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RELATING TO  
PENNSYLVANIA TURNPIKE COMMISSION  
OIL FRANCHISE TAX SENIOR REVENUE BONDS  
AND  
OIL FRANCHISE TAX SUBORDINATED REVENUE BONDS

PENNSYLVANIA TURNPIKE COMMISSION

to

NATIONAL CITY BANK OF PENNSYLVANIA  
as Trustee

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TRUST INDENTURE

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Dated as of August 1, 1998

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## TRUST INDENTURE

This INDENTURE, dated for convenience of reference as of the 1st day of August, 1998, by and between PENNSYLVANIA TURNPIKE COMMISSION, an instrumentality of the Commonwealth of Pennsylvania (hereinafter sometimes called the "Commission"), and NATIONAL CITY BANK OF PENNSYLVANIA, a national banking association duly organized and validly existing under and by virtue of the laws of the United States of America and having its principal corporate trust office in the City of Pittsburgh, Pennsylvania (said banking association and any bank or trust company appointed as successor trustee under this Indenture being hereinafter sometimes called the "Trustee"),

### WITNESSETH:

WHEREAS, by an Act of the General Assembly of Pennsylvania approved May 21, 1937, P.L. 774, Act 211, and certain acts subsequent thereto, the Commission was created and constituted an instrumentality of the Commonwealth, and by virtue of said Act as amended by Acts approved on various dates, including May 24, 1945, P.L. 972, and February 26, 1947, P.L. 17, and said Acts approved May 23, 1951, P.L. 335, August 14, 1951, P.L. 1232, September 30, 1985, P.L. 240 (Act No. 1985-61), August 5, 1991, P.L. 238 (Act No. 1991-26), April 16, 1992 (Act No. 1992-31) and November 24, 1992, P.L. 725 (said Acts being hereinafter sometimes collectively called the "Enabling Acts"), the Commission is authorized to construct, operate and maintain a turnpike system and to issue bonds payable solely from the revenues of the Commission, including tolls, or from such funds as may be available to the Commission for that purpose;

WHEREAS, the Commonwealth imposes an "oil company franchise tax for highway maintenance and construction" pursuant to 75 Pa. C.S.A. Chap. 95 (the "Oil Franchise Tax"), which is collected by the Department of Revenue of the Commonwealth, deposited in its Motor License Fund and appropriated monthly therefrom pursuant to such statute, with the Commission receiving a portion of the proceeds deposited in the Motor License Fund (the portion of the Oil Franchise Tax appropriated to the Commission is referred to as the "Commission Allocation");

WHEREAS, pursuant to 75 Pa. C.S.A. § 9511(h), the Commonwealth has pledged to any person, firm or corporation acquiring any bonds to be issued by the Commission and secured in whole or in part by a pledge of the portion of such tax received by the Commission that "the Commonwealth will not limit or alter the rights vested in the Pennsylvania Turnpike Commission to the appropriation and distribution of such tax revenues"; and

WHEREAS, the Commission has determined to issue Three Hundred Ten Million Four Hundred Seventy-Five Thousand Dollars (\$310,475,000) in the aggregate principal amount of its Oil Franchise Tax Senior Revenue Bonds, Series A of 1998 and Two Hundred Twenty-Eight Million Four Hundred Five Thousand Dollars (\$228,405,000) in the aggregate principal amount of its Oil Franchise Tax Subordinated Revenue Bonds, Series B of 1998 (hereinafter the "1998 Series A Senior Bonds" and the "1998 Series B Subordinated Bonds" respectively, and, collectively, the "Series 1998 Bonds"). The proceeds of the 1998 Series A Senior Bonds will be

used to (i) advance refund the Commission's Oil Franchise Tax Revenue Bonds, Series A of 1994 (the "Series 1994 Bonds"), (ii) finance such capital expenditures permitted by the Enabling Acts as the Commission shall determine, and (iii) pay a portion of the costs of issuance of the Series 1998 Bonds (the "1998 Series A Project"). The proceeds of the 1998 Series B Subordinated Bonds will be used to (i) finance such capital expenditures permitted by the Enabling Acts as the Commission shall determine, (ii) fund the Subordinated Bonds Debt Service Reserve Fund and (iii) pay a portion of the costs of issuance of the Series 1998 Bonds (the "1998 Series B Project"); and

