provided by PFCs in connection with the ground access projects amounted to $134 million and the amount of PFCs available for and restricted to future PFC project payments was $182 million.

The Port Authority accounts for the Passenger Facility Charge Program as a separate enterprise fund because, pursuant to Federal law, amounts attributable to the collection and expenditure of PFCs are restricted to PFC eligible projects.

Risk Management

As of December 31, 1995, the Port Authority maintained property damage and loss of revenue insurance with policy limits of $600 million for bridge and tunnel facilities and $600 million for "non-bridge and tunnel" facilities. The Port Authority also presently maintains public liability insurance totalling $1 billion for aviation facilities and $425 million for "non-aviation" facilities. In providing for uninsured potential losses, the Port Authority administers its self-insurance program by applications from the Consolidated Bond Reserve Fund and provides for losses by charging operating expenses as incurred.

Debt Management

As of December 31, 1995, outstanding obligations of the Port Authority pursuant to Port Authority bond resolutions totalled $6.4 billion. Components of these outstanding obligations include:

Consolidated Bonds and Notes

- The total amount outstanding of Consolidated Bonds and Notes as of December 31, 1995 was $4.8 billion.
- In 1995, the Port Authority issued Consolidated Bonds, ninety-seventh through one hundred third series in the aggregate principal amount of $728 million.
- Due to the suspension of negotiations to extend the lease agreement with the City of New York for JFK and LGA (which expires in 2015),

in 1994 the Port Authority initiated a program to accelerate the retirement of certain Consolidated Bonds that were outstanding as of December 31, 1994 and which had maturities extending beyond 2015, and to limit to 20 years the maturity on its future private activity Consolidated Bonds (the proceeds of which are used primarily at the airports).

- During 1995, the Port Authority refunded $386 million in obligations, which generated approximately $73 million in present value savings to the Port Authority.

- At December 31, 1995, outstanding Port Authority Consolidated Bonds were rated AA- by Standard & Poor's Rating Group and Fitch Investors Service, L.P., and A1 by Moody's Investors Service.

Commercial Paper Program
- The total amount outstanding of Port Authority Commercial Paper Obligations at December 31, 1995 was $177 million.

- Commercial Paper Obligations may be issued in two separate series, in an aggregate principal amount outstanding at any one time not in excess of $300 million.

- Each of such series includes commercial paper notes and a bank stand-by revolving credit facility in the principal amount of up to $150 million outstanding at any one time to provide program liquidity in the event commercial paper notes cannot be refunded at their maturity due to market conditions.

- At December 31, 1995, outstanding Commercial Paper Notes were rated A-1+ by Standard & Poor's, F-1+ by Fitch, and P-1 by Moody's, the highest short-term ratings given by each of the rating agencies.

Variable Rate Master Notes
- The total principal amount outstanding of Variable Rate Master Notes as of December 31, 1995 was $308 million.

- Variable Rate Master Notes may be issued in an aggregate principal amount outstanding at any one time not in excess of $400 million.

- Variable Rate Master Notes issued in 1995 totalled $50 million.

- In 1995, $25 million Variable Rate Master Notes were refunded.

- Credit ratings are not assigned to Variable Rate Master Notes.

Versatile Structure Obligations
- The total amount outstanding of Versatile Structure Obligations at December 31, 1995 was $285 million.

- In 1995, the Port Authority issued Versatile Structure Obligations, Series 3, in the amount of $99.5 million.

- The Port Authority has entered into stand-by certificate purchase agreements with certain banks for each series providing for the purchase of unremarketed certificates.

- Because Versatile Structure Obligations were issued on a "multi-modal" basis, initially paying interest on a daily rate, they received short-term credit ratings from each agency. Since these obligations may be converted to a longer term at the option of the Port Authority, the rating agencies also issued long-term ratings. As of year-end 1995, the obligations were rated A-1+ by Standard & Poor's, F-1+ by Fitch, and VMIG1 by Moody's, the highest short-term variable debt rating given by each of the rating agencies. Long-term ratings for these obligations were A-, A+ and A respectively.

Operating Equipment-Lease Financing Obligations
- On December 27, 1995, the Port Authority fully repaid all outstanding lease financing transactions under this program, and presently intends not to execute any further transactions thereunder.

Equipment Notes
- In 1995, the Port Authority issued Equipment Notes in the principal amount of $13.6 million of which all were outstanding as of December 31, 1995.

- Equipment Notes are authorized to be issued in an aggregate principal amount not to exceed $100 million.

- Credit ratings are not assigned to Equipment Notes.

Fund Buy-out Obligation

- As of December 31, 1995, the Port Authority had an outstanding obligation to pay $396 million to the States of New York and New Jersey as a result of termination of the Fund for Regional Development.

Special Project Bonds

- As of December 31, 1995, the total outstanding obligation in connection with three separate series of Special Project Bonds, excluding unamortized discount and premium, was $473 million.

- The principal of and interest on Special Project Bonds are special obligations of the Port Authority, payable from the sources of payment and to the extent provided in the resolutions establishing and authorizing the issuance of each series of such bonds.

During 1995, total debt service including amounts charged to net revenues and reserves was $467 million exclusive of interest expense relating to the Operating Equipment-Lease Financing Obligations, Equipment Notes, Special Project Bonds and the Fund Buy-out Obligation. Capitalized interest for the year ended December 31, 1995 totalled $61 million.

Reserve Funds

At December 31, 1995, the General Reserve Fund balance was approximately $605 million and met the amount prescribed by the General Reserve Fund statutes. The Consolidated Bond Reserve Fund had a balance of approximately $275 million. The sum of the reserve fund balances exceeded the next two years' mandatory debt service on bonds secured by a pledge of the General Reserve Fund, and they were invested in certain government securities or maintained as cash.

Independent Audit

A firm of independent certified public accountants is retained each year to conduct an audit of the financial statements of the Port Authority, including an evaluation of the system of internal accounting control, in accordance with generally accepted auditing standards. The firm meets directly with the Audit Committee of the Board of Commissioners. The audit report is included in the Comprehensive Annual Financial Report.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to The Port Authority of New York and New Jersey for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 1994. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Port Authority of New York and New Jersey has received a Certificate of Achievement for the last eleven consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

In addition, the Port Authority also received the GFOA's Award for Distinguished Budget Presentation for the fourth consecutive year, for its annual budget for 1995. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

February 23, 1996

George J. Marlin — Executive Director

O. F. McCaffrey — Acting Chief Financial Officer

Deloitte & Touche LLP

Two Hilton Court
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Parsippany, New Jersey 07054-0319

Telephone: (201) 631-7000
Facsimile: (201) 631-7459

Opinion of Independent Auditors

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

We have audited the accompanying combined statements of financial position of The Port Authority of New York and New Jersey (which includes its wholly-owned subsidiaries) as of December 31, 1995 and 1994, and the related combined statements of income and cash flows for the years then ended. We also audited the financial information included in Schedules A, B, C and D. These financial statements and schedules are the responsibility of the Port Authority's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

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

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of The Port Authority of New York and New Jersey (Port Authority) as of December 31, 1995 and 1994, and the combined results of its operations and its combined cash flows for the years then ended in conformity with generally accepted accounting principles. The accompanying Schedules A, B and C have been prepared pursuant to the requirements of law and Port Authority bond resolutions. The accounting principles followed in the preparation of these schedules differ in some respects from generally accepted accounting principles as described in Note A-2. In our opinion, Schedules A, B and C present fairly, in all material respects, the assets and liabilities of the Port Authority at December 31, 1995 and the revenues and reserves for the year then ended in conformity with the accounting principles described in Note A-2. Also in our opinion, Schedule D presents fairly, in all material respects, the assets and liabilities of the New York State Commuter Car Program at December 31, 1995 and 1994, in conformity with the basis of accounting described therein.

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

Deloitte & Touche LLP

February 23, 1996

Deloitte Touche Tohmatsu International

Combined Statements of Income

	Year ended December 31, 1995			1994
	Port Authority Operations	PFC Program	Combined	Combined
	(In thousands)			
Gross operating revenues	$2,082,624	$ -	**$2,082,624**	$1,979,674
Operating expenses:				
Employee compensation, including benefits	654,106	-	**654,106**	612,722
Contract and consultant services	401,996	-	**401,996**	395,972
Heat, light and power	114,082	-	**114,082**	99,267
Rents and amounts in lieu of taxes	69,049	-	**69,049**	61,708
Materials, equipment and supplies	67,265		**67,265**	70,715
Other (Note J-2)	163,383	-	**163,383**	167,554
Total operating expenses	1,469,881	-	**1,469,881**	1,407,938
Amortization of facilities	300,262	-	**300,262**	267,976
Amortization of costs for Regional and Other Programs (Note H-2)	26,879	-	**26,879**	36,134
Income from operations	285,602	-	**285,602**	267,626
Net PFC revenue	-	97,346	**97,346**	94,540
Financial income and expense:				
Income on investments	70,762	11,781	**82,543**	78,913
Gain on purchase of Port Authority bonds in connection with sinking fund requirements	439	-	**439**	4,797
Interest expense in connection with bonds, notes and other capital asset financing, net of capitalized interest	(264,705)	-	**(264,705)**	(261,756)
Interest expense in connection with operating asset financing	(32,254)	-	**(32,254)**	(32,103)
Gain on disposition of assets (Note J-5)	8,453	-	**8,453**	526
Net income	68,297	109,127	**177,424**	152,543
Add: amortization of assets acquired with government contributions in aid of construction (Note F)	26,856	-	**26,856**	23,589
Increase in net income invested in Port Authority facilities, operations and reserves	95,153	109,127	**204,280**	176,132
Balance, January 1	2,519,765	207,310	**2,727,075**	2,550,943
Net income invested in Port Authority facilities, operations and reserves, December 31	$2,614,918	$316,437	**$2,931,355**	$2,727,075

See Notes to Combined Financial Statements.

Combined Statements of Financial Position

	December 31, 1995			December 31, 1994
	Port Authority Operations	PFC Program	Combined	Combined
	(In thousands)			
Assets				
Facilities	$10,297,799	$133,942	**$10,431,741**	$9,941,782
Less accumulated amortization of facilities	3,641,887	-	**3,641,887**	3,405,424
Facilities, net (Note B-1)	6,655,912	133,942	**6,789,854**	6,536,358
Cash (Note C)	39,820	-	**39,820**	35,000
Investments (Note C)	1,198,236	166,895	**1,365,131**	1,326,616
Accounts receivable (net of allowance for doubtful accounts of $20,718 in 1995 and $15,580 in 1994)	79,291	-	**79,291**	64,237
Other amounts receivable (net of allowance for doubtful accounts of $9,321 in 1995 and $17,916 in 1994)	441,545	15,600	**457,145**	446,839
Amounts receivable in connection with Special Project Bonds	463,019	-	**463,019**	463,571
Unamortized costs for Regional and Other Programs (Note H-2)	418,096	-	**418,096**	370,326
Unamortized costs for Fund buy-out (Note H-1)	416,904	-	**416,904**	418,912
Deferred compensation plan assets (Note I-3)	156,391	-	**156,391**	123,637
Other assets	272,113	-	**272,113**	279,424
Total assets	10,141,327	316,437	**10,457,764**	10,064,920
Liabilities				
Consolidated Bonds and Notes (Note D-1)	4,584,355	-	**4,584,355**	4,543,002
Obligations in connection with other capital asset financing (Note D-2)	770,155	-	**770,155**	655,806
Obligations in connection with operating asset financing (Note D-3)	409,998	-	**409,998**	406,285
Amounts payable in connection with Special Project Bonds (Note D-4)	463,019	-	**463,019**	463,571
Accounts payable	295,827	-	**295,827**	320,343
Accrued pension, retirement and other employee benefits (Note I)	244,219	-	**244,219**	191,667
Deferred compensation plan obligation (Note I-3)	156,391	-	**156,391**	123,637
Accrued interest and other liabilities	232,706	-	**232,706**	276,950
Total liabilities	7,156,670	-	**7,156,670**	6,981,261
Net assets	$2,984,657	$316,437	**$3,301,094**	$3,083,659
Net assets are composed of:				
Net income invested in Port Authority facilities, operations and reserves	$2,614,918	$316,437	**$2,931,355**	$2,727,075
Government contributions in aid of construction (Note F)	369,739	-	**369,739**	356,584
Net assets	$2,984,657	$316,437	**$3,301,094**	$3,083,659

See Notes to Combined Financial Statements.

Combined Statements of Cash Flows

	Year ended December 31, 1995 Port Authority Operations	PFC Program	Combined	1994 Combined
	(In thousands)			
1. Cash flows from operating activities:				
Cash received from operations	$2,060,474	$ -	$2,060,474	$1,935,243
Cash paid to suppliers	(783,983)	-	(783,983)	(719,885)
Cash paid to or on behalf of employees	(601,558)	-	(601,558)	(591,604)
Cash paid to municipalities	(71,233)	-	(71,233)	(55,998)
Cash received from insurance	34,540	-	34,540	24,281
Net cash provided by operating activities	638,240	-	638,240	592,037
Cash flows from capital and related financing activities:				
Proceeds from sales of capital obligations	346,795	-	346,795	540,287
Proceeds from capital obligations issued for refunding purposes	2,161,631	-	2,161,631	1,347,181
Principal paid on capital obligations	(200,537)	-	(200,537)	(99,233)
Principal paid through capital obligations refundings	(2,161,631)	-	(2,161,631)	(1,347,181)
Interest paid on capital obligations	(323,780)	-	(323,780)	(296,560)
Investment in facilities and construction of capital assets	(482,541)	(113,642)	(596,183)	(557,456)
Investment in Regional and Other Programs	(75,399)	-	(75,399)	(63,975)
Proceeds from disposition of facilities (Note J-5)	50,943	-	50,943	1,034
Proceeds from financing the sale of assets	646	-	646	2,808
Proceeds from passenger facility charges	-	95,945	95,945	94,339
Financial income allocated to capital projects	13,362	-	13,362	4,641
Proceeds from sale of equipment notes	13,638	-	13,638	-
Principal paid on operating equipment-lease financing obligations	(13,563)	-	(13,563)	(6,340)
Interest paid on operating equipment-lease/note financing obligations	(652)	-	(652)	(688)
Payments for Fund buy-out obligation	(28,063)	-	(28,063)	(28,063)
Government contributions in aid of construction	39,813	-	39,813	42,989
Net cash (used for) capital and related financing activities	(659,338)	(17,697)	(677,035)	(366,217)
Cash flows from investing activities:				
Purchase of investment securities	(2,741,964)	(95,945)	(2,837,909)	(1,348,059)
Proceeds from sale and maturity of investment securities	2,715,681	102,037	2,817,718	1,061,876
Interest received on investment securities	33,059	11,605	44,664	37,113
Miscellaneous financial income	19,142	-	19,142	26,217
Net cash provided by (used for) investing activities	25,918	17,697	43,615	(222,853)
Net increase in cash	4,820	-	4,820	2,967
Cash at beginning of year	35,000	-	35,000	32,033
Cash at end of year	$39,820	$ -	$39,820	$35,000

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

See Notes to Combined Financial Statements.

