LAUNCHING THE AIRPORT SYSTEM OF THE FUTURE

THE PORT AUTHORITY OF NY& NJ

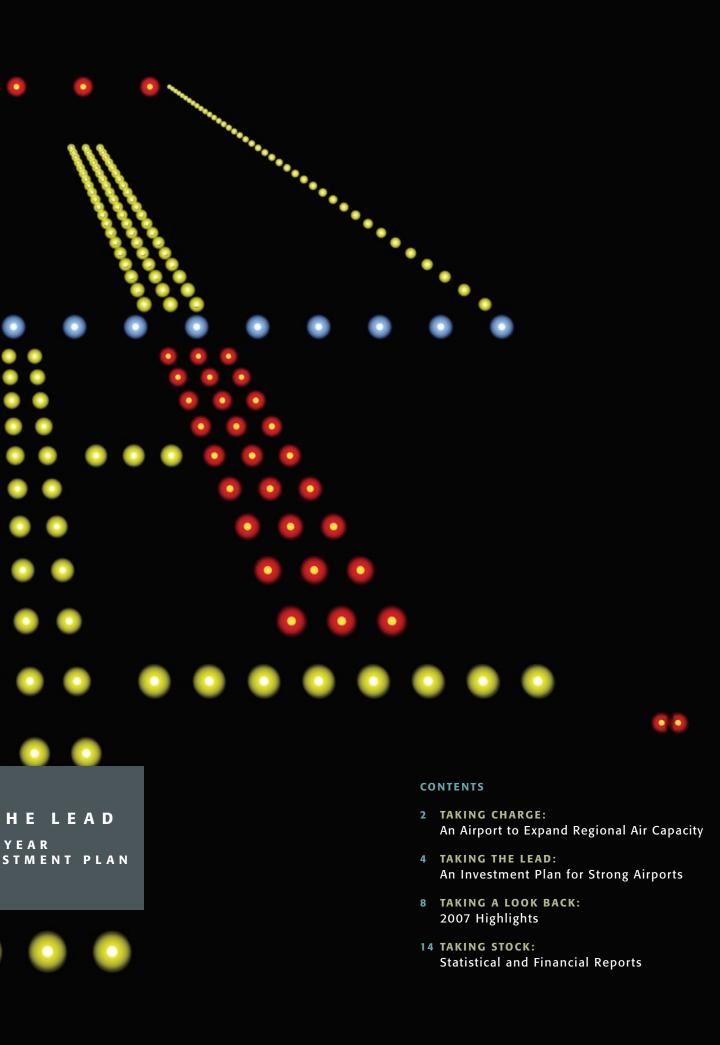


CHARGE REGIONAL

For any organization, there are transformative moments, times that call upon it to act in bold decisive ways. For The Port Authority of New York and New Jersey, 2007 was that year. A year when we underwent a dramatic shift in the way we do business and solve problems. A year we redefined our mission from custodian of our vast transportation infrastructure to guardian of the region's future economic potential. A time of affirmation, answers, and action. And nowhere is this more evident than in the Port Authority's Aviation Department and the influential airport system it runs. 2007 was a taking off point for us and the region:

The year we launched the airport system of the future.











In 2007, The Port Authority of New York and New Jersey's airport system – one of the world's largest – took action on a number of historic initiatives that will launch our airports into the future and continue to secure our global stature for years to come.

In November 2007, the Port Authority purchased the remaining 93 years of a 99-year operating lease of Stewart International Airport for \$78.5 million. This is our first new facility in almost 40 years and one of the most important preemptive steps we could make to increase capacity in the New York-New Jersey metropolitan area.

A second initiative – the approval of an aviation 10-year capital plan – enhances our already strong commitment to invest in our airports. Enlisting the input of our airline partners, we developed a dynamic, comprehensive growth strategy that dedicates \$6.4 billion to our New York and New Jersey airports through 2016. This plan, along with the completion of projects currently under way, will modernize our airport infrastructure, enhance security and safety, improve service, and increase capacity.

But improving our facilities and increasing capacity are not the only ways to build a strong and effective airport system. The other is in our operations.

By 2012, our airport system is projected to handle 125 million passengers. To meet this demand, we are working with our partners to envision the "e-airports of the future," using innovative new technologies to re-imagine the entire travel experience. We are also instituting novel programs that give passengers new high-tech tools, such as info-alerts, to help make their travel experience more trouble free. In addition, \$150 million will be dedicated to fund technical and customer-service initiatives identified last year by the Flight Delay Task Force, a group of industry and business leaders convened by the Port Authority to study airport delays.

We also propelled our agency to the forefront of today's environmentally sustainable initiatives. From taking steps to convert Stewart into the world's first carbon-negative airport, to developing the first geothermal building at an airport (at JFK), to tinting windows, deicing product recovery, HVAC upgrades, and much more, the Port Authority is committed to becoming carbon neutral at all of its facilities by 2010 through emission reductions and carbon offsets.

Each of these critical steps and numerous others we took in 2007 provides a strong foundation for the region's growth in responsible, sustainable, and creative ways. When we

look back, 2007 will be remembered as the year in which together we engaged in solution-driven action – a year when the airport system of the future took off.