WHEREAS, the execution and delivery of this Indenture have been duly authorized by resolutions of the Commission; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the Commonwealth and by the rules and regulations of the Commission to happen, exist and be performed precedent to and in the execution and delivery of this Indenture, have happened, exist and have been performed as so required, in order to make this Indenture a valid, binding and legal trust indenture for the security of the Bonds in accordance with its terms; and

WHEREAS, the Trustee has accepted the trusts created by this Indenture and in evidence thereof has joined in the execution hereof;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in consideration of the premises, of the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of the Bonds by the holders thereof, and for the purpose of fixing and declaring the terms and conditions upon which the Bonds are to be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become holders thereof, and in order to secure the payment of all the Bonds at any time issued and outstanding hereunder and the interest thereon according to their tenor, purport and effect, and in order to secure the performance and observance of all of the covenants, agreements and conditions therein and herein contained, the Commission does hereby sell, assign, transfer, set over and grant a security interest in and pledge unto the Trustee the following: (i) all Tax Revenues, (ii) the Commission's right to receive the Commission Allocation and any portion of the Commission Allocation actually received by the Commission, (iii) all moneys deposited into accounts or funds created by this Indenture (other than the Rebate Fund), and (iv) all investment earnings on all monies held in accounts and funds established by this Indenture (other than the Rebate Fund) (all of these items shall collectively be known as the "Trust Estate") as security for the payment of the Bonds and the interest thereon and as security for the satisfaction of any other obligation assumed by it in connection with such Bonds, including any Parity Swap Agreements and Reimbursement Obligations and it is mutually agreed and covenanted by and between the parties hereto for the equal and proportionate benefit and security of all and singular, the present and future holders of the Bonds issued and to be issued under this Indenture, without preference, priority or distinction as to lien or otherwise, except as otherwise provided herein or in any Supplemental Indenture, of any one Bond over any other Bond by reason of priority in the issuance, sale or negotiation thereof or otherwise except as otherwise provided herein, as follows:

## ARTICLE I

### DEFINITIONS

SECTION 101. Meaning of Words and Terms. In addition to words and terms elsewhere defined in this Indenture, the following words and terms as used in this Indenture shall have the following meanings:

"Accreted Amount" shall mean, with respect to any Capital Appreciation Bond or Convertible Capital Appreciation Bond, the amount representing principal and interest on such Capital Appreciation Bond or Convertible Capital Appreciation Bond at and prior to the maturity thereof, in the case of a Capital Appreciation Bond, being, as of any date of computation an amount equal to the principal amount of such Bond at its initial offering plus the interest accrued thereon from the delivery date thereof to the June 1 or December 1 next preceding the date of computation (or if the date of computation is June or December 1 to said date), such interest to accrue at the rate per annum established as provided in a Supplemental Indenture, compounded periodically, plus, with respect to matters relating to the payment upon redemption of such Capital Appreciation Bond or Convertible Capital Appreciation Bond, if such date of computation shall not be June 1 or December 1, the ratable portion of the difference between the Accreted Amount as of the immediately preceding June 1 or December 1 (or the delivery date thereof if the date of computation is prior to the first June 1 or December 1 succeeding the delivery date) and the Accreted Amount as of the immediately succeeding June 1 or December 1, calculated based on the assumption that the Accreted Amount accrues during any period in equal daily amounts on the basis of a year of twelve 30-day months.

"Accretion Period" shall mean with respect to any particular Convertible Capital Appreciation Bond, the period from the delivery date thereof through the date specified in the document providing for the sale of such Convertible Capital Appreciation Bond (which date must be prior to the maturity date thereof), after which interest accruing on such Convertible Capital Appreciation Bond shall be payable semiannually, with the first such payment date being the applicable Interest Payment Date immediately succeeding the expiration of the Accretion Period.