2. Reconciliation of income from operations to net cash provided by operating activities:

	Year ended December 31, 1995			1994
	Port Authority Operations	PFC Program	Combined	Combined
	(In thousands)			
Income from operations	$285,602	$ -	$285,602	$267,626
Adjustments to reconcile income from operations to net cash provided by operating activities:				
Amortization of Facilities	300,262	-	300,262	267,976
Amortization of costs for Regional and Other Programs	26,879	-	26,879	36,134
Amortization of other assets	44,710	-	44,710	41,297
Change in operating assets and operating liabilities:				
Decrease (increase) in receivables	10,599	-	10,599	(17,067)
(Increase) in prepaid expenses	(33,370)	-	(33,370)	(41,417)
Decrease in deferred costs	2,008	-	2,008	2,718
(Decrease) in payables	(8,795)	-	(8,795)	(36,282)
Increase in employee benefits	52,549	-	52,549	27,553
(Decrease) increase in other liabilities	(40,605)	-	(40,605)	48,522
(Decrease) in deferred income	(1,599)	-	(1,599)	(5,023)
Total adjustments	352,638	-	352,638	324,411
Net cash provided by operating activities	$638,240	$ -	$638,240	$592,037

3. Capital obligations:

Consolidated Bonds and Notes, other obligations in connection with capital asset financing and amounts payable in connection with Special Project Bonds.

4. Noncash capital financing activity:

Noncash activity of $8,892,000 includes amortization of discount and premium on consolidated bonds and notes, accretion associated with capital appreciation bonds and the gain on the purchase of PA bonds for sinking fund purposes.

See Notes to Combined Financial Statements.

Notes to Combined Financial Statements

Note A - Summary of Significant Accounting Policies

1. Accounting Policies

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

b. The financial statements and schedules include the accounts of the Port Authority and its wholly-owned subsidiaries, Port Authority Trans-Hudson Corporation (PATH) and the Newark Legal and Communications Center Urban Renewal Corporation, consistent with the criteria set forth in the Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity". In accordance with the provisions of law, Port Authority resolutions and agreements with others, the nature of the legal and financial relationship between the New York State Commuter Car Program and the Port Authority is such that, in accordance with the Codification and Governmental Accounting Standards Board (GASB) Statement No. 14, the assets and liabilities of the New York State Commuter Car Program are not included in the Port Authority's financial statements (see Note E-2 and Schedule D).

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

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

d. "Facilities" are carried at cost and include the expenditure of Federal and State grants to acquire, construct, place in operation and improve the facilities of the Port Authority (see Note F). "Facilities" do not include Regional and Other Programs, undertaken at the request of the Governor of the State of New Jersey or the Governor of the State of New York (see Note H-2). Capital costs for "Facilities" include net interest expense incurred from the date of issuance of debt for purposes of a capital project until such project is completed and ready for its intended use (see Note B-2).

e. "Amortization of facilities" is computed on the straight-line method based on estimated useful lives of the related assets including those paid for by government contributions. In distributing net income to net assets, a charge representing amortization of assets acquired with government contributions is made against the related contribution accounts. Costs of Regional and Other Programs are amortized on a straight-line basis; the buy-out of the Fund for Regional Development is amortized in proportion to its future expected revenue flow (see Note H). Certain operating expenditures which provide benefits for periods exceeding one year are deferred and amortized over the period benefited. These unamortized deferred operating expenditures are included in "Other assets".

f. Investments in long-term securities, other than the Port Authority's Consolidated Bonds, are valued at amortized cost. Investments in short-term securities, other than Port Authority bonds, are valued at the lower of their aggregate amortized cost or market value.

Port Authority Consolidated Bonds purchased by the Port Authority serve to reduce debt on Consolidated Bonds and Notes and are not included in investments (see Note C). Interest expense and interest earnings relating to such Port Authority bonds so purchased are not included in "Interest expense in connection with bonds, notes and other capital asset financing, net of capitalized interest" and "Income on investments".

The Port Authority uses a variety of financial instruments, including derivatives, to assist in the management of its financing and investment objectives, and employs hedging strategies to minimize interest rate risk. To enhance interest earnings, the Port Authority enters into interest rate option contracts, repurchase and reverse repurchase (yield maintenance) agreements (see Note C-3). To reduce the impact of interest rate fluctuations, the Port Authority enters into United States Treasury and municipal bond futures contracts (see Note C-3) and into interest rate exchange contracts ("swaps") (see Note D-5).

g. When issuing new debt, the proceeds of which are used to repay previously issued debt, the difference between the acquisition price of the new debt and the net carrying amount of the refunded debt is deferred and amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter (see Note D-1).

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

i. Inventories, which are included in "Other assets" on the Combined Statements of Financial Position, are valued at their average cost.

j. For purposes of the Combined Statements of Cash Flows, cash consists of cash on hand and demand deposits.

k. The 1994 financial statements contain certain reclassifications which have been made in order to conform to the classifications used in 1995.

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

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

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

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

Costs incurred in connection with financing the acquisition of operating assets are paid in the same manner and out of the same revenues as operating expenses of the Port Authority.

Expenditures for Regional and Other Programs are included in "Invested in facilities" in accordance with Port Authority bond resolutions.

Port Authority bonds purchased by the Port Authority remain outstanding and are included in "Investments" and in "Consolidated Bonds and Notes" until retirement. Interest expense and interest earnings relating to such Port Authority bonds purchased are included as "Interest on bonds, notes and other capital obligations" and "Income on investments". Consolidated Bonds and Notes are recorded at par value. Discounts and premiums are capitalized at time of issuance.

In accordance with the Port Authority's bond resolutions, Consolidated Bonds and Notes are recorded as outstanding on the date that the Port Authority is contractually obligated to issue and sell such obligations.

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

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

Combined Statements of Income to Schedule A, Revenues and Reserves

	Year Ended December 31, 1995	1994
	(In thousands)	
Net income reported on Combined Statements of Income	$177,424	$152,543
Add: Amortization of facilities	300,262	267,976
Amortization of costs for Regional and Other Programs	26,879	36,134
Appropriations for self-insurance	(3,444)	710
Amortization of discount and premium	6,576	6,966
Gain on disposition of assets	(8,453)	(526)
	499,244	463,803
Less: Debt maturities and retirements	86,865	75,745
Repayment of commercial paper obligations	878	343
Debt retirement acceleration	112,680	27,062
Direct investment in facilities	268,711	224,622
Application from PFC program	(105,000)	—
Net PFC income	109,127	99,767
Call premium on refunded bonds	8,706	4,573
	481,967	432,112
Increase in reserves reported on Schedule A, Revenues and Reserves (pursuant to Port Authority bond resolutions)	$ 17,277	$ 31,691

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

	December 31, 1995	1994
	(In thousands)	
Net assets reported on Combined Statements of Financial Position	$3,301,094	$3,083,659
Add: Accumulated amortization of facilities	3,641,887	3,405,424
Accumulated retirements and gains and losses on disposal of invested in facilities	591,775	309,693
Cumulative amortization of costs for Regional and Other Programs	177,809	377,666
Amortized discount and premium	10,472	12,601
Deferred income in connection with PFCs	(182,495)	(187,010)
Net assets reported on Schedule B, Assets and Liabilities (pursuant to Port Authority bond resolutions)	$7,540,542	$7,002,033

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

	Year Ended December 31, 1995	1994
	(In thousands)	
Net income, PFC program	$109,127	$99,767
Less: Direct PFC project payments	(113,642)	(12,394)
Transfer from (to) deferred income in connection with PFCs	4,515	(87,373)
Net income from sources other than operations attributable to PFCs (pursuant to Port Authority bond resolutions)	$ 0	$ 0

Note B - Facilities

1. Facilities, net is comprised of the following:

	December 31, 1995	1994
	(In thousands)	
Completed construction:		
Interstate Transportation Network	$2,742,788	$2,685,550
Air Terminals	3,675,886	3,486,774
Port Commerce	1,374,081	1,244,951
World Trade	1,275,813	1,351,371
	9,068,568	8,768,646
Construction in progress	1,363,173	1,173,136
Facilities	10,431,741	9,941,782
Less: accumulated amortization	3,641,887	3,405,424
Facilities, net	$6,789,854	$6,536,358

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

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

2. Net interest expense added to the cost of facilities was $48,935,000 in 1995 and $47,982,000 in 1994.

Note C - Combined Cash and Investments

1. The components of cash and investments are:

CASH	December 31, 1995	1994
	(In thousands)	
Cash on hand	$ 1,512	$ 1,632
Demand deposits	38,308	33,368
Total cash	$ 39,820	$ 35,000

INVESTMENTS	December 31, 1995 Principal Amount	Quoted Market	Book Value	1994 Book Value
		(In thousands)		
Short-term				
United States Treasury Bills and Notes	$ 360,772	$ 357,653	$ 357,343	$ 242,288
United States Treasury obligations held pursuant to repurchase agreements	252,636	252,636	252,636	300,680
Total short-term	$ 613,408	$ 610,289	609,979	542,968
Long-term				
United States Treasury Bonds and Notes	$ 781,448	$ 750,984	744,238	773,087
Total long-term	$ 781,448	$ 750,984	744,238	773,087
Bonds of The Port Authority of New York and New Jersey			962	914
Accrued interest receivable			10,914	10,561
Investments (pursuant to Port Authority bond resolutions)			1,366,093	1,327,530
Less: Bonds of The Port Authority of New York and New Jersey			962	914
Total investments			$1,365,131	$1,326,616

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

Total actual bank balances were $33,215,000 as of December 31, 1995. In accordance with the aforementioned policy, $25,934,000 was either secured through the FDIC or was fully collateralized by collateral held by a third party financial institution acting as the Port Authority's agent and held by such institution in the Port Authority's name and $4,786,000 was fully collateralized by collateral held by a financial institution's trust department or the financial institution's agent in the Port Authority's name. The balance of $2,495,000 was not collateralized.

3. The investment policies of the Port Authority are established in conformity with its agreements with the holders of its obligations generally through resolutions of the Board of Commissioners or its Committee on Finance. The Treasurer, consistent with authorizations of the Board or the Committee and established guidelines, executes individual investment transactions and reports on a periodic basis to the Committee. These investment transactions are executed with recognized and established securities dealers and commercial banks. Securities transactions, generally on a book-entry basis, are conducted in the open market at competitive prices. Transactions (including repurchase and reverse repurchase agreement transactions) are completed when the Port Authority's custodian, in the Port Authority's name, makes or receives payment upon receipt of confirmation that the securities have been transferred at the Federal Reserve Bank of New York or other repository in accordance with Port Authority instructions.

Proceeds of Port Authority obligations are invested, on an interim basis, pursuant to the above mentioned agreements, authorizations and guidelines and in conformance with applicable Federal law and regulations, in obligations of (or fully guaranteed by) the United States of America (including such securities held pursuant to repurchase agreements) and collateralized time accounts. Reserve funds may be invested in obligations of (or fully guaranteed by) the United States of America, the State of New York or the State of New Jersey, collateralized time accounts, and Port Authority bonds actually issued and secured by a pledge of the General Reserve Fund. Operating funds may presently be invested in direct obligations of the United States of America and obligations of United States government agencies and sponsored enterprises, investment grade negotiable certificates of deposit, negotiable bankers' acceptances, commercial paper, United States Treasury and municipal bond futures contracts and in connection with certain interest rate exchange contracts with primary dealers in United States Treasury securities. Operating funds may also be invested in the amounts required by and in the instruments provided for under the New York State Deferred Compensation Plan for Employees of the State of New York and Other Participating Public Jurisdictions. The Board has from time to time authorized certain other investments of operating funds.

The Port Authority has entered into reverse repurchase agreements whereby the Port Authority contracted to sell a security to a counterparty and simultaneously agreed to purchase it back from that party at a predetermined price and future date. All reverse repurchase agreements sold are matched to repurchase agreements bought, thereby minimizing market risk. The credit risk is managed by a daily evaluation of the market value of the underlying securities and periodic cash adjustments, as necessary, in accordance with the terms of the repurchase agreements. During 1995, repurchase agreements in effect at any one time ranged as high as $523,641,000. Although there were no investments in reverse repurchase agreements at December 31, 1995, during 1995 reverse repurchase (yield maintenance) agreements in effect at any one time ranged as high as $85,371,000.

Although no investments in obligations of United States government agencies or commercial paper were held at December 31, 1995, during the year balances of United States government agency obligations and commercial paper investments ranged as high as $50,000,000, each. During 1995 premiums on interest rate option contracts, written on underlying United States Treasury securities of $50,000,000, ranged as high as $383,000. (See Note A-1.)

Note D - Outstanding Obligations and Financing

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

1. Consolidated Bonds and Notes

The Port Authority issues Consolidated Bonds and Notes for purposes of capital expenditures in connection with Port Authority facilities and/ or refunding bonds, notes or other obligations.