1

AN AIRPORT TO EXPAND REGIONAL AIR CAPACITY

Facing record growth at Kennedy International, Newark Liberty International, and LaGuardia, The Port Authority of New York and New Jersey took charge of mounting airport congestion with the purchase of the operating lease of Stewart International Airport in Newburgh/New Windsor, New York. Not only will Stewart International help to expand the Port Authority's airport capacity, Stewart will contribute to the economic growth of the Hudson Valley through conveniently accessible domestic and international air travel.

YKING CHARGE

As one of the greatest destinations in the world, the New York-New Jersey region is experiencing steady and record growth in business and leisure travel. This surge in air travel has placed unprecedented demand on the Port Authority's three major airports, impacting the experience of our passengers and the capacity of airlines to grow in line with market demands.

One way the Port Authority addressed this challenge in 2007 was with the purchase of Stewart International Airport. Located less than 60 miles north of New York City, the airport lies within a 250-mile radius of Philadelphia, Baltimore, Washington, D.C., Buffalo, Boston, Toronto, and Montreal.

Stewart International can handle aircraft ranging in size from a C-5A to an A-340 and B-747. The airport covers 2,400 acres and has two runways: one that is 11,818 feet long and the second that is 6,006 feet long.

Five passenger airlines currently operate out of Stewart: AirTran Airways, Delta Connection, JetBlue Airways, Northwest Airlines, and US Airways Express.

The terminal concourse features seven jet-boarding bridges, ticket counters, spacious gate areas, an electronic flight information display system, concession space, car rental agencies, and other enhancements. The airport also offers easy airport road access, public transportation connections, and overnight short-term and long-term parking.

Once viewed as an underutilized airport, Stewart International is now poised to absorb overflow from the Port Authority's other airports. But this is only one benefit. Stewart International is also located in one of New York's fastest growing economies: the Hudson Valley. The convergence of these two factors set the stage for Stewart International's success.







IN 2007, THE PORT AUTHORITY PURCHASED OPERATING RIGHTS TO STEWART INTERNATIONAL AIRPORT – ADDING TO ITS ABILITY TO EXPAND CAPACITY AND PREPARE FOR FUTURE AIR TRAVEL GROWTH.

Recognizing the importance of Stewart International and the benefits it can bring to the entire Port Authority airport system, the agency in 2007 committed several million dollars for short-term projects, including a new access road to the airport, taxiway improvements, parking lot expansion, and 200 additional new seats in the terminal. In addition, the 2007 – 2016 capital plan allocates \$500 million in capital improvements and expansion projects to bring the airport into the next decade.

In 2008, \$20 million will be dedicated to addressing enhancements that will dramatically boost the airport's capacity and level of service, security, and safety. These include improvements to on-airport roadways, increases in parking capacity, aeronautical pavement rehabilitation, and electrical system upgrades.

As we redefine Stewart International's importance to the region, the airport will also be on the cutting edge of environmental sustainability. The Port Authority has partnered with Rensselaer Polytechnic Institute in Troy, New York, to develop technology that will make Stewart the world's first carbon-negative airport and a test bed for renewable technology.

As we move through 2008 and beyond, the value of Stewart International will become more and more evident as more airlines and travelers discover the benefits of this hidden gem.

AN INVESTMENT PLAN FOR STRONG AIRPORTS

A thriving airport system contributes to a robust regional economy by providing transportation services that efficiently and safely move people and goods around the nation and world. That's why in 2007 the Port Authority took the lead by approving a \$6.4 billion aviation capital investment plan that would not only fund today's most pressing needs but would build a strong airport system for the future. A plan that, along with our ongoing commitments, will prepare our airports for the 150 million passengers expected by 2025.

Strong airports equal strong economies. More than moving people and cargo in and out of the region, our airports are an economic engine that fuels the economy in significant ways: they generate jobs, they make tourism possible, and they drive economic activity in the region. That's the driving force behind the Port Authority's 10-year aviation capital investment plan: to strengthen and support our regional economy by investing long term in our airports and with our airline and airport partners.

The Port Authority's multibillion-dollar capital plan invests in every element of our airport system: building new terminals and facilities; modernizing and upgrading existing ones; supporting the growth of new markets, products, and services; and improving safety, security, and service.

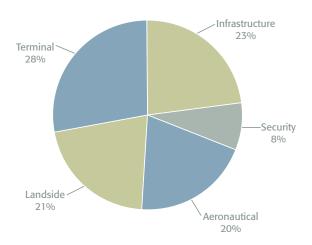
Two core components of the capital investment plan are safety and security. Hundreds of millions of dollars have been allocated for advanced security and situational awareness systems. These include a Perimeter Intrusion Detection System (PIDS) that uses radar, analytic video, and other state-of-the-art technology to monitor airports.

The capital investment plan also enhances the efficiency of our facilities with new measures that make our airports environmentally sustainable. One of the projects you will read about in this report is the development of the world's first geothermal-powered building at an airport. When completed, this project and others will improve the level of service the Port Authority provides at all airports by delivering energy efficiencies and alternative energy solutions.