"Additional Bonds" shall mean Bonds of any series including Additional Senior Bonds and Additional Subordinated Bonds authorized under this Indenture, other than the Series 1998 Bonds, duly executed, authenticated, issued and delivered pursuant to the provisions hereof. Such term shall include, without limitation, notes, commercial paper, mandatory tender bonds, bond and grant anticipation notes, variable rate bonds, capital appreciation bonds, obligations secured only as to regularly scheduled interest payments by the Tax Revenues and the Trust Estate and any other evidence of indebtedness which the Commission is legally authorized to issue.

"Additional Projects" shall mean the improvements, extensions and replacements to the Pennsylvania Turnpike System, other than the portions of the improvements, extensions and



replacements which are financed or refinanced with the proceeds of the 1998 Bonds, referred to in Section 210 of this Indenture.

"Assumed Variable Rate" shall mean the maximum established rate for any Variable Rate Indebtedness then outstanding.

"Authenticating Agent" shall mean the Person or Persons designated and authorized to authenticate any series of Bonds or such Person designated by the Authenticating Agent to serve such function, and shall initially be the Trustee with respect to the Series 1998 Bonds.

"Authorized Denominations" shall mean, with respect to the Series 1998 Bonds, Five Thousand Dollars (\$5,000) or any multiple thereof, and with respect to any Additional Bonds issued under a Supplemental Indenture, those denominations specified in such Supplemental Indenture.

"Average Principal and Interest Requirements" shall mean, as to any Bonds under consideration, the sum of the Principal and Interest Requirements for the Fiscal Years contained in the period under consideration with respect to such Bonds divided by the number of fiscal years contained in such period. Any determination of the Average Principal and Interest Requirements with respect to a number of series of Bonds outstanding shall be made based on the combined Principal and Interest Requirements of all such Bonds at the time outstanding. The "period under consideration" shall mean the period beginning with the date of calculation and ending with the final maturity of Bonds under consideration.

"Balloon Indebtedness" shall mean a Series of Bonds 25% or more of the principal of which matures on the same date and is not required by the documents governing such indebtedness to be amortized by payment or redemption prior to such date. If any Series of Bonds consists partially of Variable Rate Indebtedness and partially of Fixed Rate Indebtedness, the portion constituting Variable Rate Indebtedness and the portion constituting Fixed Rate Indebtedness shall be treated as separate Series for purposes of determining whether any such indebtedness constitutes Balloon Indebtedness.

"Bank" shall mean, as to any Series of Bonds, each financial institution (other than a Bond Insurer) providing a letter of credit, a line of credit, a guaranty or another credit or liquidity enhancement facility as designated in the Supplemental Indenture providing for the issuance of such Bonds.

"Bank Fee" shall mean any commission, fee or expense payable to a Bank pursuant to a Reimbursement Agreement (but not amounts payable as reimbursement for amounts drawn under a Credit Facility or interest on such amounts).

"Bond" shall mean any Series 1998 Bond or any Additional Bond issued under the provisions of this Indenture.

"Bond Counsel" shall mean any attorney or firm of attorneys whose experience in matters relating to the issuance of tax-exempt obligations is nationally recognized.

"Bond Insurer" shall mean, as to any Series of Bonds, the bond insurer undertaking to insure such Bonds.

"Bond Owner", "holder", "owner" or "registered owner" shall mean the person in whose name a Bond is registered on the books maintained by the Bond Registrar except as otherwise provided in Section 1411.

"Bond Registrar" shall mean, with respect to any series of Bonds, that Person which maintains the bond register or such other entity designated by the Bond Registrar to serve such function, and shall initially be the Trustee with respect to the Series 1998 Bonds.

"Business Day" shall mean any day other than a Saturday or a Sunday or a day on which banking institutions are required or authorized by law or executive order to remain closed in the Commonwealth of Pennsylvania.