A. Consolidated Bonds:		Dec. 31, 1994	Issued/ Accreted	Refunded/ Retired	Dec. 31, 1995
			(In thousands)		
Twenty-sixth series	3 1/2% due 1995	$ 2,275	$ -	$ 2,275	$ -
Twenty-seventh series	3 3/8% due 1995	1,625	-	1,625	-
Twenty-eighth series	3 3/8% due 1996	3,250	-	3,250	-
Twenty-ninth series	3 1/2% due 1996	3,250	-	1,625	1,625
Thirtieth series	3 5/8% due 1998	3,578	-	-	3,578
Thirty-first series	4% due 2002	30,950	-	-	30,950
Thirty-second series	5% due 2003	45,000	-	5,000	40,000
Thirty-third series	4 3/4% due 2003	31,705	-	-	31,705
Thirty-ninth series	5.8% due 2007	118,500	-	6,000	112,500
Forty-first series	5 1/2% due 2008	83,000	-	4,000	79,000
Forty-sixth series	6% due 2013	70,875	-	1,125	69,750
Series fifty-one E	7% due 2014	14,240	-	-	14,240
Fifty-second series	(a) due 2014	100,000	-	-	100,000
Fifty-third series	8.7% due 2020	100,000	-	100,000	-
Fifty-ninth series *	7 3/4% due 2023	100,000	-	100,000	-
Sixtieth series*	8 1/4% due 2023	100,000	-	100,000	-
Sixty-first series *	7.3%-8 1/8% due 1995-2023	88,000	-	88,000	-
Sixty-second series *	7 3/4%-8% due 2004-2023	100,000	-	-	100,000
Sixty-third series *	7 5/8%-7 7/8% due 2004-2024	100,000	-	-	100,000
Sixty-fourth series	7%-7 3/8% due 1995-2014	89,500	-	2,500	87,000
Sixty-fifth series	7%-7 1/8% due 2004-2024	100,000	-	-	100,000
Sixty-sixth series *	7%-7 1/4% due 2004-2024	100,000	-	-	100,000
Sixty-seventh series	6.8%-6.9% due 2005-2025	100,000	-	-	100,000
Sixty-eighth series*	7 1/8%-7 1/4% due 2005-2025	100,000	-	-	100,000
Sixty-ninth series	(b) 6.3%-7 1/8% due 1995-2025	99,996	1,211	1,120	100,087
Seventieth series *	7%-7 1/4% due 2005-2025	100,000	-	-	100,000
Seventy-first series	5.8%-7% due 1995-2026	86,800	-	4,400	82,400
Seventy-second series	7.4% due 2012, 7.35% due 2027	100,000	-	-	100,000
Seventy-third series*	6 1/2%-6 3/4% due 2006-2026	100,000	-	-	100,000
Seventy-fourth series	(c) 5.4%-6 3/4% due 1995-2026	103,926	1,191	1,200	103,917
Seventy-sixth series*	6.3%-6 1/2% due 2006-2026	100,000	-	-	100,000
Seventy-seventh series*	6 1/8%-6 1/4% due 2007-2027	100,000	-	-	100,000
Seventy-eighth series	5%-6 1/2% due 1995-2011	97,000	-	3,100	93,900
Seventy-ninth series	4.4%-6% due 1995-2005	72,305	-	5,580	66,725
Eightieth series	4.4%-6% due 1995-2005	36,260	-	2,765	33,495
Eighty-first series	3.9%-5.8% due 1995-2014	117,385	-	2,695	114,690
Eighty-second series	3.9%-5.8% due 1995-2013	93,575	-	2,050	91,525
Eighty-third series	4 3/4%-6 3/8% due 1995-2017	96,355	-	1,570	94,785
Eighty-fourth series*	5 3/4%-6% due 2008-2028	97,500	-	250	97,250
Eighty-fifth series	5%-5 3/8% due 2008-2028	98,000	-	-	98,000
Eighty-sixth series	3.6%-5.2% due 1995-2012	143,385	-	7,705	135,680
Eighty-seventh series	4%-7 1/2% due 1996-2021	100,000	-	-	100,000
Eighty-eighth series	3.2%-4 3/4% due 1995-2008	222,755	-	16,775	205,980
Eighty-ninth series	4 1/4%-5 1/8% due 2001-2021	94,000	-	-	94,000
Ninetieth series**	4.15%-6 1/8% due 1995-2005	70,250	-	4,920	65,330
Ninety-first series	3 1/4%-5.2% due 1995-2020	292,000	-	3,585	288,415
Ninety-second series	4 3/4%-5 5/8% due 2009-2029	93,110	-	2,430	90,680
Ninety-third series	6 1/8% due 2094	100,000	-	-	100,000
Ninety-fourth series	5.1%-6% due 2003-2017	100,000	-	-	100,000
Ninety-fifth series*	5 1/2%-6 1/8% due 2005-2029	100,000	-	5,000	95,000
Ninety-sixth series*	5.6%-6.6% due 2003-2023	100,000	-	-	100,000
Ninety-seventh series	6%-7.1% due 2003-2023	-	100,000	-	100,000
Ninety-eighth series*	5.7%-6.2% due 2005-2015	-	100,000	-	100,000
Ninety-nineth series*	5 1/4%-7% due 2004-2015	-	86,000	-	86,000
One hundredth series	5 5/8%-5 3/4% due 2010-2030	-	135,000	-	135,000
One hundred first series*	5%-6% due 1996-2015	-	100,000	-	100,000
One hundred second series (d)	5.1%-5 7/8% due 2007-2027	-	120,000	-	120,000
One hundred third series (e)	3 1/2%-5 1/4% due 1996-2014	-	87,000	-	87,000
Total Consolidated Bonds pursuant to Port Authority bond resolutions		4,500,350	730,402	480,545	4,750,207

1. Consolidated Bonds and Notes (continued)

		Dec. 31, 1994	Issued/ Accreted	Refunded/ Retired	Dec. 31, 1995
			(In thousands)		
B. Consolidated Notes:					
Series SS	4.9% due September 1, 1997	150,000	-	105,000	45,000
Total Consolidated Notes pursuant to Port Authority bond resolutions		150,000	-	105,000	45,000
Total Consolidated Bonds and Notes pursuant to Port Authority bond resolutions		4,650,350	$ 730,402	$ 585,545	4,795,207
Less: Amortized cost of Port Authority bonds purchased by the Port Authority		914			962
One hundred third series (e)		-			87,000
Unamortized discount and premium (f)		106,434			122,890
Consolidated Bonds and Notes (g)		$ 4,543,002			$ 4,584,355

(a) Interest rate, 9% per annum, subject to an annual option, commencing on November 1, 1994, and on each November 1 thereafter, of the registered holder to exercise a one-time election to convert to a variable interest rate, set on each semi-annual interest payment date for the ensuing six months, ranging from 8% to 12% per annum. As of December 31, 1995, $540,000 of this series was so converted.

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

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

(d) Approximately $110,000,000 of the proceeds of the Consolidated Bonds, one hundred second series was allocated to the purchase of U.S. Treasury securities which are expected to provide for the payment of interest on Consolidated Bonds, seventy-second series until October 1, 2002 and to permit the Port Authority to refund the Consolidated Bonds, seventy-second series at their first call date on October 1, 2002.

(e) Consolidated Bonds, one hundred third series were sold on December 20, 1995, on the basis that $87,000,000 in aggregate principal amount of such bonds would be delivered by the Port Authority and paid for by the purchaser on January 10, 1996, pursuant to a contract of purchase pertaining to such bonds, for the purpose of refunding Consolidated Bonds, sixty-fourth series.

(f) Gain or loss on futures contracts transactions have been classified as premium or discount, respectively. Amount also includes unamortized difference between acquisition price and carrying amount on refunded debt.

(g) Debt service on Consolidated Bonds and Notes outstanding on December 31, 1995 is:

Year Ending December 31:	Principal	Interest	Debt Service
		(In thousands)	
1996	$ 89,958	$ 287,199	$ 377,157
1997	143,895	282,271	426,166
1998	107,690	275,985	383,675
1999	113,435	270,678	384,113
2000	123,090	264,837	387,927
2001-2094	4,262,920	4,018,586	8,281,506
Total	$ 4,840,988	$ 5,399,556	$ 10,240,544

Total principal of $4,840,988,000 shown above differs from the total Consolidated Bonds and Notes pursuant to Port Authority bond resolution of $4,795,207,000 because of differences in the par value at maturity of the capital appreciation bonds of $45,766,000 and because the above table includes call premiums of $15,000.

Consolidated Bonds and Notes outstanding as of February 23, 1996 (pursuant to Port Authority bond resolutions) totalled $4,945,207,000.

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

The Port Authority operates John F. Kennedy International Airport and LaGuardia Airport under a lease agreement with the City of New York, which expires in 2015. During 1994 the Port Authority and the City had been involved in negotiations to extend its term. Those negotiations were temporarily suspended in December 1994. In this context, the Port Authority initiated a program to accelerate the retirement of certain Consolidated Bonds that were outstanding as of December 31, 1994, and had maturities extending beyond 2015. The Port Authority has retired $84,070,000 in principal amount of such Consolidated Bonds, $25,390,000 in 1994 and $58,680,000 in 1995. If the program continues through the year 2015, all such Consolidated Bonds (with the exception of $100,000,000 Consolidated Bonds, ninety-third series) outstanding as of December 31, 1994, with maturities beyond 2015 would be retired. The Port Authority also announced its intention to begin limiting the maturity on its private activity Consolidated Bonds (proceeds of which are used primarily at the airports) so that the bond maturities will not extend beyond twenty years from the date of issue. The continuation of the program of accelerated retirements and the maturity limitations, in each case, is subject to change at the discretion of the Port Authority. (See Note G-4.)

1. Consolidated Bonds and Notes (continued)

During 1995, the Port Authority refunded $385,500,000 of outstanding consolidated bonds and notes. Although the refundings resulted in an additional cash outlay (for expenses consisting primarily of call premiums and underwriting fees) of $12,554,000, the Port Authority in effect reduced its aggregate debt service payments by approximately $166,154,000 over the life (up to 35 years) of the refunded issues. The economic gain resulting from the debt refunding (the difference between the present value of the cash flows required to service the old debt and the present value of the cash flows required to service the new debt), including the gain on interest rate futures contracts, is worth approximately $73,359,000 in present value savings to the Port Authority.

2. Obligations in Connection with Other Capital Asset Financing

The components of obligations in connection with other capital asset financing are:

	Dec. 31, 1994	Dec. 31, 1995
	(In thousands)	
Commercial paper obligations	$ 187,106	$ 176,955
Variable rate master notes	283,000	308,000
Versatile structure obligations	185,700	285,200
	$ 655,806	$ 770,155

A. Commercial paper obligations

Port Authority commercial paper obligations may be issued until December 31, 2000, in an aggregate principal amount at any one time outstanding not in excess of $300,000,000 in two separate series. Each of such series includes a standby revolving credit facility and is limited to a maximum aggregate principal amount outstanding at any one time of $150,000,000. As of November 30, 1995, commercial paper obligations no longer include bank lines of credit.

	Dec. 31, 1994	Issued	Refunded/ Repaid	Dec. 31, 1995
		(In thousands)		
Series A *				
Commercial paper notes	$ 120,840	$ 805,890	$ 844,185	$ 82,545
Bank line of credit	6,576	137,384	143,960	-
Total Series A	127,416	943,274	988,145	82,545
Series B				
Commercial paper notes	57,705	747,355	710,650	94,410
Bank line of credit	1,985	41,623	43,608	-
Total Series B	59,690	788,978	754,258	94,410
Total commercial paper obligations	$ 187,106	$ 1,732,252	$ 1,742,403	$ 176,955

Interest rates for all commercial paper obligations ranged in 1995 from 1.9% to 6.0%.

As of February 23, 1996, commercial paper obligations outstanding totalled $189,935,000.

B. Variable Rate Master Notes

	Dec. 31, 1994	Issued	Refunded/ Retired	Dec. 31, 1995
		(In thousands)		
Agreements 1989-1995*	$ 75,000	$ 50,000	$ -	$ 125,000
Agreements 1989-1994	208,000	-	25,000	183,000
	$ 283,000	$ 50,000	$ 25,000	$ 308,000

Interest rates, variable, ranged in 1995 from 3.59% to 5.5%.

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

2. Obligations in Connection with Other Capital Asset Financing (continued)

C. Versatile structure obligations	Dec. 31, 1994	Issued	Refunded/ Retired	Dec. 31, 1995
		(In thousands)		
Series 1*	$ 100,000	$ -	$ -	$ 100,000
Series 2, 3	85,700	99,500	-	185,200
	$ 185,700	$ 99,500	$ -	$ 285,200

Interest rate, variable based upon contractual agreements, ranged in 1995 from 1.7% to 6.15%.

Versatile structure obligations are subject to prepayment at the option of the Port Authority or upon demand of the holders.

The Port Authority has entered into standby certificate purchase agreements pertaining to the Series 1, 2 and 3 versatile structure obligations with certain banks, which provide that during the term of the banks' commitment, if the remarketing agent fails to remarket any obligations that are tendered by the holders, the banks may be required, subject to certain conditions, to purchase such unremarketed portion of the obligations. If not purchased prior thereto at the Port Authority's option, the Port Authority has agreed to purchase such portion of the Series 1 obligations within five business days, and such portion of the Series 2 and Series 3 obligations within 90 business days after the purchase thereof by the banks. Under the Series 1 agreement, neither the holder of the obligations, the tender agent, the paying agent nor the remarketing agent has any right to require the banks to make such purchase. Under the Series 2 and Series 3 agreements, however, the tender agent may deliver a notice of purchase to the bank, requesting such a purchase be made. The purchase period under the Series 1 agreement expires on August 7, 1996, under the Series 2 agreement expires on May 19, 1997, and under the Series 3 agreement expires on June 7, 1998. Bank commitment fees during 1995 in connection with the agreements for Series 1, 2 and 3 were $90,000, $171,000 and $113,000, respectively. The banks were not required to purchase any of the Series 1, 2 or 3 obligations under the agreements in 1995.

3. Obligations in Connection with Operating Asset Financing

The components of obligations in connection with operating asset financing are:

	Dec. 31, 1994	Dec. 31, 1995
	(In thousands)	
Operating equipment-lease financing obligations	$ 13,563	$ -
Port Authority equipment notes	-	13,638
Fund buy-out obligation	392,722	396,360
	$ 406,285	$ 409,998

A. Operating equipment - lease financing obligations

The Port Authority's lease financing program provided for the purchase of operating equipment with an aggregate principal amount outstanding at any one time not exceeding $75,000,000. Lease financing transactions under the program may be entered into on and prior to December 31, 1996. On December 27, 1995, the Port Authority fully repaid all outstanding lease financing transactions under the program, and presently intends not to execute any futher transactions thereunder.

	Dec. 31, 1994	Additions	Payments	Dec. 31, 1995
		(In thousands)		
Master financing lease (dated as of 12/1/88)	$ 9,793	$ -	$ 9,793	$ -
Master financing lease (dated as of 1/1/92)*	3,770	-	3,770	-
	$ 13,563	$ -	$ 13,563	$ -

Interest rates, variable, ranged in 1995 from 2.5% to 5.6%.

3. Obligations in Connection with Operating Asset Financing (continued)

B. Port Authority equipment notes

Port Authority equipment notes may be issued in aggregate principal amounts outstanding at any one time not to exceed $100,000,000.

Dec. 31, 1994	Issued	Refunded/ Retired	Dec. 31, 1995
	(In thousands)		
$ -	$ 13,638	$ -	$ 13,638

Interest rates, variable, ranged in 1995 from 2.8% to 5.75%.

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

C. Fund buy-out obligation

Dec. 31, 1994	Accretion (a)	Payments	Dec. 31, 1995
	(In thousands)		
$ 392,722	$ 31,701	$ 28,063	$ 396,360

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

Payment requirements of the Fund buy-out obligation outstanding on December 31, 1995 are:

Year Ending December 31:	Payments (In thousands)
1996	$ 28,063
1997	28,063
1998	28,063
1999	28,063
2000	28,063
2001-2021	942,702
	$ 1,083,017

As of February 23, 1996, the Fund buy-out obligation outstanding totalled $401,664,000.

4. Amounts Payable in Connection with Special Project Bonds

	Dec. 31, 1994	Issued	Refunded/ Retired	Dec. 31, 1995
	(In thousands)			
Series 1R, Delta Air Lines, Inc. Project (a)(b)				
6.95% term bonds, due 2008	$ 96,500	$ -	$ -	$ 96,500
Series 2, Continental Airlines, Inc. and Eastern Air Lines, Inc. Project (a)(c) *				
9%-9 1/8%, due 2006-2015	202,075	$ -	$ -	202,075
Less: unamortized discount and premium	10,004			9,656
Total - Series 2	192,071			192,419
Series 3, KIAC Partners Project (a)(d)*				
Due 2014	175,000	$ -	$ 900	174,100
Interest rates, variable, ranged in 1995 from 2.45% to 5.35%.				
Grand total	$ 463,571			$ 463,019

(a) Neither the full faith and credit of the Port Authority, nor the General Reserve Fund, nor the Consolidated Bond Reserve Fund are pledged to the payment of the principal and interest on Special Project Bonds. Principal and interest on each series of Special Project Bonds are secured solely by a mortgage by the Port Authority of facility rental (to the extent received by the Port Authority from a lessee) as set forth in a lease with respect to a project to be financed with the proceeds of the bonds of such series, by a mortgage by the lessee of its leasehold interest under the lease and by a security interest granted by the lessee to the Port Authority and mortgaged by the Port Authority in certain items of the lessee's personal property to be located at the project, and such other security in addition to the foregoing as may be required by the Port Authority from time to time as appropriate to the particular project.