AVIATION 2007-2016 CAPITAL INVESTMENT PLAN OVERVIEW

Air travel for the region is expected to grow to 125 million passengers by 2015 and to 150 million passengers by 2025. To meet this surge, the Port Authority's 2007 – 2016 capital investment plan for its airport system allocates \$6.4 billion for a broad range of infrastructure, security, aeronautical, landside, and terminal projects.

The Port Authority works with the airline industry and federal, state, and city agencies to bring state-of-the-art technologies and security systems to our airports as they emerge. Security projects are 8% of Aviation's capital plan, terminal projects total approximately 28%, and 41% percent will be invested in aeronautical and landside projects, each being allocated 20% and 21%, respectively. These figures include \$150 million for specific delay reduction initiatives.



In addition, 23% of capital expenditures for our airports will go to support state-of-good repair projects that typically have shorter term completion dates. Finally, significant resources are devoted to sustainability projects to reduce greenhouse gases, increase energy efficiency, and lower operating expenses.

JOHN F. KENNEDY INTERNATIONAL AIRPORT

American Airlines' new \$1.3 billion, 36-gate
Terminal 8 was completed in August 2007. This
1.58 million-square-foot facility can serve 12.8 million
passengers each year. New amenities include a U.S.
Customs and Immigration facility that can handle
1,600 travelers per hour, new security checkpoints,
international gates, a state-of-the-art in-line security
baggage system, and top name-brand shops and
eateries. In Terminals 2 and 3, Delta Airlines made
significant upgrades and added scores of new food,
beverage, and retail outlets.

The Port Authority has also committed \$795 million to the new 26-gate JetBlue Terminal 5, which is currently under construction and slated to open in 2008. A new parking garage, adjacent to the terminal, is expected to open in mid 2008.



JFK SERVED 47.9 MILLION PASSENGERS IN 2007.

Environmental sustainability initiatives include developing the world's first geothermal powered building at an airport, constructing a centralized de-icing facility, replacing the approach lighting system, rehabilitating and replacing fuel storage tanks, and making roof replacements. Rehabilitating runways and taxiways, upgrading the interline baggage system, and adding a new taxi dispatch system are also part of the plan.

LAGUARDIA AIRPORT

Last year, LaGuardia Airport began a host of improvements to the Central Terminal Building, which are expected to be completed in 2008. The airport began construction of new escalators and ramps, re-roofed Concourse D, tinted all Concourse B windows to increase cooling efficiency by 30 percent (tinting of Concourse A's and C's windows will occur in 2008), replaced the jetbridge at gate B4, and painted all jetbridges. The airport continued its study to redevelop and further modernize the terminal, investing to date \$7 million towards this effort.

Also in 2007, LaGuardia added 14 pieces of new multifunction snow removal equipment, initiated a checkpoint expansion, and installed 32-inch LCD display panels that play an instructional video on security screening. LaGuardia



IN 2007, LAGUARDIA SERVED NEARLY 25 MILLION PASSENGERS.

also hosted a groundbreaking ceremony for the Federal Aviation Administration's new air traffic control tower, which is expected to be commissioned in 2010. The tower will rise 233 feet tall, more than twice the height of the existing tower.

Major investments in the capital investment plan include \$59 million to complete the police and airfield rescue facility, upgrading two basic utility systems, rehabilitating runways and taxiways, upgrading navigational aids, rehabilitating existing access roads, and adding lighting upgrades.

NEWARK LIBERTY INTERNATIONAL AIRPORT

The \$318-million modernization of Newark Liberty's Terminal B is a core component of the Port Authority's aviation capital investment plan. The plan will transform a two-level terminal into a three-level operation that can handle more international departures.

In 2007, international ticket counters were finished and work progressed on a new domestic baggage claim hall at Terminal B. Other aspects of the project include converting the mid-level into a domestic ticketing hall, upgrading the international meter-greeter/interline area, reconfiguring the upper level, increasing check-in space for international departures, and enlarging the passenger screening points.



IN 2007,
NEWARK
LIBERTY
HANDLED
36.3 MILLION
TRAVELERS.

New in-line baggage screening for all outbound international baggage will be created, along with more concessions, passenger lounges, and office space. To meet increased airport demand, the Port Authority has also invested \$9 million to date to study the modernization of Terminal A.

Ten critical paving projects, including the rehabilitation of taxiways, are also planned along with a new green de-icing facility. The plan will also rehabilitate fuel farms, fire alarms, fiber optic systems, and the central heating and refrigeration plant.

STEWART INTERNATIONAL AIRPORT

When the Port Authority purchased the operating lease for Stewart International, it immediately began investing \$20 million for near-term enhancements to boost the airport's capacity and level of service. These included building new access roads, expediting aeronautical pavement rehabilitation, making electrical system upgrades, and expanding the parking lot. In partnership with Rensselaer Polytechnic Institute, the agency began work to make Stewart a hub for the latest applied research in sustainable aviation technology, with the goal of making it the world's first carbon-negative airport.