"Capital Appreciation Bond" shall mean a Bond, the interest on which shall be compounded periodically, shall be payable only at maturity or redemption prior to maturity, and shall be determined by subtracting from the Accreted Amount thereof the original principal amount thereof.

"Certificates of Deposit" shall mean negotiable or nonnegotiable certificates of deposit, time deposits or other similar banking arrangements issued by the Trustee or by any bank or trust company, including any depository hereunder, which has a combined capital and surplus of not less than \$200,000,000, to be fully secured by Government Obligations or direct and general obligations of the Commonwealth of Pennsylvania. Such security shall have an aggregate market value, exclusive of accrued interest, at all times at least equal to the amount of such Certificate of Deposit. Such security shall be deposited with a Federal Reserve Bank or with the trust department of the Trustee.

"Chief Engineer" shall mean the Chief Engineer of the Commission or such other employee of the Commission authorized to perform specific acts or duties of the Chief Engineer by resolution duly adopted by the Commission.

"Clearing Fund" shall mean the special fund created by Section 401 of this Indenture.

"Code" shall mean the Internal Revenue Code of 1986, as the same may be amended.

"Commission Official" shall mean any commissioner, director, officer or employee of the Commission authorized to perform specific acts or duties by resolution duly adopted by the Commission.

"Commonwealth" shall mean the Commonwealth of Pennsylvania.

"Consultant" shall mean a Person who shall be independent, appointed by the Commission as needed, qualified and having a nationwide and favorable reputation for skill and experience in such work for which the Consultant was appointed. In those situations in which a

Consultant is appointed to survey risks and to recommend insurance coverage, such Consultant may not be a broker or agent with whom the Commission transacts business.

"Convertible Capital Appreciation Bond" shall mean any Bond as to which interest accruing is not paid prior to the expiration of the specified Accretion Period and, prior thereto, is compounded periodically on certain designated dates.

"Cost," as applied to any Project financed under the provisions of this Indenture, shall include, without intending thereby to limit or restrict any proper definition of such word under the provisions of the act authorizing such Project, all obligations and expenses and all items of cost which are set forth in Section 404 of this Indenture.

"Credit Facility" shall mean any letter of credit, line of credit, standby letter of credit, indemnity or surety or municipal bond insurance policy or agreement to purchase a debt obligation or any similar extension of credit, credit enhancement or liquidity support obtained by the Commission from a financial or insurance institution, to provide for or to secure payment of principal and/or purchase price of and/or interest on Bonds pursuant to the provisions of a Supplemental Indenture under which such Bonds are issued.

"Defeased Tax-Exempt Securities" shall mean Municipal Obligations provided that (i) such obligations have been advance refunded with and are secured by Government Obligations held by an escrow agent, (ii) prior to the purchase thereof, (A) an opinion of Bond Counsel is obtained that the interest on the Bonds to be paid or refunded with such obligations will continue to be tax exempt, and (B) an Opinion of Counsel is obtained to the effect that such Government Obligations are protected from the bankruptcy of the escrow agent and the Commission, (iii) such obligations are rated in the highest rating category by the Rating Agency, and (iv) such obligations are noncallable prior to the date needed to meet the requirements of defeasance.

"Enabling Acts" shall have the meaning set forth in the recitals hereto.

"Escrow Agent" shall mean First Union National Bank, successor to First Fidelity Bank, National Association, as Trustee for the Series 1994 Bonds and Escrow Agent under the Escrow Agreement.

"Escrow Agreement" shall mean the Escrow Deposit Agreement dated as of August 1, 1998 between the Commission and the Escrow Agent.

"Event of Default" shall mean those events specified in Section 801 hereof and such other events specified in any Supplemental Indentures.

"Fiscal Year" shall mean the period commencing on the first day of June and ending on the last day of May of the following year.

"Fixed Rate Bond" shall mean a Bond that constitutes Fixed Rate Indebtedness and a Bond proposed to be issued that will constitute Fixed Rate Indebtedness.