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

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

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

5. Interest Rate Exchange Contracts ("Swaps")

The Port Authority records interest rate exchange contracts pursuant to the settlement method of accounting whereby cash paid or received under the terms of the swap is charged or credited to the related interest expense account for the purpose of managing interest rate exposure. Each swap transaction involves the exchange of fixed and variable rate interest payment obligations calculated with respect to an agreed upon nominal principal amount called a "notional amount". As of December 31, 1995, eleven interest rate exchange contracts were in place with notional amounts aggregating $780,800,000, including offsetting swap agreements with aggregate notional amounts of $220,000,000 (see Note A-1).

In the case of two interest rate exchange contracts, with a combined notional amount of $200,000,000, the exchange of fixed and variable interest payments would commence at a future specified date.

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

Note E - Reserves

1. The General Reserve Fund is pledged in support of all outstanding Consolidated Bonds and Notes and all Consolidated Bonds and Notes now or hereafter issued and is not pledged in support of any other obligation of the Port Authority. Statutes which require the Port Authority to create the General Reserve Fund also established the principle of pooling revenues from facilities with established earning power to aid the development of new projects. The statutes also require that the Port Authority apply surplus revenues from all of its existing facilities to maintain the General Reserve Fund in an amount at least equal to 10 percent of the par value of outstanding bonds legal for investment. (Under the legislation pertaining to the New York State Commuter Car Program neither the principal amount of New York State Guaranteed Commuter Car Bonds nor any revenues derived from the New York State Commuter Car Program are attributable to the General Reserve Fund.) At December 31, 1995, the General Reserve Fund balance was $605,167,000 and met the prescribed statutory amount.

The balance remaining of all net revenues of the Port Authority's existing facilities (other than net revenues derived from cars acquired under the New York State Commuter Car Program) after deducting payments for debt service upon all Consolidated Bonds and Notes and such amounts as may be required to maintain the General Reserve Fund at its statutory amount, are to be paid into the Consolidated Bond Reserve Fund. Consolidated Bonds have a first lien upon the net revenues (as defined in the Consolidated Bond Resolution) of all existing facilities of the Port Authority and any additional facility financed by Consolidated Bonds.

The payment of the principal of, and interest on, other capital asset financing obligations (versatile structure obligations, commercial paper obligations, variable rate master notes) of the Port Authority is payable solely from the proceeds of obligations issued for such purposes or from net revenues deposited to the Consolidated Bond Reserve Fund and, in the event such proceeds or net revenues are insufficient therefor, from other moneys of the Port Authority legally available for such payments. Payment of the principal of, and interest on, other capital asset financing is subject in all respects to the payment of debt service on Consolidated Bonds and Notes and to the payment into the General Reserve Fund of the amount necessary to maintain the fund at the amount specified in the General Reserve Fund statutes. Other capital asset financing obligations, and the interest thereon, are not secured by or payable from the General Reserve Fund. Payment of principal of, and interest on, operating asset financing obligations is payable out of the same revenues as operating expenses. Other expenses associated with operating asset financing obligations are payable in the same manner and out of the same revenues as operating expenses.

The Port Authority has a long-standing policy of maintaining total reserve funds in an amount equal to at least the next two years' bonded debt service on outstanding debt secured by a pledge of the General Reserve Fund.

At December 31, 1995, the Port Authority met the requirements of the Consolidated Bond Resolution to maintain total reserve funds in cash and specified marketable securities (see Note C).

2. New York State Guaranteed Commuter Car Bonds are secured by the net revenues of the Port Authority arising out of the lease of commuter railroad cars by the Port Authority to railroads in New York. Commuter Car Bonds are not secured by any other revenues, reserves or assets of the Port Authority, are not general obligations of the Port Authority and are not secured by the full faith and credit of the Port Authority (see Note A-1). In the event that lease revenues are not sufficient to provide for scheduled payment of principal and interest, the punctual payment of debt service is fully and unconditionally guaranteed by the State of New York. New York State Guaranteed Commuter Car Bonds outstanding at December 31, 1995 totalled $11,300,000 (see Schedule D).

Note F - Government Contributions in Aid of Construction

The Port Authority receives contributions in aid of construction for capital purposes from government agencies. Federal funding (including amounts receivable) from the Airport Improvement and the Airport Development Aid Programs was $40,011,000 in 1995 and $43,309,000 in 1994.

Charges representing amortization of assets relating to government contributions were $26,856,000 in 1995 and $23,589,000 in 1994.

	December 31, 1995	December 31, 1994
	(In thousands)	
Cumulative government contributions	$632,795	$592,784
Less: Accumulated amortization of assets acquired with government contributions	263,056	236,200
Government contributions in aid of construction	$369,739	$356,584

Note G - Lease Commitments

1. Operating lease revenues

Gross operating revenues attributable to fixed rentals associated with operating leases amounted to $635,823,000 in 1995 and $622,822,000 in 1994.

2. Property held for lease

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

Minimum future rentals scheduled to be received on operating leases in effect on December 31, 1995 are:

Year Ending December 31:	(In thousands)
1996	$ 489,108
1997	457,995
1998	446,781
1999	387,301
2000	358,490
Later years	3,520,585
Total minimum future rentals	$5,660,260

Investments in such facilities as of December 31, 1995 include property associated with minimum rentals derived from operating leases. It is not reasonably practicable to segregate the value of assets associated with producing minimum rental revenue from the value of assets associated with an entire facility.

3. Property leased from others

Rental expenses under leases, including payments to the cities of New York and Newark for various air terminals, marine terminals and other facilities, aggregated $47,738,000 in 1995 and $44,677,000 in 1994. The terms of such leases expire at various times from 1995 to 2031 and may be renewed for additional periods. Minimum future rentals scheduled to be paid on operating leases in effect on December 31, 1995 are detailed below and additional rentals may be payable based on earnings of specified facilities under some of these leases.

Year Ending December 31:	(In thousands)
1996	$ 35,464
1997	36,103
1998	35,885
1999	35,927
2000	32,104
Later years	849,078
Total minimum future rentals	$1,024,561

4. Information with respect to the suspension of New York City lease negotiations

The Port Authority and the City of New York have been involved in negotiations to extend the term of the airport lease agreement under which the Port Authority operates John F. Kennedy International and LaGuardia airports. These negotiations were temporarily suspended in December 1994 pending the results of reviews being conducted by independent public accountants on behalf of the City of New York. (See also Note D-1.) On December 14, 1995, the City of New York demanded arbitration by a panel of certified public accountants of certain matters involved in the determination of the amount due to the City as rent under the lease agreement, requesting that it be awarded in excess of $400,000,000, which the City alleges represents underpayment of rent by the Port Authority.

The Port Authority intends to dispute the City's allegations; however, detailed documentation supporting the allegations has not yet been received.

On December 29, 1995, the Port Authority filed a motion in the Supreme Court of the State of New York to stay the City's demand for arbitration generally on the basis that certain aspects of the City's demand are beyond the scope of the arbitration set forth in the lease agreement, seek relief that would be inconsistent with Federal law, seek relief beyond any applicable statute of limitations and ignore the City's acceptance of the Port Authority's longstanding methodology and calculations of rent under the lease agreement, with respect to which the City of New York has received annual statements and opinions of independent certified public accountants for at least the last 30 years.

Note H - Deferred Costs

1. Buy-out of Fund for Regional Development

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

	Dec. 31, 1994	Amortization (In thousands)	Dec. 31, 1995
Unamortized costs for Fund buy-out	$418,912	$ 2,008	$416,904

2. Regional and Other Programs

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

Regional Programs:

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

Regional Economic Development Program. This facility was established in conjunction with a centralized program of up to $400,000,000 for transportation, economic development and infrastructure renewal projects authorized pursuant to Gubernatorial request. As of December 31, 1995, $394,000,000 had been authorized of which $325,650,000 was associated with the Regional Economic Development Program facility and the balance has been associated with existing Port Authority facilities.

Other Programs:

Oak Point Rail Freight Link. The Port Authority is participating with the New York State Department of Transportation in the development of the Oak Point Rail Freight Link. This project was originally authorized in December 1980 for $38,750,000. Subsequent authorizations under the Regional Development Facility and the Regional Economic Development Program have increased the Port Authority's total commitment to this project to $101,650,000.

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

Bus Programs. The Port Authority has completed provision of bus and ancillary bus facilities in each State in an authorized amount of up to $440,000,000, approximately $220,000,000 in each State, for the purpose of leasing, selling or transferring such buses and ancillary bus facilities to either State or to any public authority, agency, commission, city or county thereof. The Port Authority is not permitted to incur operating or maintenance expenses under the Port Authority Bus Programs and does not expect to derive any revenue from this capital investment. Further, the bus or ancillary bus facility lessees are required to defend and to provide for indemnification of the Port Authority against any liability by reason of the programs, subject to appropriations or other funds which are or become legally available for this purpose.

As of December 31, 1995, $1,149,750,000 was authorized for Regional and Other Programs of which $993,493,000 has been expended. Costs for regional and other programs (as well as costs associated with existing Port Authority facilities) are deferred and amortized over the period benefited. As of December 31, 1995, the unamortized costs of the regional and other programs are as follows:

	Dec. 31, 1994	Additional Project Expenditures	Amortization	Dec. 31, 1995
		(In thousands)		
Unamortized cost of regional programs	$281,652	$74,419	$11,836	$344,235
Unamortized cost of Oak Point Freight Link	33,370	---	1,274	32,096
Unamortized cost of New Jersey Marine Development	14,676	207	550	14,333
Unamortized cost of Bus Programs	40,628	23	13,219	27,432
Unamortized cost of Regional and Other Programs	$370,326	$74,649	$26,879	$418,096

Note I - Pension and Retirement Plans and Other Employee Benefits

1. Employees of the Port Authority are covered by the Social Security Act administered by the Social Security Administration and by one of two cost-sharing multiple-employer public employees' retirement systems: the New York State and Local Employees' Retirement System (ERS) or the New York State and Local Police and Fire Retirement System (PFRS), collectively termed as the "Retirement Systems". The ERS was established in 1921 while the PFRS was established as a separate entity in 1967. The systems are governed by the New York Retirement and Social Security Law. The New York State Constitution provides that membership in a pension or retirement system of the State or of a civil division thereof is a contractual relationship, the benefits of which may not be diminished or impaired. As a general rule, all full-time Port Authority employees (except those individuals who are currently receiving a pension on the basis of employment with New York State or public entities in the State) join one of these two public employees' retirement systems.

The ERS and the PFRS provide retirement benefits related to years of service and final average salary, death and disability benefits, vesting of benefits after a set period of credited public service (generally ten years), and optional methods of benefit payment. There are four ERS "tiers" of membership and two PFRS "tiers" related to date of initial membership; provisions for each tier differ as to the qualifying age or years-of-service requirement for service retirement, the benefit formula used in calculating the retirement allowance, the date of membership and the contributory or non-contributory nature of the plan.

Contributions are not required from police personnel or from those non-police employees who joined the ERS prior to July 27, 1976. Non-police personnel who became members of the ERS on July 27, 1976 and thereafter are presently required to contribute three percent of their annual gross wages. The Port Authority's payroll expense for 1995 was $475,154,000 of which $360,079,000 and $105,701,000 represent the cost for employees covered by ERS and PFRS, respectively. Participating employers are required to pay for funding the Retirement Systems on a current basis. In November of each year, the ERS and PFRS bill participating employers for their share of total estimated contributions due for the Retirement Systems' fiscal year ending March 31 of the succeeding year. The prepayment of $5,700,000 for the first three months of 1996 is included in "Other assets".

Effective April 1, 1990, the funding policy for the Retirement Systems changed from the aggregate cost method to the modified projected unit credit method. As a result of this legislated change, employer contributions were lower than would have been the case under the aggregate cost funding method. The New York Court of Appeals subsequently held that the change to the unit credit actuarial method was unconstitutional. Consequently, the Retirement Systems returned to the aggregate method on April 1, 1994, using a four year phase-in for ERS and full aggregate for PFRS. Employer contributions to ERS will be capped at a percentage of payroll that increases each year during the phase-in. The percentages, which apply to the ERS fiscal year, are as follows:

Fiscal Year Ending March 31	
1995	0%
1996	1.5%
1997	3.0%
1998	4.5%
1999	Full Aggregate

Port Authority contributions to the Retirement Systems, which were the actuarially determined funding requirements, calculated in accordance with GASB No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, are as follows:

Year Ended	**ERS**	**% of Covered Payroll**	**PFRS**	**% of Covered Payroll**
		(In thousands)		
1995	$4,979	1.1%	$17,438	3.7%
1994	882	0.2%	18,252	3.9%
1993	882	0.2%	10,107	2.2%

Employee contributions of $7,001,000 to the ERS represented 1.5% of the total Port Authority covered payroll in 1995.

During 1995, the Port Authority participated in a retirement incentive program authorized by the New York State Legislature and administered by the ERS. Approximately 300 employees chose to retire under this program, and those positions were abolished as required by law. Without regard to the resulting savings, the cost for the Port Authority's participation has been estimated by the ERS to be approximately $13,600,000, which is included in the "Employee compensation, including benefits" amount on the Combined Statements of Income.

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

Employees of Port Authority Trans-Hudson Corporation (PATH), a wholly-owned subsidiary of the Port Authority, are covered by the provisions of the Railroad Retirement Act administered by the United States Railroad Retirement Board and by a single-employer supplemental pension plan established by PATH.

In order to make pension benefits provided for PATH exempt employees (those not covered by collective bargaining agreements) generally comparable to those available to Port Authority employees, a non-contributory, supplemental pension plan was authorized by PATH on August 6, 1964, and has been amended from time to time thereafter. The PATH Exempt Employees' Supplemental Pension Plan (Plan) currently provides, as a matter of policy, an annual pension (for covered exempt employees) related to years of credited service and final average salary, death benefits, vesting of the service retirement benefit after a set period of credited service (generally 10 years), and optional methods of benefit payment. The PATH payroll expense for 1995 was $62,511,000 of which $8,490,000 represented the cost for exempt employees.

There are a total of 112 active and 42 retired employees covered under the Plan. The actuarially determined valuation of this unfunded pension benefit obligation was reviewed in 1995 for the purpose of adjusting the annual accruals and updating the valuation of the accrued pension obligation. At December 31, 1995 the pension benefit obligation, based on the projected unit credit cost method, was estimated to be $16,595,000 of which $11,631,000 and $4,964,000 represent the cost for active and retired employees, respectively. Actuarial assumptions utilized in the calculation of this liability include a salary scale adjustment of 4% per annum (based on 3.5% cost of living and 0.5% for merit) and interest at the rate of 7% per annum. In 1995, PATH recognized $2,185,000 of expense, $1,505,000 for annual pension costs and $680,000 for interest in connection with the unfunded pension benefit obligation. A liability account has been established by the Port Authority with respect to the payment of future pension benefits for the PATH Exempt Employees' Supplemental Pension Plan. Since this is an unfunded, pay-as-you-go, pension plan there are no available plan assets to be reported. As of December 31, 1995, the amount of the liability accrued was $11,008,000 and is included in "Accrued pension, retirement and other employee benefits" on the Combined Statements of Financial Position.