The 10-year aviation capital investment plan includes \$500 million for critical improvements for developing



PASSENGERS
AT STEWART
INTERNATIONAL
ARE EXPECTED
TO SWELL TO
1.5 MILLION
PASSENGERS
IN THE NEXT
SEVERAL
YEARS.

longer taxiways, removing Commissary and Tower hills, increasing baggage capacity, and adding gates at the terminal. The plan also includes \$30 million of capital funds for long-term infrastructure improvements, with \$17.1 million to be spent with federal grants of \$4.3 million.

TETERBORO AIRPORT

Teterboro Airport continues to contribute to the economic activity of its surrounding neighborhood by generating more than 4,400 jobs and \$220 million in wages and salaries. Last year, design and environmental work progressed on the airport's second Engineered Material Arrestor System (EMAS), which will be installed on Runway 19. Visual Slope indicators were installed on Runways 24 and 19, and Runway End Identifier Lights (REIL) were installed on Runway 1.

In 2007, the National Air Transportation Association (NATA) issued a grant to Teterboro for implementing NATA's Safety 1st Initiative to develop a template for an online training course on Federal Aviation Standards.



TETERBORO
AIRPORT IS
THE LARGEST
GENERAL
AVIATION
AIRPORT IN
THE UNITED
STATES.

The Port Authority's 10-year aviation capital investment plan for Teterboro includes allocations for airside projects, including rehabilitation of both airport runways, an EMAS for Runway 24, and further sound-proofing of local schools.

2007 HIGHLIGHTS

While many headlines in 2007 focused on the Port Authority's

historic 10-year capital plan and the acquisition of Stewart

International Airport, throughout the year the agency and

its airline partners achieved enormous success in the areas

of increased security and safety measures, expanded facilities,

improved infrastructure, new environmental sustainability

initiatives, and enhanced customer service.

IN RECENT YEARS,
FLIGHT DELAYS HAVE
PLAGUED THE U.S.
AVIATION SYSTEM,
POSING A THREAT
TO OUR NATIONAL
AND REGIONAL
ECONOMIC GROWTH



FLIGHT DELAY TASK FORCE ISSUES RECOMMENDATIONS

The Flight Delay Task Force, created by the Port Authority and comprising industry stakeholders, issued a final report in December 2007. It outlined 27 short-term initiatives that can improve delays by summer 2008 and nearly 100 technical and customer-service improvement initiatives, including establishing a baseline maximum time for a plane to sit on the tarmac before support services begin and creating an "info-alert" system that sends current airport information directly to a passenger's PDA. Other recommendations included improving the configuration of the airports' runways and taxiways so that planes could move more quickly and efficiently and implementing RNAV (Area Navigation), an advanced technique of point-to-point navigation that would allow planes to take off in quick succession.

AIRBUS A380 TOUCHES DOWN AT JFK FOR ITS FIRST U.S. FLIGHT



Aviation history was made at JFK on March 19, 2007, when the A380 — the world's largest passenger plane — touched down on United States soil for the first time as part of a route-proving test. The aircraft carries more than 500 passengers and will help the Port Authority meet growing passenger demand. In its first full year of operation at JFK, the A380 is expected to generate \$82 million in economic activity, approximately \$32 million in payroll, and 1,040 full-time jobs. The Port Authority invested \$200 million into JFK to prepare for the A380.

ALMOST 110 MILLION PASSENGERS IN 2007

The rate of growth at Port
Authority's airports is almost
three times that of the nation's,
reflecting the region's huge
market for air travel. John F.
Kennedy International, Newark
Liberty International, Stewart
International, and LaGuardia
airports combined served a
record 109,983,372 passengers
in 2007, an increase of almost
5 percent over 2006.



AIRTRAIN JFK AND NEWARK CONTINUE TO DRAW RIDERS

In 2007, AirTrain Newark handled nearly 1.8 million paid passengers, an increase of about 13.5 percent over 2006, and the sixth consecutive year of increased ridership. Air Train JFK's ridership increased by 12 percent, with 4.4 million paid riders. Ridership over the Labor Day weekend was the highest ever, with 16,700 passengers. Last year, AirTrain JFK's entire fleet of 32 cars was re-outfitted with new seats, floors, maps, and directories.

NEW ROUTES ADDED AT NEWARK LIBERTY AND JFK

Offering more flights to more destinations than any other airport system in the world, the Port Authority last year continued to advance its air services development by adding 24 new destinations from our airports. We also welcomed seven new carriers in 2007.

TO ENSURE A
SAFE AND SECURE
ENVIRONMENT AT
OUR AIRPORTS, THE
PORT AUTHORITY
POLICE PROVIDES
POLICE OFFICERS
DAILY TO OUR
AIRPORTS.



PORT AUTHORITY BOOSTS SAFETY AND SECURITY EFFORTS AT ALL AIRPORTS

The safety and security of passengers, employees, operations, and aircraft again took top priority at our airports last year as we increased our safety and security initiatives. The Port Authority continued the Airport Access Control Pilot Program to screen access to secure areas in the airports and worked closely with the U.S. Department of Homeland Security and the Transportation Security Administration to implement security guidelines and have Port Authority airports serve as test sites for innovative security programs.

