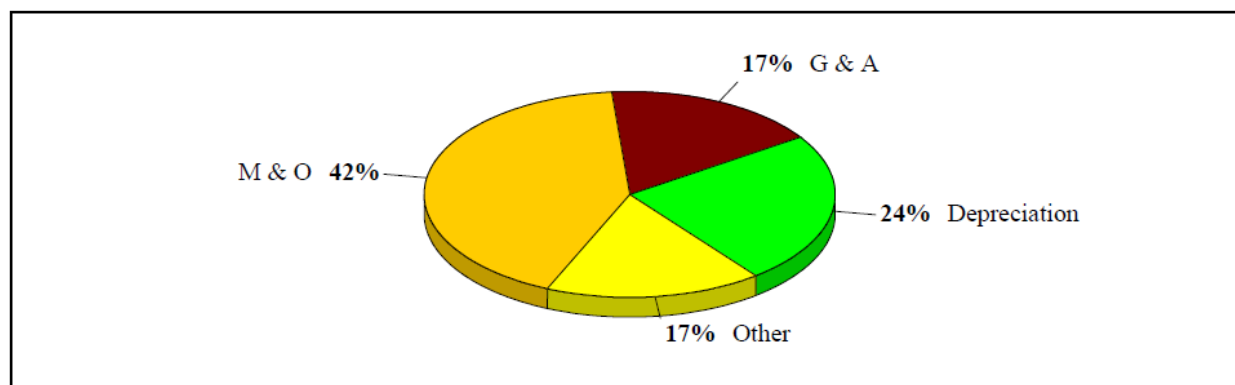


Port of Houston Authority 2011 Expenses (\$000's)

	2011	2010	2009
Operating expenses:			
Maintenance and operations of facilities	97,461	95,918	88,124
General and administrative	39,894	51,742	57,827
Depreciation and amortization	55,661	53,731	48,035
Nonoperating expenses:			
Contribution to federal and state agencies	1,232	1,742	17,468
Loss on Disposal of Assets	-	3,294	-
Nonoperating expenses related to property taxes:			
Interest expense on unlimited tax bonds	36,957	27,886	26,072
Property tax expense	1,743	2,356	506
Other, net	525	480	901
Total Expenses	233,473	237,149	238,933



In 2011, maintenance and operations of facilities expenses increased by \$1.5 million (1.6%) from 2010. The majority of the increase was due to the following: a) an increase of \$3.2 million in contract labor; b) an increase of \$1.1 million in repairs and maintenance; c) an increase of \$0.5 million in utilities costs; and d) an increase of \$0.4 million in salary and wages offset by e) a decrease of \$2.2 million in employee taxes and benefits and f) a decrease of \$1.8 million in Other.

General and administrative expenses decreased by \$11.8 million (22.9%) from 2010. The majority of the decrease included the following: a) a decrease of \$5.0 million in employee taxes and benefits; b) a decrease of \$3.8 million in legal, consulting and professional fees; c) a decrease of \$0.9 million in advertising and promotion; and d) a decrease of \$0.5 million in contract labor and a decrease of \$1.1 million in various other categories. Depreciation and amortization increased \$1.9 million.