The following is supplementary information required by GASB No. 27, Accounting for Pensions by State and Local Governmental Employers, (unaudited):

Year ended	(A) Pension benefit obligation	(B) Amount of pension liability accrued	(C) Annual covered payroll	Percentage (B)/(C)
		(In thousands)		
1990	$ 5,645	$ 5,645	$6,773	83.3
1991	6,307	6,307	7,021	89.8
1992	7,038	7,038	7,492	93.9
1993	14,392	8,231	7,671	107.3
1994	14,392	9,709	8,343	116.4
1995	16,595	11,008	8,490	129.7

PATH has also entered into collective bargaining agreements with various unions under which PATH funds non-contributory supplemental pension plans for union employees. Trustees, appointed by the various unions, are responsible for the administration of these pension plans. PATH payroll expense in 1995 for these employees was $54,021,000. For the year 1995, contributions made by PATH in accordance with the terms of various collective bargaining agreements totalled $2,385,000, which represented approximately 3.8% of the total PATH covered payroll for 1995. PATH employees active on or after March 1, 1982, who are members of a recognized collective bargaining unit are automatically plan members of these defined contribution plans. Newly hired employees become plan participants after a 60 day probationary period. Eligibility for all benefits prior to normal retirement requires the completion of at least ten years of vested service. The pension amount depends on the employee's years of credited service (up to a maximum of 30) and the monthly benefit rate in effect at the time of retirement.

2. The Port Authority and PATH provide certain health care, dental and life insurance benefits for active employees and for employees who have retired from the Port Authority or PATH (and for eligible dependents and survivors of active and retired employees). Contributions towards the costs of some of these benefits are required of certain active and/or retired employees. Benefits are provided through insurance companies whose premiums are based on the benefits paid during the year, or through plans under which benefits are paid directly by the Port Authority or PATH. Prior to 1985, the cost of these benefits was recognized as an expense of the period in which such premiums or benefit claims were paid. Beginning in 1985, the cost of these benefits also includes an annual accrual for prior service costs of these benefits for retired and active employees and their dependents. These accruals are to be made each year, on a consistent basis, until this prior service cost is fully recognized. The actuarially determined valuation, last completed in 1989, is reviewed periodically for the purpose of adjusting the annual accruals. That study estimated the actuarial present value of future benefits for prior service by active and retired employees and their dependents, to be paid after retirement, to be $320,800,000 as of December 31, 1995, consisting of the following:

	Port Authority	PATH (In millions)	Total
Retirees	$165.2	$ 6.9	$172.1
Active	141.0	7.7	148.7
TOTAL	$306.2	$14.6	$320.8

The obligation accrued as of December 31, 1995 is $164,919,000.

The cost of providing health care, dental and life insurance benefits, not including the accrual for prior service costs, totalled approximately $83,938,000 in 1995 and $74,222,000 in 1994. Retired employees constitute 36 percent of the total of employees and retired employees of the Port Authority and PATH covered by one or more of these plans. The cost of providing these benefits for such retired employees (and their eligible dependents) is not separable from the cost of providing similar benefits for active employees (and their eligible dependents).

3. The Port Authority and PATH offer eligible employees a deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code of 1986, as amended. The plan permits participants to defer a portion of their salary until future years. Amounts deferred are generally not available to employees until termination of employment, retirement, death, or unforeseeable emergency.

The Port Authority has appointed the New York State Deferred Compensation Board as the exclusive agent for the Port Authority and PATH, to exercise on its behalf the powers conferred by the deferred compensation plan.

All amounts deferred under the plan, all property and rights purchased with these amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the participating employee or other beneficiary) solely the property and rights of the Port Authority or PATH (without being restricted to the provisions of benefits under the plan), subject to claims of the general creditors of either. Participants' rights under the plan are equal to those of general creditors in an amount equal to the fair market value of each participant's account.

Note J - Commitments and Certain Charges to Operations

1. On December 14, 1995, the Board of Commissioners adopted the annual budget for 1996. Approval of the budget by the Board of Commissioners of the Port Authority, based on financial projections developed as part of the Port Authority business planning process, does not in itself authorize any specific expenditures, which are authorized from time to time by or as contemplated by other actions of the Board of Commissioners of the Port Authority consistent with statutory, contractual and other commitments of the Port Authority, including agreements with the holders of its obligations.

The 1996 budget anticipates gross capital expenditures for the year 1996 to be approximately $677,330,000 including a portion of the allocations related to the contracts and programs described below, as well as the other ongoing capital construction programs of the Port Authority.

At December 31, 1995, pursuant to various contracts entered into by the Port Authority, approximately $797,252,000 of construction was expected to be completed within the next three years.

It is expected that costs of construction and operation of Port Authority facilities will continue to increase and that there will be an increasing need for capital investment for the modernization, renovation or rehabilitation of existing and additional facilities in order for the Port Authority to continue to maintain appropriate levels of service. Port Authority construction costs are subject to, among other things, the effects of national and regional economic conditions and the nature of governmental regulations with respect to transportation, commerce, energy and environmental permits and approvals and environmental impact analyses. Additionally, resolution of environmental matters and associated proceedings which may arise during the course of construction may result in substantial delays in such construction and may give rise to substantially increased costs to the Port Authority. It is also expected that increases from time to time will continue to be necessary in the Port Authority's tolls, fares, landing and dockage fees, rentals and other charges, or that either planned capital expenditures will be curtailed or reductions in services and associated expenditures will occur.

2. Other operating expenses of $163,383,000 in 1995 and $167,554,000 in 1994 include amounts for insurance, telephone, payment of interest on Special Project Bonds, the expensing of certain capital costs that no longer provide future economic benefit, and certain other operating, development and administrative expenses.

3. The Port Authority's Essex County Resource Recovery Facility is being operated by a private full service vendor that provides municipal solid waste disposal services. As of December 31, 1995, the Port Authority had provided a net amount of $176,652,000 to such private full service vendor under a conditional sale agreement through which such vendor is financing a portion of the construction costs of the plant. This amount provided by the Port Authority is included in "Other amounts receivable" on the Combined Statements of Financial Position and is to be repaid by the vendor with interest through October 1, 2010.

4. On August 16, 1995, the Port Authority and the City of Hoboken entered into a municipal development agreement for the development of a proposed mixed-use Hoboken South Waterfront project and the Port Authority acquired and leased a three-acre site to the City of Hoboken for these purposes. It is presently anticipated that Port Authority participation in this project, pursuant to the municipal development agreement, would be approximately $75,000,000.

5. During 1995, on the basis of determinations that property constituting approximately 25 acres of the Industrial Park at Elizabeth development site and 1,945 square feet of land at the Lincoln Tunnel were no longer required for the purposes for which they were originally acquired, and therefore such property was sold, at a gain of $7,221,000 and $37,000, respectively.

In December 1995 HMHWTC, Inc., a single purpose affiliate of Host Marriott Corporation (Host), agreed to pay $141,500,000 as part of a transaction involving the Vista International Hotel lease, which had been recorded as a capitalized lease, and the acquisition of certain property used in connection with the operation of the Hotel. Host paid the Port Authority $76,500,000 when the transaction closed, with the balance of $65,000,000, payable in 2002. Interest on the amount receivable will be paid quarterly by Host at an annual rate of 6.6%. The transaction resulted in a gain to the Port Authority of $1,195,000.

6. The Port Authority provides for uninsured potential losses through its self-insurance program by appropriations from the Consolidated Bond Reserve Fund to the operating fund and provides for losses by charging expenses as liabilities are incurred.

In accordance with the requirements of GASB No. 10, a liability is recognized when it is probable that the Port Authority will incur the loss and the amount of the loss can be reasonably estimated. Changes in the liability amounts in 1994 and 1995 were:

	Beginning Balance	**Additions and Changes** (In thousands)	**Payments**	**Year-end Balance**
1994	$29,139	$ 9,260	($ 6,075)	$32,324
1995	$32,324	$10,660	($11,404)	$31,580

Note K - Information on Port Authority Operations by Operating Segment

1. Operating Results (a)

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

	Interstate Transportation Network	Air Terminals	Port Commerce	World Trade	Combined Total
1995			(In thousands)		
Gross operating revenues	$ 590,233	$ 1,004,766	$ 188,766	$ 298,859	$ 2,082,624
Interdepartmental revenues	4,582	-	1,645	60,331	
Revenues from operations	$ 594,815	$ 1,004,766	$ 190,411	$ 359,190	
Gross operating income (loss)	$ 75,096	$ 288,683	$ (13,608)	$ 72,403	$ 422,574
General administrative and development expenses	(64,258)	(54,505)	(8,766)	(9,443)	(136,972)
Income (loss) from operations	$ 10,838	$ 234,178	$ (22,374)	$ 62,960	$ 285,602
Net income (loss) Port Authority operations	$ (67,913)	$ 171,767	$ (36,564)	$ 1,007	$ 68,297
Net income PFC program					109,127
Combined net income					$ 177,424
1994					
Gross operating revenues	$ 572,054	$ 931,059	$ 188,735	$ 287,826	$ 1,979,674
Interdepartmental revenues	3,460	-	2,400	53,439	
Revenues from operations	$ 575,514	$ 931,059	$ 191,135	$ 341,265	
Gross operating income (loss)	$ 69,818	$ 282,354	$ (12,662)	$ 72,401	$ 411,911
General administrative and development expenses	(69,499)	(55,539)	(8,477)	(10,770)	(144,285)
Income (loss) from operations	$ 319	$ 226,815	$ (21,139)	$ 61,631	$ 267,626
Net income (loss) Port Authority operations	$ (77,131)	$ 168,862	$ (38,012)	$ (943)	$ 52,776
Net income PFC program					99,767
Combined net income					$ 152,543

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

2. Asset Information

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

	Interstate Transportation Network	Air Terminals	Port Commerce	World Trade	PFC Program	Combined Total
1995 Assets			(In thousands)			
Facilities, net-beginning of year	$ 2,215,882	$ 2,353,484	$ 939,721	$ 1,006,618	$ 20,653	$ 6,536,358
Net capital expenditures	142,140	229,552	95,841	80,428	113,289	661,250
Disposition of assets	(13)	-	(2,779)	(104,700)	-	(107,492)
Amortization	(71,054)	(151,527)	(44,712)	(32,969)	-	(300,262)
Facilities, net-end of year	2,286,955	2,431,509	988,071	949,377	133,942	6,789,854
Unamortized costs for Regional and Other Programs	371,667	-	46,429	-	-	418,096
Total	$ 2,658,622	$ 2,431,509	$ 1,034,500	$ 949,377	$ 133,942	7,207,950
Cash, investments, accounts receivable, other amounts receivable, amounts receivable in connection with Special Project Bonds, unamortized costs for Fund buy-out, deferred compensation plan assets and other assets						3,249,814
Total assets						$ 10,457,764
1994 Assets						
Facilities, net-beginning of year	$ 2,163,937	$ 2,150,492	$ 928,662	$ 945,801	$ 12,050	$ 6,200,942
Net capital expenditures	121,691	333,484	49,652	89,962	8,603	603,392
Amortization	(69,746)	(130,492)	(38,593)	(29,145)	-	(267,976)
Facilities, net-end of year	2,215,882	2,353,484	939,721	1,006,618	20,653	6,536,358
Unamortized costs for Regional and Other Programs	322,280	-	48,046	-	-	370,326
Total	$ 2,538,162	$ 2,353,484	$ 987,767	$ 1,006,618	$ 20,653	6,906,684
Cash, investments, accounts receivable, other amounts receivable, amounts receivable in connection with Special Project Bonds, unamortized costs for Fund buy-out, deferred compensation plan assets and other assets						3,158,236
Total assets						$ 10,064,920

Schedule A - Revenues and Reserves (Pursuant to Port Authority bond resolutions)

	Year Ended December 31, 1995			1994
	Operating Fund	Reserve Funds	Combined Total	Combined Total
		(In thousands)		
Gross operating revenues	$2,082,624	$ -	**$2,082,624**	$1,979,674
Operating expenses:				
Employee compensation, including benefits	654,106	-	**654,106**	612,722
Contract and consultant services	401,996	-	**401,996**	395,972
Heat, light and power	114,082	-	**114,082**	99,267
Rents and amounts in-lieu of taxes	69,049	-	**69,049**	61,708
Materials, equipment and supplies	67,265	-	**67,265**	70,715
Other (Note J-2)	163,383	-	**163,383**	167,554
Total operating expenses	1,469,881	-	**1,469,881**	1,407,938
Amounts in connection with operating asset financing	32,254	-	**32,254**	32,103
Net operating revenues	580,489	-	**580,489**	539,633
Financial income				
Income on investments (includes gain of $439,000 in 1995 and $4,797,000 in 1994 on purchase of Port Authority bonds)	28,328	42,941	**71,269**	78,520
Net revenues available for debt service and reserves	608,817	42,941	**651,758**	618,153
Debt service				
Interest on bonds, notes and other capital obligations	266,903	-	**266,903**	259,400
Debt maturities and retirements	86,865	-	**86,865**	75,745
Repayment of commercial paper obligations	-	878	**878**	343
Debt retirement acceleration	-	112,680	**112,680**	27,062
Total debt service	353,768	113,558	**467,326**	362,550
Application from PFC program	-	105,000	**105,000**	-
Transfers to reserves	($255,049)	255,049	-	-
Revenues after debt service and transfers to reserves		289,432	**289,432**	255,603
Direct investment in facilities		(268,711)	**(268,711)**	(224,622)
Appropriations for self-insurance		(3,444)	**(3,444)**	710
Increase in reserves		17,277	**17,277**	31,691
Reserve balances, January 1		862,699	**862,699**	831,008
Reserve balances, December 31 (Schedule C)		$879,976	**$879,976**	$862,699

See Notes to Combined Financial Statements.

Schedule B - Assets and Liabilities (Pursuant to Port Authority bond resolutions)

	December 31, 1995				1994
	Operating Fund	**Capital Fund**	**Reserve Funds**	**Combined Total**	Combined Total
			(In thousands)		
Assets					
Invested in facilities	$ -	$11,752,783	$ -	$ **11,752,783**	$11,118,503
Cash (Note C)	38,702	118	1,000	**39,820**	35,000
Investments (Note C)	246,383	240,734	878,976	**1,366,093**	1,327,530
Accounts receivable (net of allowance for doubtful accounts of $20,718 in 1995 and $15,580 in 1994)	78,291	1,000	-	**79,291**	64,237
Other amounts receivable (net of allowance for doubtful accounts of $9,321 in 1995 and $17,916 in 1994)	206,176	337,969	-	**544,145**	446,839
Amounts receivable in connection with Special Project Bonds	-	463,019	-	**463,019**	463,571
Unamortized costs for Fund buy-out (Note H-1)	416,904	-	-	**416,904**	418,912
Deferred compensation plan assets (Note I-3)	156,391	-	-	**156,391**	123,637
Other assets	253,558	28,211	-	**281,769**	289,427
Total assets	1,396,405	12,823,834	879,976	**15,100,215**	14,287,656
Liabilities					
Consolidated Bonds and Notes (Note D-1)	-	4,795,207	-	**4,795,207**	4,650,350
Obligations in connection with other capital asset financing (Note D-2)	-	770,155	-	**770,155**	655,806
Obligations in connection with operating asset financing (Note D-3)	409,998	-	-	**409,998**	406,285
Amounts payable in connection with Special Project Bonds (Note D-4)	-	472,675	-	**472,675**	473,575
Accounts payable	139,099	156,728	-	**295,827**	320,343
Accrued pension, retirement and other employee benefits (Note I)	244,219	-	-	**244,219**	191,667
Deferred compensation plan obligation (Note I-3)	156,391	-	-	**156,391**	123,637
Accrued interest and other liabilities	226,618	6,088	-	**232,706**	276,950
Deferred income in connection with PFCs	182,495	-	-	**182,495**	187,010
Total liabilities	1,358,820	6,200,853	-	**7,559,673**	7,285,623
Net assets	$ 37,585	$ 6,622,981	$ 879,976	$ **7,540,542**	$ 7,002,033
Net assets are composed of:					
Debt retired through income	$ -	$ 3,186,485	$ -	$ **3,186,485**	$ 3,091,062
Reserves (Schedule C)	-	-	879,976	**879,976**	862,699
Government contributions in aid of construction (Note F)	-	632,795	-	**632,795**	592,782
PFCs invested in facilities	-	133,942	-	**133,942**	20,300
Appropriated reserves invested in facilities	-	2,669,759	-	**2,669,759**	2,401,049
Appropriated reserves for self-insurance	37,585	-	-	**37,585**	34,141
Net assets	$ 37,585	$ 6,622,981	$ 879,976	$ **7,540,542**	$ 7,002,033

See Notes to Combined Financial Statements.