"Fixed Rate Indebtedness" shall mean (i) any indebtedness other than Variable Rate Indebtedness and (ii) indebtedness which, except for this clause (ii), would be Variable Rate Indebtedness but with respect to which the Commission has entered into an interest rate swap agreement with an entity which has an unsecured, uninsured and unguaranteed long-term obligation rated in one of its three highest long-term rating categories (without reference to gradations such as "plus" or "minus") by each Rating Agency which has assigned a rating both to such indebtedness and to such obligation and pursuant to which agreement the Commission makes interest payments based on one or more rates of interest each of which is established at a single numerical rate for the entire remaining term of such agreement, provided that such Variable Rate Indebtedness shall be deemed to be Fixed Rate Indebtedness only while such agreement remains in effect and only if the counterparty thereto is not in default thereunder, and provided further that, for purposes of determining whether the conditions set forth in Sections 210 and 211 have been satisfied, such Variable Rate Indebtedness shall be deemed to be Fixed Rate Indebtedness only if the terms of such agreement provide that it will remain in effect as long as any Bond to which such agreement relates is Outstanding. Notwithstanding the foregoing, if two Series of Bonds constituting Variable Rate Indebtedness, or one or more maturities within a Series, are issued simultaneously with inverse floating interest rates providing a composite fixed interest rate for such Bonds taken as a whole, such Bonds shall constitute Fixed Rate Indebtedness.

"Government Obligations" shall mean direct obligations of, or obligations, the principal and interest of which are unconditionally guaranteed by, the United States of America.

"Historic Tax Revenues" shall mean Tax Revenues for any 12 consecutive calendar months within the preceding 24 months, with such adjustments as may be required by Section 210 hereof, and shall exclude the Initial Deposit.

"Initial Deposit" shall mean the initial deposit of \$10,000,000 made by the Commission to the Revenue Fund from the Oil Franchise Tax General Fund pursuant to Section 502 hereof.

"Initial Series" shall mean the Series 1998 Bonds issued under the provisions of Section 208 of this Indenture.

"Interest Payment Date" shall mean, with respect to the Series 1998 Bonds, June 1 and December 1 of each year. With respect to each series of Additional Bonds, the Interest Payment Date shall mean such dates as are defined in the Supplemental Indenture under which such Additional Bonds are issued. .

"Maximum Principal and Interest Requirements" shall mean, as to any Bonds under consideration, the maximum Principal and Interest Requirements for any succeeding Fiscal Year on account of the Bonds in question.

"Municipal Obligations" shall mean obligations of any state of the United States or any agency or political subdivision thereof, including industrial development bonds, which are (i) noncallable prior to the date needed to meet the requirements of defeasance and (ii) rated at the time of purchase in one of the two highest rating categories by the Rating Agency.

"Oil Franchise Tax" shall have the meaning set forth in the recitals hereto.

"Oil Franchise Tax General Fund" shall mean the special fund created by the provisions of Section 508 of this Indenture.

"Opinion of Counsel" shall mean an opinion or opinions at writing signed by an attorney who is, or a firm of attorneys at law which has a member who is, admitted to practice before the Supreme Court of the Commonwealth of Pennsylvania who may (except as otherwise expressly provided herein) be counsel to the Commission who renders the initial opinion to the purchaser of the Bonds, who shall not be unsatisfactory to the Trustee. If such counsel be an individual, he/she shall not be, and if such counsel be a partnership or professional corporation, it shall not have as a partner or employee an attorney at law who is, an officer or employee of the Commission, but such counsel may be regularly retained by or under contract with the Commission. Such opinion or opinions may contain such exceptions, qualifications and limitations as may be customary under the circumstances.

"Parity Swap Agreement" shall mean an interest rate swap agreement or other agreement of a type described in Section 214 which satisfies the requirements established in Section 214 in order that some or all of the amounts payable by the Commission or the Trustee pursuant to such agreement may be secured by the Tax Revenues on parity with the Bonds to which such agreement relates.

