

NEW YORK--([BUSINESS WIRE](#))--Fitch Ratings has assigned 'AA-' ratings to the Port Authority of New York and New Jersey's \$1 billion 181 series consolidated bond issuance.

The new debt is expected to be allocated to capital expenditure relating to the continuing development of the World Trade Center site.

Fitch also affirms the ratings for the authority's existing debt as follows:

--\$17.9 billion in outstanding consolidated bonds at 'AA-';

--Commercial paper (CP) notes, series A (AMT) (tax-exempt) at 'F1+', authorized up to \$300 million;

--CP notes series B (Non-AMT) (tax-exempt) at 'F1+', authorized up to \$200 million.

The Rating Outlook for the authority's consolidated bonds is Stable.

KEY RATING DRIVERS

--Resilient Cash Flows And Stable Revenue Base: The authority has a monopolistic position over an expansive, diverse portfolio of transportation and commerce related assets, including four metropolitan New York/New Jersey airports, an interstate transportation network (tunnels, bridges, terminals, and ferries), and seaports. Strong demand characteristics for these commerce related assets are underpinned by the region's diverse and populous economy as well as its status as a global center for economic activity. Revenue Risk-Volume: Stronger

--High Degree Of Rate-Setting Flexibility: The authority has demonstrated an ability to produce consistently healthy financial performance reinforced by the cost recovery nature

of use agreements in place primarily at the airports and timely toll increases. Given toll rates following the series of increases now being phased in and the importance of not impeding regional economic activity, while Fitch believes economic rate-making flexibility exists, policy flexibility may be more constrained. Revenue Risk-Price: Stronger

--Established Asset Base With Reinvestment Needs: The authority's broad base of long-established infrastructure assets results in an approximately \$27 billion 10-year capital plan, though recent completed audit reports indicate capital needs may be significantly greater than presently expected over the next 10 to 15 years. Fitch will continue to review developments with respect to the authority's capital program, specifically the authority's attention to maintenance of the asset base as well as expected leverage levels. Infrastructure Development/Renewal: Midrange

--Conservative Capital Structure: The authority maintains a nearly 100% fixed-rate capital structure. Fitch expects any future variable rate debt issued by the authority would be relatively limited. Debt Structure: Stronger

--Moderate Leverage Levels and Strong Coverage Ratios: Leverage levels are moderate, with net debt to cash available for debt service (CFADS) in 2012 at 7.8x. The moderate leverage position is partially offset with significant balance sheet liquidity, legally required reserve levels, ability to control operating and maintenance costs, and a demonstrated history of generating debt service coverage ratios (DSCRs) over 2.0x.

RATING SENSITIVITIES

--Weaker financial margins due to slow revenue growth and/or higher rates of growth in operating expenses;

--Significant escalation in expected capital needs and additional leveraging not supported by commensurate revenue increases to maintain DSCRs at or above 1.8x - 2.0x;

--Actions by either the State of New York or New Jersey to limit the authority's ability to raise tolls to cover growing debt service obligations.

SECURITY

Consolidated bonds and notes are secured by net revenues of the authority and a pledge of the general reserve and consolidated bond reserve funds.

CREDIT UPDATE

For more information on the authority and its recent performance, please refer to Fitch's press release dated July 22, 2013 titled 'Fitch Affirms Port Authority of New York & New Jersey's Consolidated Bonds 'AA-'.

Additional information is available at 'www.fitchratings.com'.

Applicable Criteria and Related Research:

--'Rating Criteria for Infrastructure and Project Finance' (July 12, 2012);

--'Rating Criteria for Toll Roads, Bridges, and Tunnels' (Oct. 16, 2013);

--'Rating Criteria for Ports' (Oct. 3, 2013);

--'Rating Criteria for Airports' (Dec. 13, 2013).

Applicable Criteria and Related Research:

Rating Criteria for Airports

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=725296

Rating Criteria for Toll Roads, Bridges and Tunnels

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=720736

Rating Criteria for Ports

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=719985

Additional Disclosure

Solicitation Status

http://www.fitchratings.com/gws/en/disclosure/solicitation?pr_id=815510

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTP://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](http://fitchratings.com/understandingcreditratings) . IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE

AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE '

WWW.FITCHRATINGS.COM

' PUBLISHED RATINGS, CRITERIA AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE 'CODE OF CONDUCT' SECTION OF THIS SITE. FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.