Schedule C - Analysis of Reserve Funds (Pursuant to Port Authority bond resolutions)

	Year Ended December 31, 1995			1994
	General Reserve Fund	Consolidated Bond Reserve Fund	Combined Total	Combined Total
	(In thousands)			
Balance, January 1	$579,329	$283,370	**$862,699**	$831,008
Income on investments (includes gain on purchase of Port Authority bonds)	34,406	8,535	**42,941**	40,889
Transfers from operating fund	-	255,049	**255,049**	242,119
Reserve fund transfers	(8,568)	8,568	-	-
	605,167	555,522	**1,160,689**	1,114,016
Applications:				
Repayment of commercial paper obligations	-	878	**878**	343
Debt retirement acceleration	-	112,680	**112,680**	27,062
Application from PFC program	-	(105,000)	**(105,000)**	-
Direct investment in facilities	-	268,711	**268,711**	224,622
Self-insurance	-	3,444	**3,444**	(710)
Total applications	-	280,713	**280,713**	251,317
Balance, December 31 (Note E)	$605,167	$274,809	**$879,976**	$862,699

NOTE: The above schedule reflects the valuation of securities in accordance with the accounting principles stated in Note A-1. Had the market value of securities at December 31, 1995 been used, the respective reserve fund balances at December 31, 1995 would be:

General Reserve Fund	Consolidated Bond Reserve Fund
$605,167	$281,865

See Notes to Combined Financial Statements.

Schedule D

The Port Authority of New York and New Jersey
New York State Commuter Car Program
Assets and Liabilities

	December 31,	
	1995	1994
	(In thousands)	
Assets		
Invested in commuter cars, at cost (a)	$156,430	$156,401
Cash	1,029	1,013
Other assets	84	191
Total assets	157,543	157,605
Liabilities		
State Guaranteed Commuter Car Bonds (due 1996)	11,300	22,695
Other liabilities	8,383	8,445
Total liabilities	19,683	31,140
Debt retired (a)	$137,860	$126,465

(a) Does not include $5,475,000 New York State Guaranteed Commuter Bonds, First Series, due 1962-1966, $8,250,000 New York State Guaranteed Commuter Bonds, Second Series, due 1963-1987, $6,000,000 New York State Guaranteed Commuter Bonds, Third Series, due 1964-1989, all of which have been retired, or the commuter cars associated with these series.

NOTE:
Pursuant to legislation of the States of New York and New Jersey, the Port Authority is authorized and empowered, upon the election of either state, to purchase and lease railroad cars to commuter railroads of the electing state, and to borrow money for such purpose or for the repayment of advances from the electing state if such state has made itself liable for the repayment of the money so borrowed. By resolution dated April 12, 1962, the Port Authority established an issue of New York State Guaranteed Commuter Car Bonds. The information contained in this schedule has been prepared pursuant to such bond resolution and legislation. Such car bonds are secured by the net revenues of the Port Authority arising out of the lease of commuter railroad cars. The Metropolitan Transportation Authority currently leases railroad cars acquired under this program, in its own right and in connection with the assumption of equipment obligations of Consolidated Rail Corporation (ConRail) and of the Penn Central Transportation Company (and its successor, ConRail). Car bonds are not secured by any other revenues, reserves or assets of the Port Authority, are not general obligations of the Port Authority and are not secured by the full faith and credit of the Port Authority. In the event that lease revenues are not sufficient to provide for scheduled payment of principal and interest, the punctual payment of such debt service is fully and unconditionally guaranteed by New York State. Title to the cars is to be relinquished by the Port Authority after retirement of all obligations issued in connection with such cars. (See Note E-2.)

See Notes to Combined Financial Statements.

Schedule E - Selected Statistical Financial Data

	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986
	Year Ended December 31, (In thousands)									
REVENUES AND EXPENSES										
Gross operating revenues (a)	**$ 2,082,624**	$ 1,979,674	$ 1,920,904	$ 1,933,512	$ 1,856,895	$ 1,690,730	$ 1,526,780	$ 1,436,940	$ 1,331,438	$ 1,169,586
Operating expenses	**1,469,881**	1,407,938	1,340,283	1,348,392	1,337,406	1,282,298	1,124,218	1,092,502	993,256	937,820
Amounts in connection with operating asset financings	**32,254**	32,103	32,774	31,745	30,669	29,052	1,533	-	-	-
Net operating revenues	**580,489**	539,633	547,847	553,375	488,820	379,380	401,029	344,438	338,182	231,766
Income on investments	**70,830**	73,723	76,404	88,054	84,054	86,014	92,094	76,858	59,613	76,998
Gain on purchase of Port Authority bonds	**439**	4,797	146	724	4,788	2,131	4,871	3,221	5,235	3,571
Net loss on WTC explosion	**-**	-	(32,500)	-	-	-	-	-	-	-
Net revenues available for debt service and reserves	**651,758**	618,153	591,897	642,153	577,662	467,525	497,994	424,517	403,030	312,335
DEBT SERVICE-OPERATIONS										
Interest on bonds, notes and commercial paper obligations	**(266,903)**	(259,400)	(258,458)	(254,435)	(227,619)	(195,176)	(174,673)	(155,143)	(135,678)	(116,980)
Times, interest earned (b)	**2.44**	2.38	2.29	2.52	2.54	2.40	2.85	2.74	2.97	2.67
Debt maturities and retirements	**(86,865)**	(75,745)	(67,675)	(59,925)	(66,537)	(59,675)	(52,425)	(49,125)	(54,475)	(55,350)
Times, debt service earned (b)	**1.84**	1.83	1.81	2.04	1.96	1.83	2.19	2.08	2.12	1.81
DEBT SERVICE-RESERVES										
Direct investment in facilities--reserves	**(268,711)**	(224,622)	(185,071)	(370,497)	(187,305)	(235,984)	(262,844)	(215,854)	(176,656)	(80,656)
Payments in connection with leasehold acquisition	**-**	-	(35,687)	(4,015)	(4,005)	(4,097)	(1,941)	-	-	-
Debt retirement acceleration	**(112,680)**	(27,062)	(3,458)	-	-	-	-	(2,750)	(2,800)	-
Application from PFC program	**105,000**	-	-	-	-	-	-	-	-	-
Appropriations for self-insurance--reserves	**(3,444)**	710	7,081	865	(1,218)	351	(2,272)	2,139	(2,929)	(4,260)
Repayment of commercial paper obligations	**(878)**	(343)	(178)	(126)	(520)	(1,734)	(1,068)	(522)	-	(13,178)
Debt service on bonds secured by trusts (c)	**-**	-	-	-	-	-	-	-	-	(649)
Net increase (decrease) in reserves	**$ 17,277**	$ 31,691	$ 48,451	$ (45,980)	$ 90,458	$ (28,790)	$ 2,771	$ 3,262	$ 30,492	$ 41,262
RESERVE BALANCES										
January 1	**862,699**	831,008	782,557	828,537	738,079	766,869	764,098	760,836	730,344	689,082
December 31	**$ 879,976**	$ 862,699	$ 831,008	$ 782,557	$ 828,537	$ 738,079	$ 766,869	$ 764,098	$ 760,836	$ 730,344
Reserve fund balances represented by:										
General Reserve	**$ 605,167**	$ 579,329	$ 534,011	$ 494,486	$ 471,281	$ 441,614	$ 373,129	$ 335,886	$ 293,294	$ 287,357
Consolidated Bond Reserve	**274,809**	283,370	296,997	288,071	357,256	296,465	393,740	428,212	467,542	442,987
Total	**$ 879,976**	$ 862,699	$ 831,008	$ 782,557	$ 828,537	$ 738,079	$ 766,869	$ 764,098	$ 760,836	$ 730,344
OBLIGATIONS AT DECEMBER 31										
Consolidated Bonds and Notes	**$ 4,795,207**	$ 4,650,350	$ 4,286,668	$ 4,198,785	$ 4,056,744	$ 3,739,020	$ 3,338,250	$ 3,105,675	$ 2,718,550	$ 2,759,825
Fund buy-out obligation	**396,360**	392,722	389,366	386,290	383,433	357,067	-	-	-	-
Amounts payable in connection with Special Project Bonds	**472,675**	473,575	473,575	298,575	298,575	298,575	96,500	96,500	96,500	96,500
Variable rate master notes	**308,000**	283,000	270,000	250,000	217,000	182,000	135,000	25,000	-	-
Commercial paper obligations	**176,955**	187,106	189,963	170,492	116,430	172,140	161,537	131,684	117,883	17,240
Versatile structure obligations	**285,200**	185,700	100,000	-	-	-	-	-	-	-
Leasehold acquisition obligation	**-**	-	-	33,213	33,809	34,349	34,839	-	-	-
Operating equipment-lease financing obligations	**-**	13,563	19,903	27,008	24,060	24,060	26,476	25,726	24,608	9,882
Port Authority equipment notes	**13,638**	-	-	-	-	-	-	-	-	-
Total obligations	**$ 6,448,035**	$ 6,186,016	$ 5,729,475	$ 5,364,363	$ 5,130,051	$ 4,807,211	$ 3,792,602	$ 3,384,585	$ 2,957,541	$ 2,883,447
INVESTED IN FACILITIES AT DECEMBER 31	**$ 11,752,783**	$11,118,503	$10,432,103	$ 9,848,280	$ 9,161,865	$ 8,532,632	$ 7,825,014	$ 7,050,152	$ 6,547,044	$ 5,876,771
DEBT RETIRED THROUGH INCOME:										
Annual	**$ 95,423**	$ 103,150	$ 104,523	$ 60,647	$ 67,599	$ 61,897	$ 53,719	$ 52,399	$ 57,275	$ 69,170
Cumulative	**$ 3,186,485**	$ 3,091,062	$ 2,987,912	$ 2,883,389	$ 2,822,742	$ 2,755,143	$ 2,693,246	$ 2,639,527	$ 2,587,128	$ 2,529,853

(a) Gross operating revenues reflect increased tolls adopted in 1991 and 1987 and increased PATH fares adopted in 1987.

(b) In computing "times, interest earned" and "times, debt service earned", insignificant amounts of interest income and interest expense on debt previously accelerated have been included in "net revenues available for debt service and reserves" and "interest on bonds, notes and commercial paper obligations", respectively. In addition, "debt maturities and retirements" has been adjusted to exclude the retirement of Consolidated Notes and debt retirement accelerations from operations, and to include scheduled retirement of debt previously accelerated as follows:

1995	1994	1993	1992	1991	1990	1989	1988	1987	1986
($1,250)	($3,250)	-	-	$3,352	-	($2,750)	($2,800)	-	-

(c) The Port Authority has fully satisfied, when due, as scheduled, all debt service requirements on all such obligations.

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

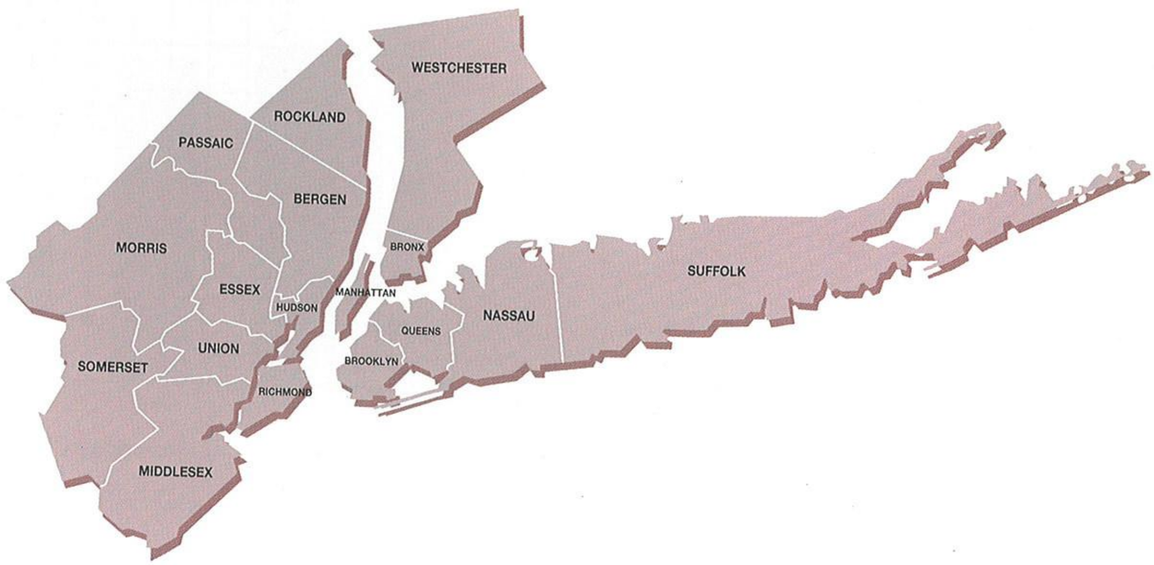
Schedule F- Information on Port Authority Operations