BOOSTING CUSTOMER SATISFACTION

Under the Port Authority's comprehensive \$34 million customer-service program, the agency added a host of amenities last year to improve the passenger's experience from the parking lot to the airline gate and back again. The new initiative increased the airport customer care representative staff by 50 percent, introduced electronic airport information alerts, added more than 4,000 new seats in airport terminals, and opened nearly 70 new and upgraded food, beverage, and retail outlets at the three regional airports. Mystery shopper airport-quality-assurance teams were expanded to monitor and evaluate vendor and employee customer service. JFK opened a free cell phone lot so drivers can conveniently wait until arriving passengers call them to be picked up at the terminal. The airport also opened a new valet parking lot adjacent to the AirTrain JFK Lefferts Boulevard Station so travelers can take AirTrain JFK for free to conveniently reach their terminal.



LAST YEAR, THE PORT AUTHORITY IMPROVED THE CUSTOMER EXPERIENCE WITH THE ADDITION OF MORE CUSTOMER CARE REPRESENTATIVES, HIGH QUALITY SERVICES, AND AMENITIES.

THE WORLD'S LARGEST AIR CARGO MARKET



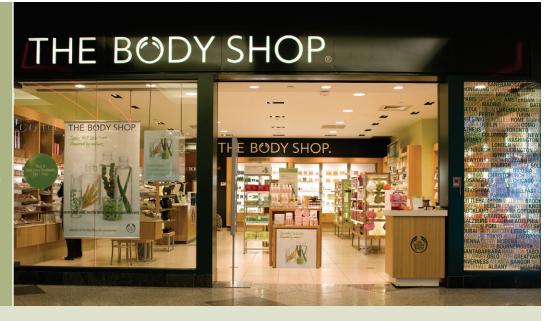
Nearly 20 percent of all cargo moving in and out of the United States travels through our airports. In 2007, the Port Authority' airport network remained number one in total United States imports, exports, and total traffic. We continue to partner with the air cargo industry to offer more than 3,300 daily flights to more than 200 cities worldwide. Our air cargo network supports the region's economy by handling nearly 3 million tons of air cargo each year, generating 85,000 jobs and almost \$11 billion in economic activity, including \$3 billion in annual wages.

PASSENGERS' SPENDING UP

Customers continued to spend big at our airports. According to the ARN Fact Book, JFK and Newark Liberty ranked among the top five airports in North America for highest sales per enplaned passengers.



LAGUARDIA AIRPORT
CONTINUED TO
ATTRACT MANY OF
THE NATION'S LEADING
CONCESSIONS,
BRINGING ADDED
SERVICES AND SHOPPING
OPPORTUNITIES TO
THE AIRPORT'S
CUSTOMERS.



MORE AWARDS FOR CONCESSIONS

LaGuardia Airport took three top awards last year from the Airport Revenue News' Ambrust Aviation Group. Figs Restaurant won an award for Best Restaurant Design, MarketPlace Development tied for first place for Best Concessions Management Team, and the airport received the top award for Best Concessions Program. Accolades also went to other food and retail outlets at our airports, including Famous Famiglia, the Paradies Shops, XpresSpa, OTG Management, and the Hudson Group.

CLEANER, "GREENER" BUSES

The Port Authority continued to act on its commitment to environmental sustainability by introducing 21 hybrid dieselelectric buses and 30 "clean technology" buses at JFK, Newark Liberty, and LaGuardia airports over the summer.





NEW TECHNOLOGY KEEPS PASSENGERS CONNECTED

Passengers now enjoy increased access to travel information, with more flight monitors, free airport alerts for subscribers, and "next-arriving-train" monitors at AirTrain JFK and AirTrain Newark stations. A dedicated e-mail, airportcustomerideas@panynj.gov, was also launched to solicit customers' suggestions for the Port Authority airports.

COMMUNITY EDUCATION AND OUTREACH ACTIVITIES CONTINUE



Aviation High School and the agency's internship program welcomed students from the New York and New Jersey region who are interested in pursuing careers in aviation. Nearly \$400 million in federal and Port Authority funds continue to be expended to soundproof schools in communities surrounding the airports. Since 1983, 77 schools have been soundproofed.

Last year, Teterboro Airport's signature golf tournament awarded 10 students \$1,500 scholarships each for pursuing studies in the field of aviation. The 5K "Runway Run," hosted by Teterboro to benefit the Bergen County United Way, drew more than 700 runners and raised almost \$50,000. The LaGuardia Airport Kiwanis Club presented \$2,000 worth of educational supplies to P.S. 127 in Queens, New York.

CHILDREN 11 AND UNDER NOW RIDE FREE ON AIRTRAIN NEWARK

AirTrain Newark handled nearly 1.8 million passengers in 2007. The service now offers free rides for kids 11 years old and younger when they are accompanied by an adult. The \$40 access fee on a monthly NJ Transit ticket has also been waived in a one-year pilot program.