	Gross Operating Revenues	Operating & Maintenance Expenses	Allocated Expenses	Amortization	Income (Loss) from Operations	Net Interest Expense (a)	Net Income (Loss)	1994 Net Income (Loss)
	Year Ended December 31, 1995							
	(In thousands)							
INTERSTATE TRANSPORTATION								
G.W. Bridge & Bus Station	$ 225,394	$ 57,305	$ 8,648	$ 7,446	$ 151,995	$ 9,725	$ **142,270**	$ 139,26
Holland Tunnel	69,956	41,408	6,389	6,870	15,289	5,989	**9,300**	13,32
Lincoln Tunnel	83,893	53,619	7,733	6,321	16,220	8,233	**7,987**	11,81
Bayonne Bridge	10,122	9,071	1,258	2,191	(2,398)	1,900	**(4,298)**	(2,56
Goethals Bridge	52,947	14,823	2,191	697	35,236	528	**34,708**	23,54
Outerbridge Crossing	55,234	11,904	2,158	1,356	39,816	1,005	**38,811**	39,83
P. A. Bus Terminal	24,716	62,377	7,957	6,307	(51,925)	7,613	**(59,538)**	(59,16
PATH	66,038	161,347	26,914	37,234	(159,457)	30,425	**(189,882)**	(187,04
Journal Square Transportation Center	1,933	6,815	989	2,467	(8,338)	2,099	**(10,437)**	(12,07
Ferry Service	-	358	21	165	(544)	206	**(750)**	(54
Bus Programs	-	-	-	13,220	(13,220)	1,271	**(14,491)**	(27,33
Regional and Other Programs	-	-	-	11,836	(11,836)	9,757	**(21,593)**	(16,17
Total Interstate Transportation	590,233	419,027	64,258	96,110	10,838	78,751	**(67,913)**	(77,13
AIR TERMINALS								
LaGuardia	193,062	119,033	10,900	26,836	36,293	10,700	**25,593**	24,67
JFK International	514,506	279,276	26,270	80,360	128,600	32,815	**95,785**	83,94
Newark International	295,460	164,192	17,067	42,852	71,349	18,297	**53,052**	62,30
Teterboro	886	277	29	776	(196)	285	**(481)**	(11
Heliports	852	1,778	239	703	(1,868)	314	**(2,182)**	(1,94
Total Air Terminals	1,004,766	564,556	54,505	151,527	234,178	62,411	**171,767**	168,86
PORT COMMERCE								
Columbia Street	-	183	25	36	(244)	37	**(281)**	(30
Port Newark	35,675	28,864	3,073	9,398	(5,660)	5,791	**(11,451)**	(10,92
Elizabeth Marine Terminal	38,209	9,804	1,928	8,506	17,971	6,845	**11,126**	9,13
Brooklyn	2,750	9,515	949	1,581	(9,295)	1,524	**(10,819)**	(12,32
Red Hook	1,760	4,940	162	1,803	(5,145)	1,204	**(6,349)**	(5,04
N.Y.C. Passenger Ship Terminal	12,880	10,764	690	7,646	(6,220)	362	**(6,582)**	(9,12
Howland Hook	1,309	9,643	243	1,798	(10,375)	846	**(11,221)**	(7,75
Greenville Yard	226	2	-	-	224	-	**224**	17
Auto Marine	7,369	2,050	207	2,166	2,946	2,148	**798**	1,71
Oak Point	-	-	-	1,274	(1,274)	1,168	**(2,442)**	(2,54
N.J. Fisheries	-	-	-	549	(549)	515	**(1,064)**	(1,05
Essex County Resource Recovery	59,225	57,460	171	1,429	165	(5,880)	**6,045**	10,38
Industrial Park at Elizabeth	1,106	1,234	136	910	(1,174)	(6,243)	**5,069**	(2,28
Bathgate	3,121	1,395	116	1,904	(294)	1,109	**(1,403)**	(2,11
Yonkers	2,603	4,722	365	1,398	(3,882)	1,149	**(5,031)**	(5,72
Teleport	15,060	9,559	439	2,680	2,382	1,787	**595**	1,41
Newark Legal & Communications Center	7,473	5,704	262	3,457	(1,950)	1,828	**(3,778)**	(1,62
Total Port Commerce	188,766	155,839	8,766	46,535	(22,374)	14,190	**(36,564)**	(38,01
WORLD TRADE								
World Trade Center	261,162	150,046	9,354	29,117	72,645	60,944	**11,701**	7,99
Vista Hotel (b)	37,697	43,441	89	3,852	(9,685)	1,009	**(10,694)**	(8,93
Total World Trade	298,859	193,487	9,443	32,969	62,960	61,953	**1,007**	(94
Total Port Authority Operations	$ 2,082,624	$ 1,332,909	$ 136,972	$ 327,141	$ 285,602	$ 217,305	**68,297**	52,77
PFC Program							**109,127**	99,76
Combined Total							$ **177,424**	$ 152,54

(a) Net interest expense (interest expense less financial income) that cannot be specifically identified with any particular operating segment is allocated to all operating segments on the basis of unamortized investment in use (completed construction less accumulated amortization). Financial income or interest expense which can be specifically identified with a particular facility within a segment is credited/charged directly to that segment. For purposes of this schedule, gain or loss generated by the disposition of assets is included in the net interest expense column.

(b) Vista International Hotel partially reopened November 1994 and fully reopened March 1995. The Host Marriott Corporation commenced operation of the hotel on December 21, 1995.

THE NEW YORK–NEW JERSEY METROPOLITAN REGION

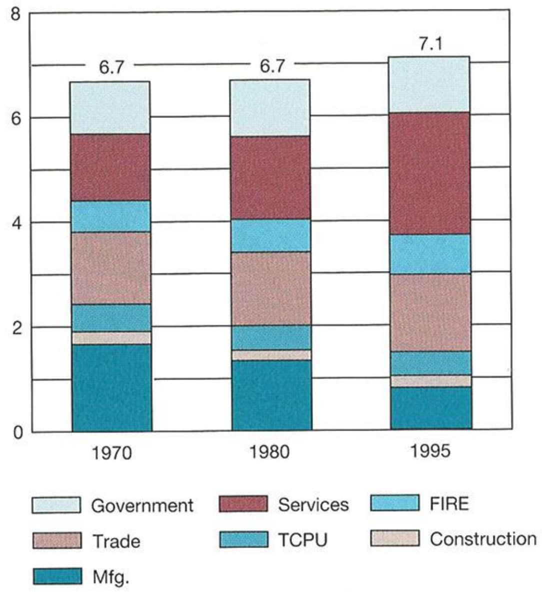


Area	3,900 Square Miles
Population	15.7 Million
Total Labor Force	7.5 Million
Retail Sales	$147 Billion
Total Wage and Salary Jobs	7.1 Million
Total Personal Income (est)	$484 Billion

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

Employment

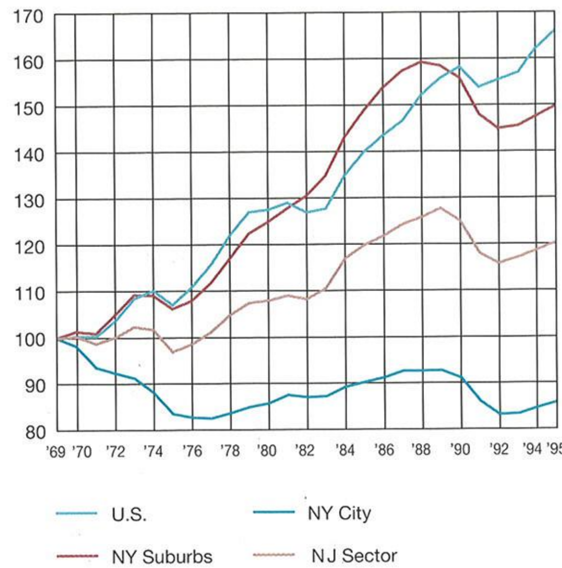
NY-NJ Metropolitan Region Wage & Salary Employment by Major Industry 1970, 1980, 1995
(millions)



FIRE = Finance, Insurance & Real Estate
TCPU = Transportation, Communications & Public Utilities

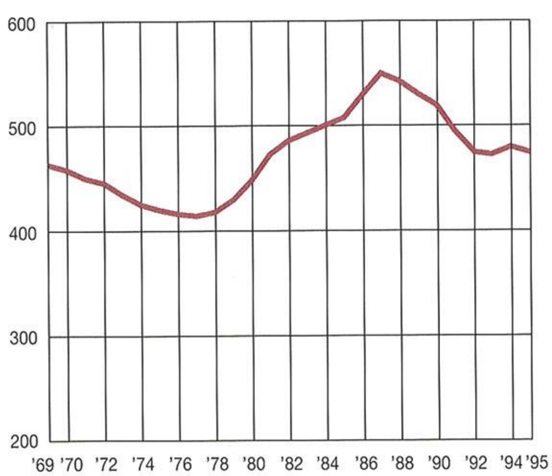
Sources: NY and NJ State Depts. of Labor

Index of Private Employment U.S. and NY-NJ Region 1969-1995
(index: 1969 = 100)



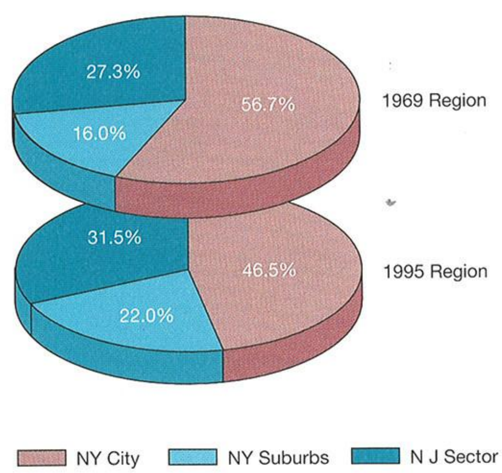
Sources: U.S. Bureau of Labor Statistics
NY and NJ State Depts. of Labor

Employment Trends in Finance, Insurance and Real Estate New York City, 1969-1995
(thousands)



Sources: NY & NJ State Depts. of Labor

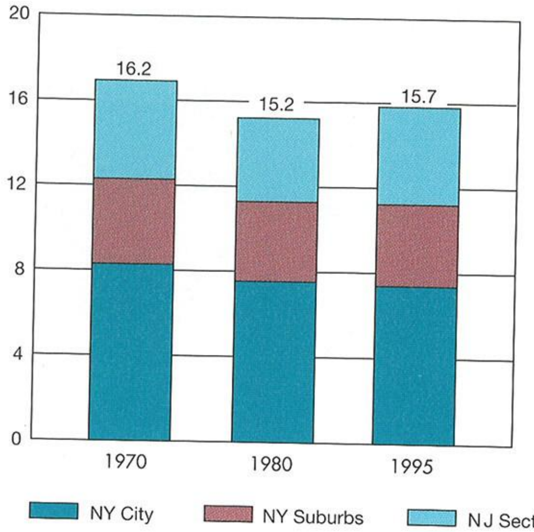
Wage and Salary Employment in the NY-NJ Metropolitan Region by Major Geographic Area
(thousands)



Sources: NY & NJ State Depts. of Labor

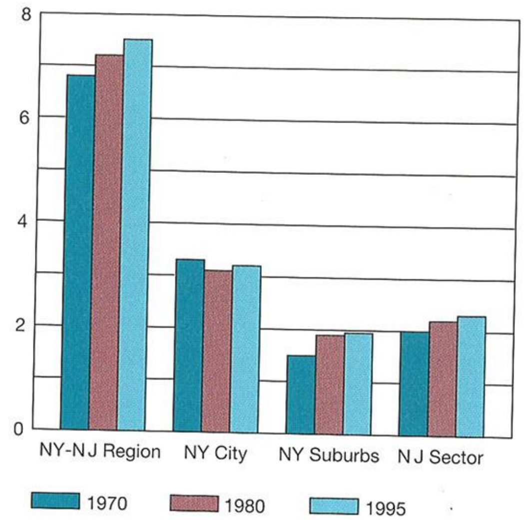
Demographics and Unemployment

Population
NY-NJ Metropolitan Region
1970, 1980, 1995
(in millions)



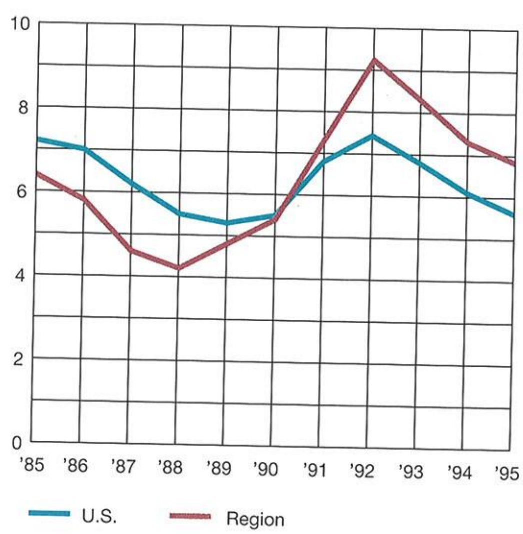
Source: U.S. Bureau of the Census

Total Labor Force
NY-NJ Metropolitan Region
1970, 1980, 1995
(millions)



Sources: NY and NJ State Depts. of Labor

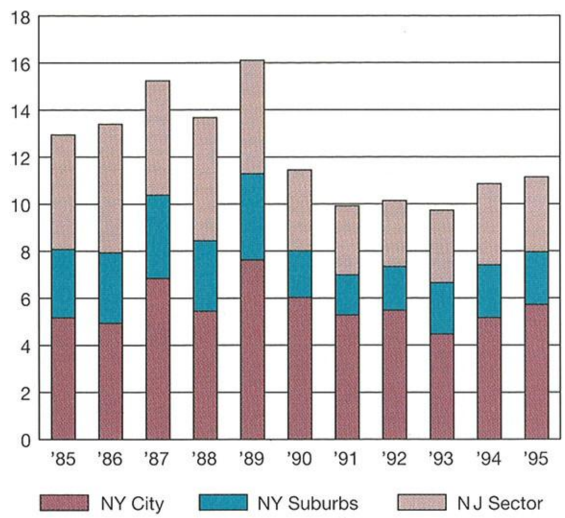
Unemployment Rates
U.S. and NY-NJ Region
1985-1995
(percent)



Sources: U.S. Bureau of Labor Statistics
NY and NJ State Depts. of Labor

Construction Activity and Inflation

Total Construction Contract Awards
NY-NJ Metropolitan Region
1985-1995
(billions of 1992 dollars)

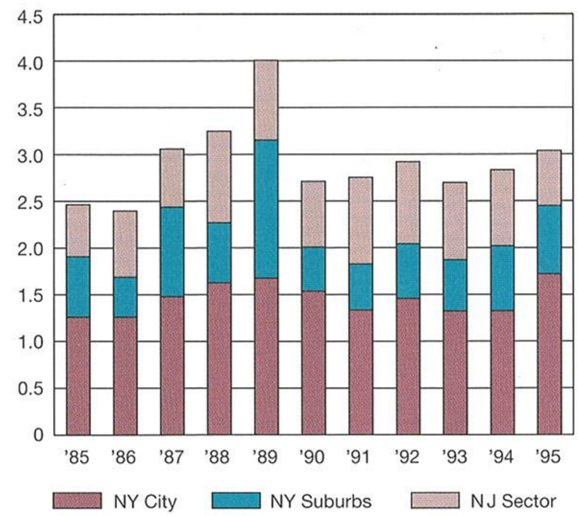


1994: Region = $10.856 1995: Region = $11.145

Note: Construction awards in 1992 dollars deflated by Engineering News Record's Building Cost Index

Source: FW Dodge. Reproduction not permitted without permission from FW Dodge

Infrastructure Construction Contract Awards
NY-NJ Metropolitan Region
1985-1995
(billions of 1992 dollars)

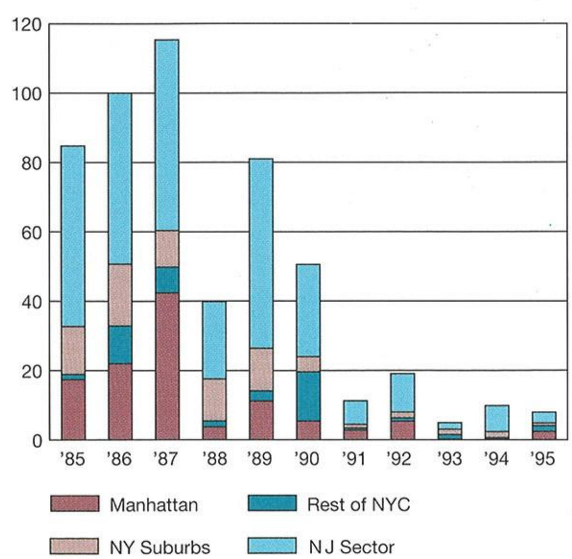


1994: Region = $2.835 1995: Region = $3.041

Note: Construction awards in 1992 dollars deflated by Engineering News Record's Building Cost Index

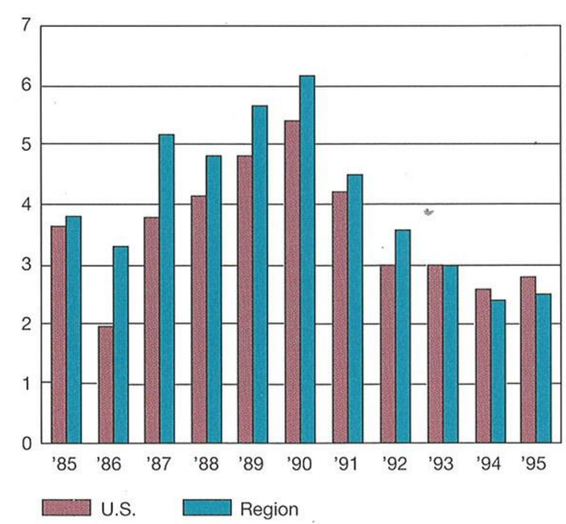
Source: FW Dodge. Reproduction not permitted without permission from FW Dodge

Office Building Construction
NY-NJ Metropolitan Region
1985-1995
(index of square feet 1986 = 100)



Source: FW Dodge. Reproduction not permitted without permission from FW Dodge

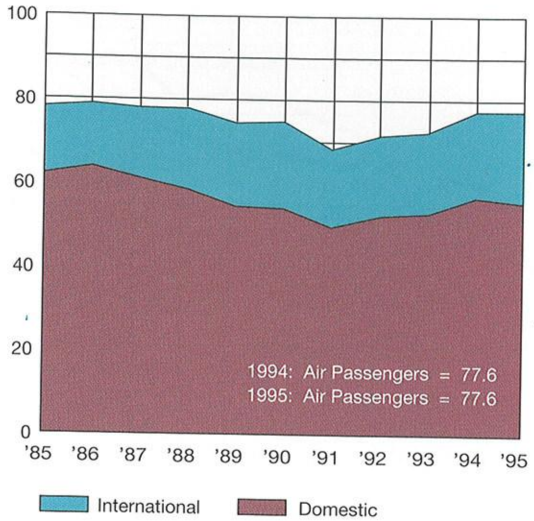
Percent Change in Consumer Price Index
U.S. and NY-NJ Metropolitan Region
1985-1995
(percent)



Source: U.S. Bureau of Labor Statistics

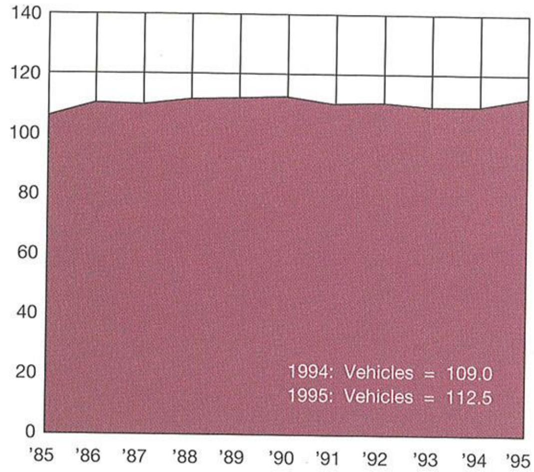
Regional Traffic Trends

Domestic and International Air Passenger Traffic
NY-NJ Metropolitan Region
1985-1995
(millions)



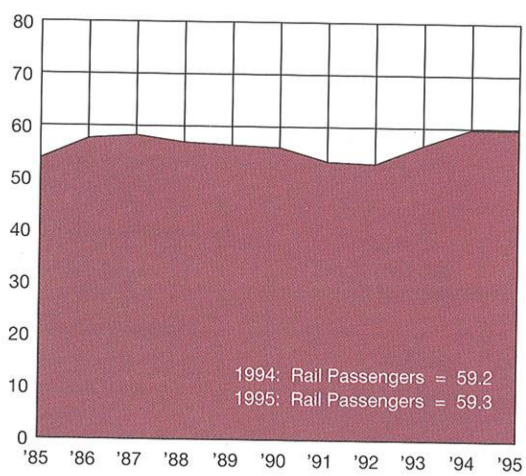
Note: Data were revised to reflect reclassification of Puerto Rico from an international to a domestic market. Also, prior to 1988, Canadian and Mexican passengers were included in domestic traffic data.
Source: The Port Authority of NY & N J

Port Authority Tunnels and Bridges
Annual Eastbound Vehicular Traffic
1985-1995
(millions)



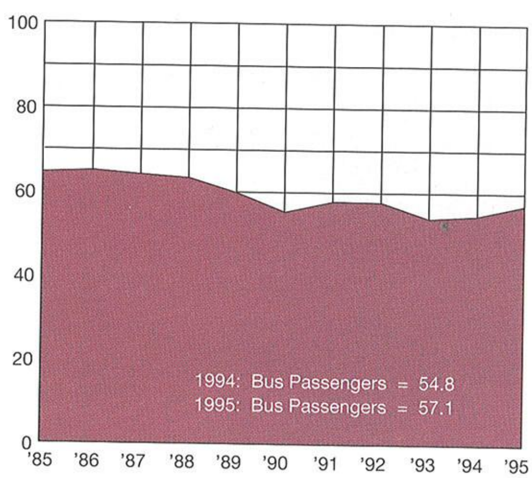
Source: The Port Authority of NY & N J

Port Authority Trans-Hudson
Rail Passenger Traffic
1985-1995
(millions)



Source: The Port Authority of NY & N J

Bus Passenger Traffic
through Port Authority Terminals
1985-1995
(millions)

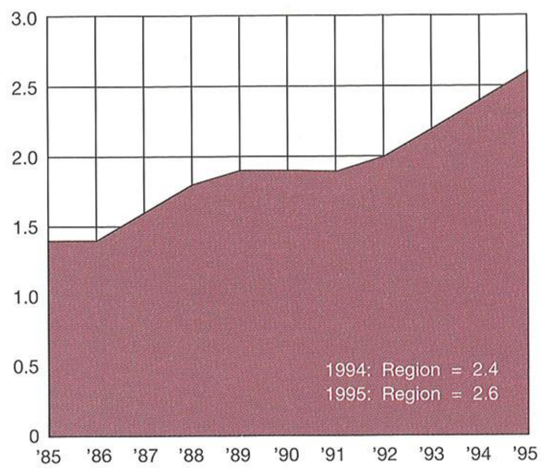


Note: Information excluded for the Journal Square Transportation Center

Source: The Port Authority of NY & N J

Regional Cargo Trends

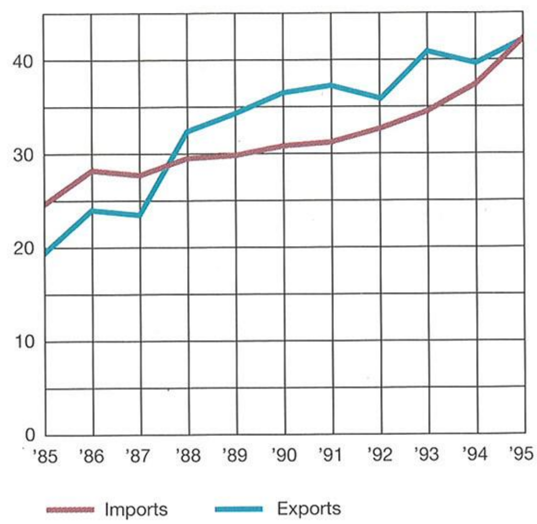
Air Cargo Traffic
NY-NJ Metropolitan Region
1985-1995
(millions of short tons)



Source: The Port Authority of NY & N J

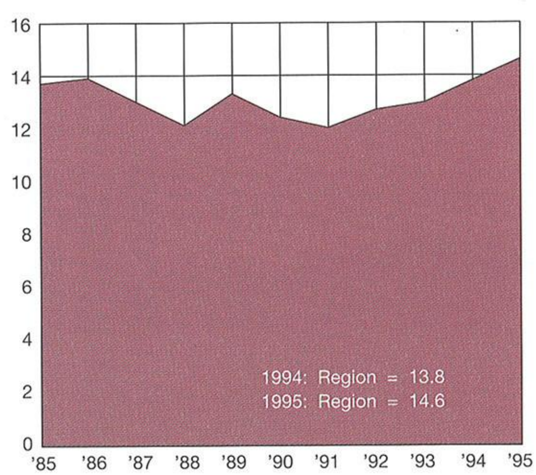
Value of the Port's Airborne Foreign Trade
1985-1995

(billions of dollars)



Sources: U.S. Bureau of the Census
The Port Authority of NY & N J

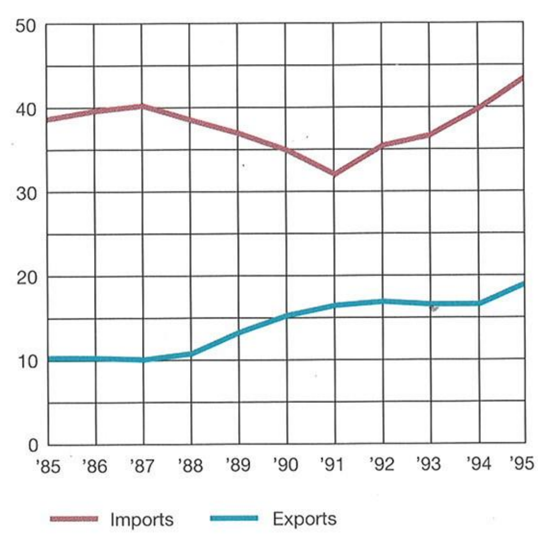
Oceanborne General Cargo
The Port of NY & NJ
1985-1995
(millions of long tons)



Sources: U.S. Bureau of the Census
The Port Authority of NY & N J

Value of the Port's Oceanborne Foreign Trade
1985-1995

(billions of dollars)



Sources: U.S. Bureau of the Census
The Port Authority of NY & N J

Facility Traffic

TUNNELS AND BRIDGES

(Eastbound Traffic Only)	1995	1994
All Crossings		
Automobiles	**103,213,000**	99,855,000
Buses	**2,253,000**	2,135,000
Trucks	**7,079,000**	7,010,000
Total vehicles	**112,545,000**	109,000,000
George Washington Bridge		
Automobiles	**44,159,000**	42,332,000
Buses	**265,000**	244,000
Trucks	**3,579,000**	3,546,000
Total vehicles	**48,003,000**	46,122,000
Lincoln Tunnel		
Automobiles	**17,669,000**	17,240,000
Buses	**1,680,000**	1,579,000
Trucks	**847,000**	833,000
Total vehicles	**20,196,000**	19,652,000
Holland Tunnel		
Automobiles	**15,010,000**	14,637,000
Buses	**121,000**	124,000
Trucks	**927,000**	923,000
Total vehicles	**16,058,000**	15,684,000
Staten Island Bridges		
Automobiles	**26,375,000**	25,646,000
Buses	**187,000**	188,000
Trucks	**1,726,000**	1,708,000
Total vehicles	**28,288,000**	27,542,000
Cumulative PA Investment in Tunnels and Bridges (In thousands)	**$1,463,800**	$1,366,700

AIR TERMINALS

	1995	1994
Totals at the Three Major Airports		
Plane movements	**1,105,800**	1,118,000
Passenger traffic	**77,605,000**	77,564,000
Cargo-tons	**2,614,500**	2,412,200
Revenue mail-tons	**274,300**	252,400
Kennedy International Airport		
Plane movements	**340,000**	343,600
Passenger traffic		
Total	**30,380,000**	28,813,000
Domestic	**13,329,000**	12,909,000
Overseas	**17,051,000**	15,904,000
Cargo-tons	**1,629,200**	1,499,100
LaGuardia Airport		
Plane movements	**345,400**	337,700
Passenger traffic	**20,599,000**	20,731,000
Cargo-tons	**30,500**	40,400
Newark International Airport		
Plane movements	**420,400**	436,700
Passenger traffic	**26,626,000**	28,020,000
Cargo-tons	**954,800**	872,700
Cumulative PA Investment in Air Terminals (In thousands)	**$4,550,800**	$4,201,000

TERMINALS

	1995	1994
All Bus Facilities		
Passengers	**66,656,360**	64,078,840
Bus movements	**3,248,100**	3,175,800
Port Authority Bus Terminal		
Passengers	**52,747,320**	50,625,600
Bus movements	**2,144,200**	2,109,400
George Washington Bridge Bus Station		
Passengers	**4,335,120**	4,220,640
Bus movements	**200,700**	195,400
PATH Journal Square Transportation Center Bus Station		
Passengers	**9,573,920**	9,232,600
Bus movements	**903,200**	871,000
Cumulative PA Investment in Bus Facilities (In thousands)	**$498,100**	$481,900

MARINE TERMINALS

	1995	1994
All Terminals		
Ship arrivals	**3,125**	2,910
General cargo (a) (Long tons)	**14,583,014**	13,817,513
New Jersey Marine Terminals		
Ship arrivals	**2,684**	2,482
New York Marine Terminals		
Ship arrivals	**246**	199
Passenger Ship Terminal		
Ship arrivals	**195**	229
Passengers	**397,340**	463,160
Cumulative PA Investment in Marine Terminals (In thousands)	**$1,254,800**	$1,199,000

PATH

	1995	1994
Total passengers	**59,317,000**	58,819,000
Passenger weekday average	**207,200**	206,900
Cumulative PA Investment in PATH (In thousands)	**$1,271,600**	$1,238,700

	1995	1994
Total Port Authority Cumulative Invested in Facilities, including the above (In thousands)	**$11,752,800**	$11,118,500

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

Port Authority Facilities and Business Programs

TUNNELS, BRIDGES & TERMINALS
- Bayonne Bridge
- George Washington Bridge and Bus Station
- Goethals Bridge
- Holland Tunnel
- Lincoln Tunnel
- Outerbridge Crossing
- Port Authority Bus Terminal
- Ferry Transportation

PORT AUTHORITY TRANS-HUDSON
- PATH Rapid Transit System
- Journal Square Transportation Center

AVIATION
- John F. Kennedy International Airport
- LaGuardia Airport
- Newark International Airport
- Port Authority Heliports:
  - Downtown Manhattan
  - West 30th Street
- Teterboro Airport

PORT COMMERCE
- Port Authority Marine Terminals:
  - Auto
  - Brooklyn/Red Hook
  - Columbia Street
  - Elizabeth
  - Howland Hook
  - Greenville Yard
  - Port Newark
- New York City Passenger Ship Terminal
- Oak Point Rail Freight Link
- Industrial Parks:
  - Bathgate
  - Elizabeth
  - Yonkers
- Essex County Resource Recovery Facility
- The South Waterfront at Hoboken
- Queens West Waterfront Development
- Newark Legal Center
- The Teleport
- Business Development Offices: London, Tokyo; representatives in Belgium, Germany, Hong Kong, Russia, Seoul, Singapore, South Africa
- World Trade Institute

WORLD TRADE
- World Trade Center

OTHER PROGRAMS
- Port Authority Bus Programs
- New York State Commuter Railroad Car Program

1995 Annual Report

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