TETERBORO AIRPORT INDUSTRY WORKING GROUP SEES RESULTS

The Port Authority continued to work with the Teterboro Industry Working Group, a voluntary organization of airport industry leaders working to bridge the interests of the aviation industry and airport neighbors. Members pledged to ban Stage II aircraft at Teterboro, reduce non-essential nighttime operations between 11 p.m. and 6 a.m., endorse the 100,000-pound rule at Teterboro, and make improvements in safety and security programs. Following its first full year of outreach, Stage 2 operations at Teterboro decreased 24 percent and nighttime operations declined by 6.6 percent. Noise complaints dropped to an all-time low of 696, from 894 in 2006.



THE TETERBORO AIRPORT INDUSTRY WORKING GROUP COMPRISES AVIATION EXPERTS REPRESENTING FIXED-BASED OPERATORS, AIRPORT USERS AND TENANTS, AND NATIONAL AND LOCAL AVIATION INDUSTRY ASSOCIATIONS.

STATISTICAL AND FINANCIAL REPORTS

STOCK

The Port Authority's airports provide the region with an aviation

network through which passengers have access to more nonstop

flights to more destinations than any other airport system in the

world. The airport system contains 285 miles of roadways, taxiways,

and runways; 425 buildings containing more than 21 million square

feet of space; and more than 40,000 parking spaces.

<u>NEW</u>

TOP 10 PASSENGER CARRIERS

REGION

Continental	21,857,357
JetBlue	15,638,973
American	14,317,999
Delta	10,638,180
Continental Expre	ss 4,536,267
United	3,697,074
US Airways	2,897,045
Northwest	2,650,546
Comair	2,582,641
American Eagle	1,938,273

JFK

JetBlue			13,495,978
American		7,641,610	
Delta		6,849,219	
Comair	1,565,784		
British Airways	1,355,305		
United	892,375		
Air France	840,686		
Virgin Atlantic	697,646		
Lufthansa	622,343		
American Eagle	619,102		

EWR

Continental		20,734
Continental Expr	ress 4,478,432	
American	1,655,548	
United	1,085,118	
JetBlue	1,066,022	
Delta	990,042	
Northwest	730,237	
US Airways	490,150	
Virgin Atlantic	359,915	
Lufthansa	355,471	

LGA

American		5,020,841
Delta	2,798,919	
US Airways	2,282,687	
United	1,719,581	
Northwest	1,500,277	
American Eagle	1,162,571	
Delta Shuttle	1,032,261	
Spirit Airlines	936,226	
AirTran Airways	921,427	
Comair	917,721	

SWF

JetBlue		353
AirTran Airways		290,006
Delta: ASA	64,012	
US Air Exp: Piedmont	57,694	
American Eagle	53,856	
NW Airlink: Pinnacle	52,528	
US Air Exp: Air Wiscons	in 39,779	
Allegiant Air 2,	660	

TOP 10 FREIGHT CARRIERS

(IN SHORT TONS)

REGION

Federal Express	
United Parcel	190,982

 American
 162,337

 Continental
 130,906

 Korean
 81,795

 China Airlines (CAL)
 71,236

 Delta
 70,503

 Lufthansa Cargo
 70,475

143,257
81,795
71,236
70,475
68,090
63,552
58,631
49,571
49,084

160,945

EWR

Asiana

British Airways

Federal Express		513,9
United Parcel	145,810	
Continental	130,127	
ABX Air Inc	25,508	
Virgin Atlantic	15,660	
SAS	14,271	
Kalitta Air LLC	12,341	
Air Transport Int'l	12,282	
British Airways	11,813	
Lufthansa	11,012	

70,443

68,090

LGA

JFK

American

665,086

Delta		5,245
United	1,059	
Continental	779	
US Airways	674	
Midwest	375	
Frontier	324	
JetBlue	225	
Northwest	201	
Air Canada	163	
ATA	138	

SWF

Federal Express		7,86
United Parcel		5,389
ABX		4,405
USAir Exp: Piedmont	3	
USAir Exp: Air Wisc	1	

AVIATION DEPARTMENT

Kennedy International (JFK), Newark Liberty International (EWR), LaGuardia (LGA), and Stewart International (SWF) airports are aviation facilities operated by The Port Authority of New York and New Jersey, which also operates a general aviation airport and one heliport. The Port Authority also operates port facilities, bridges, tunnels, terminals, and rail facilities, and is redeveloping The World Trade Center site. It may also engage in general economic development activities within a region designated as the "Port District," an area encompassing a roughly 25-mile radius from the Statute of Liberty.

The Port Authority, which has no access to taxes or state and federal government guarantees, raises the necessary funds for the operation, improvements, construction, and acquisition of these facilities on the basis of its own credit and revenues derived principally from the tolls, fares, landing and dockage fees, rentals, and other charges for the use of these facilities. Since the Authority is a self-supporting government agency, the Port Authority bond covenants require that the results of its operations be consolidated so that the revenues

of one facility may be used to support development and operations of another.

The Port Authority of New York and New Jersey's Comprehensive Annual Financial Report contains specific and detailed financial information on accounting practices, operating position, capital asset financing, and significant financial policies.

The pricing policies and approach to financial management employed at the Port Authority's airports have been established in consultation, negotiation, and agreement with the airlines serving the New York regional airports. JFK, EWR, and LGA airports follow the compensatory approach to pricing of airside facilities. Pricing at Stewart Airport is controlled by the terms of the lease with the State of New York. All users of airport facilities and services pay only the actual costs or value of the facilities and services they use and do not bear the burden of any that do not benefit them.

The schedules contained herein depict information on Port Authority operations and capital expenditures including detailed results for aviation facilities.

2007 OPERATING RESULTS

	LGA	JFK	EWR	TEB	DMH	SWF	TOTAL
Gross Operating Revenues	295,229	872,814	711,774	33,141	3,218	1,822	1,917,998
Operating Expenses	227,919	597,344	398,173	15,770	3,117	2,631	1,244,954
Amortization	28,799	92,557	104,900	6,479	621	0	233,356
Gross Operating Income (Loss)	38,511	182,913	208,701	10,892	(520)	(809)	439,688
Net Interest Expense (a)	(7,134)	20,830	26,986	(4,782)	(64)	0	35,836
Net Income	45,645	162,083	181,715	15,674	(456)	(809)	403,853

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AVIATION DEPARTMENT

ASSET INFORMATION

	LGA	JFK	EWR	TEB	DMH	SWF	PFC Program	Total
Facilities Net– Beginning of Year	593,432	2,191,894	1,964,711	145,073	854	0	1,552,290	6,448,254
Net Capital Expenditures (b)	83,074	366,925	146,561	22,999	(226)	503	65,951	685,787
Depreciation	28,799	92,557	104,900	6,479	621	0	64,875	298,231
Facilities Net– End of Year	\$647,707	\$2,466,262	\$2,006,372	\$161,593	\$7	\$503	\$1,553,366	\$6,835,810

Source: The Port Authority of New York and New Jersey Consolidated Financial Statements, December 31, 2007

- (a) Amounts include net interest (interest expense less financial income) expense, Passenger Facility Charge revenues, grants, and gain or loss generated by the disposition of assets.
- (b) Amounts include performance bonds and discount and premium adjustments.

FINANCIAL PERFORMANCE/ CAPITAL PROGRAM

During 2007, The Port Authority of New York and New Jersey continued its commitment to the major capital program under way at its aviation facilities. Net capital expenditures at LGA, JFK, EWR, TEB, and DMH totaled \$655 million including Port Authority funds, as well as passenger facility charges for airport projects.

At our aviation facilities, 2007 saw work completed on a variety projects. All of the airports finished or made substantial progress on runway and taxiway improvements, as well as the airport-wide security programs.

Newark Liberty made substantial progress on the Terminal B modernization project, security improvements (perimeter and guard post), new Revenue Control System equipment for parking fee payment, and resurfacing of the Central Terminal Area courtyards/frontage ramps. The airport further made progress on the CTA access roads improvement program and began work on the rehabilitation of Runway 11-29.

Kennedy Airport completed the taxiway bridge strengthening, rehabilitation of Taxiways A & B, and other work in support of the operation of the Airbus A380 at JFK. Substantial progress was made on the new terminal for Jetblue, and work also continues on the rehabilitation of taxiways and roadways to maintain them in a state of good repair.

LaGuardia Airport completed a major rehabilitation of Runway 13-31, runway deck rehabilitation, security upgrades to the Central Terminal Building, and upgrades to electrical transformers, roadways, and signage. Construction began on the Airfield Rescue and Fire Fighting project and there was progress on other aeronautical and infrastructure projects.

In addition to the \$655 million invested in JFK, EWR, LGA, TEB and DMH, the Port Authority spent \$78.5 million to acquire the operating lease for Stewart International Airport from National Express Group. In addition, the Port Authority's lease for the DMH expired in August of 2007. At this time

the Port Authority is operating the facility under a month-to-month agreement with the City of New York, while it identifies a new operator.

In 2008, the Port Authority's capital investment budget for all facilities is \$2.6 billion; with \$708 million earmarked for aviation projects, including projects funded in part by passenger facility charges collected at the airports.

PFC PROGRAM

The Federal Aviation Administration (FAA) on January 17, 2006, approved the Port Authority's application to fund a host of capacity-enhancement, safety, and security projects at the region's three major airports with \$800.6 million in charges, known as Passenger Facility Charges (PFCs). The FAA also authorized the Port Authority to increase the PFC from \$3 to \$4.50 for each passenger departing from the three airports, which is expected to yield an additional \$60 million a year.

Previously, the FAA granted applications for \$1.8 billion submitted by the Port Authority in connection with the imposition and use of the \$3 per enplaned

passenger charge, in July 1992, July 1995, November 1996, and August 1999.

PFCs are collected by the airlines on behalf of the Port Authority and can be expended only for certain projects that are authorized by the FAA. Pursuant to federal law, the collection and expenditure of the PFC is restricted to PFC-eligible projects undertaken with the prior approval of the FAA. Future applications may be submitted by the Port Authority to the FAA for authority to continue the PFC at the airports and for approval of PFC-funded airport-related capital construction projects, as appropriate.

NET INVESTMENT IN FACILITIES (IN MILLIONS)

	Gross Operating Revenues	Income from Operations	Net Capital Expenditures	Net Investment in Facilities
2004	\$1,670	\$329	\$411	\$5,930
2005	\$1,793	\$388	\$501	\$6,150
2006	\$1,777	\$368	\$587	\$6,448
2007	\$1,918	\$440	\$686	\$6,836



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To plan, develop, promote, operate, maintain, and enhance a unified system of safe and secure regional airport facilities, providing the region with unsurpassed global access while maintaining the region's preeminent status as the nation's gateway for passengers and cargo, and to do so with sensitivity for the community and the environment

OUR MISSION

OUR VISION

- Focus on Customer Care Provide an airport environment where customers are safe and secure, while receiving quality service.
- Be a model for service, security, efficiency, safety, and effectiveness.
- Strive for truly satisfied customers, business partners, and a reputation for inspired leadership.

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THE BEST CHOICE INTO THE U.S.

GETTING PEOPLE WHERE THEY NEED TO GO



THE PORT AUTHORITY OF NY & NJ

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THE BEST CHOICE INTO THE U.S.

The Port Authority of New York and New Jersey's airports offer unsurpassed global access to travelers.

Located in the heart of one of the world's most affluent business markets and most vibrant cultural and

entertainment epicenters, our airports provide passengers with more flights and connections to more destinations than any other airport system in the world.

Unprecedented access combined with modern passenger terminals, first-rate customer care, convenient transportation connections, and strong international partnerships are what make John F. Kennedy International, Newark Liberty International, LaGuardia, and Stewart International your best choice into the United States.

THE BEST REGION TO VISIT

The Port Authority airport system is the gateway for nearly 110 million visitors annually to the thriving New York-New Jersey region. Known throughout the world for its financial and business markets, rich diversity, legendary attractions, world-class restaurants, dynamic cultural history and art, the New York metropolitan region has the best to offer everyone. Not only is the New York City region bustling with exciting business and tourism opportunities, it is within hours of inspiring points of interest north, south, and west, including Washington, D.C., and Philadelphia.

THE BEST AIRPORTS FOR THE FUTURE

By 2025, 150 million of the world's travelers are expected to use one of the Port Authority's airports. To prepare for this growth, the Port Authority is investing today to create a strong airport system for the future. Multibillion-dollar public-private redevelopment partnerships have already brought about resplendent new and upgraded terminals, numerous new shops and eateries, new parking garages, and better signage and road and rail transportation access. Our \$64.4 billion 10-year aviation capital investment plan, approved in 2007, will continue this renaissance. It includes \$150 million for flight delay reduction initiatives and new technologies that will create "e-airports" of tomorrow.







THE BEST IN CUSTOMER CARE

At the Port Authority, our goal is to ensure a positive traveling experience for all our customers, from the parking lot or AirTrain station to the airline gate and back again. In 2007 we embarked on a comprehensive \$34 million Customer Care Program that increased the airport Customer Care Representative staff by 50 percent, introduced electronic airport information alerts, added more than 4,000 new seats in airport terminals, and opened nearly 70 new and upgraded food, beverage, and retail outlets.

With safety a top priority, we continuously work with airlines and the Department of Homeland Security to strengthen security systems and standards at all Port Authority airports, using the most sophisticated technologies available in intrusion systems, surveillance, and biometrics.

THE BEST IN AIRPORT ACCESS

Getting to and from our airports couldn't be simpler. AirTrain JFK and AirTrain Newark provide passengers with fast, convenient access to their destinations. AirTrain JFK provides connections into the heart of New York City and surrounding areas by the Long Island Rail Road and the New York City subway and bus system. AirTrain Newark connects with NJ Transit and Amtrak, which are easy, low-cost ways to travel into the heart of New York and points north or to Philadelphia, Washington, D.C., and other points south.

The Port Authority airport system is the best choice for travel into the New York-New Jersey region – one of the world's greatest business, financial, health care, cultural, and tourism centers.

THE BEST CHOICE INTO THE U.S.

To learn more about John F. Kennedy International, Newark Liberty International, LaGuardia, and Stewart International airports and how our superior infrastructure, high-quality customer service, and excellent transportation options can serve you, go to panynj.info.

The Port Authority of New York and New Jersey's airport network—Kennedy International, Newark Liberty International and LaGuardia—has the largest origin & destination base on the planet.

In fact, we served a record 104 million passengers in 2006. By 2016, we expect to handle more than 127 million passengers a year system wide. Pretty impressive.

Our network is the busiest airport system in the U.S. That's not too surprising—the northeast is the largest consumer market in the U.S., with \$2.3 trillion of personal income. That's over 21 percent of the nation's total.

Like we said before, pretty impressive.

To be part of our thriving network, contact Air Service Development Manager, Maggi Villane in the U.S. at 001-212-435-3749 or email mvillane@panynj.gov.



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