"Parity Swap Agreement Counterparty" shall mean the counterparty to a Parity Swap Agreement with the Commission or with the Trustee.

"Paying Agent" shall mean, with respect to any series of Bonds, that Person appointed pursuant to Section 916 hereof to make payments to Bondholders of interest and/or principal pursuant to the terms of the Indenture, which shall, with respect to the Series 1998 Bonds, initially be the Dauphin Deposit Bank and Trust Company.

"Pennsylvania Turnpike System" shall mean the turnpike system of the Commission, all extensions and improvements thereto and any additional projects which may be financed under the provisions of the Enabling Acts.

"Permitted Investments" shall mean:

- (a) Government Obligations;
- (b) obligations issued or guaranteed as to full and timely payment of principal and interest by any agency or person controlled or supervised by and acting as an instrumentality of the United States of America, pursuant to authority granted by the Congress of the United States of America;
- (c) obligations of the Governmental National Mortgage Association, the Export-Import Bank, Farmers Home Administration, Federal Financing Bank, Federal Housing Administration, Maritime Administration, Public Housing Authorities, Small

Business Administration, Inter-American Development Bank, International Bank for Reconstruction and Development, Resolution Funding Corporation, Federal Intermediate Credit Corporation, Federal National Mortgage Association, Federal Banks for Cooperatives, Farm Credit System and Federal Home Loan Banks, but only to the extent that the Rating Agency has assigned a rating to such obligations, at the time of purchase, which is not lower than the highest rating assigned by such Rating Agency to any series of Bonds then outstanding;

(d) long-term debt obligations of any state or political subdivision thereof or any agency or instrumentality of such a state or political subdivision or of any corporation but only to the extent that the Rating Agency has assigned a rating to such obligations which at the time of purchase is not lower than the highest underlying rating assigned by such Rating Agency to any series of Senior Bonds then outstanding;

(e) rights to receive the principal of or the interest on obligations of states, political subdivisions, agencies or instrumentalities meeting the requirements set forth in subparagraph (d) above, whether through (i) direct ownership as evidenced by physical possession of such obligations or unmatured interest coupons or by registration as to ownership on the books of the issuer or its duly authorized paying agent or transfer agent, or (ii) purchase of certificates or other instruments evidencing an undivided ownership interest in payments of the principal of or interest on such obligations;

(f) certificates of deposit, time deposit, banker's acceptances or other similar banking arrangements of any bank, savings and loan or trust company organized under the laws of the United States of America or any state thereof, including the Trustee or any holder of the Bonds, provided that, to the extent they are not issued by a Qualified Financial Institution nor insured by the Federal Deposit Insurance Corporation or its successor, any such certificate, deposit or other arrangement shall be continuously secured as to principal in the manner and to the extent provided in the next-to-last paragraph of this definition;

(g) repurchase agreements with a maturity no greater than one year for Permitted Investments described in subparagraph (a), (b) or (c) above with a Qualified Financial Institution or with dealers in government bonds which report to, trade with and are recognized as primary dealers by a Federal Reserve Bank or are members of the Securities Investors Protection Corporation, provided that the repurchase price payable under any such agreement shall be continuously secured in the manner and to the extent provided in the next-to-last paragraph of this definition and that the collateral for same shall be held by a third party acceptable to the Trustee;

(h) investment agreements with Qualified Financial Institutions;

(i) commercial paper rated, at the time of purchase, in the highest rating category (without reference to subcategories) by each applicable Rating Agency;

(j) shares or certificates in any short-term investment fund or open-end money market mutual fund, which short-term investment fund invests not less than 75% of its assets in obligations described in subparagraph (a) and (b) above, including without limitation any investment fund of the Trustee which invests in U.S. Treasury obligations rated in the highest rating category assigned by each applicable Rating Agency; or

(k) Certificates of participation representing an interest in any of the above-listed securities rated in the highest rating category assigned by each applicable Rating Agency.

For the purposes of the foregoing definition and this Indenture generally, all references to required rating categories shall disregard qualifications of such categories by numerical symbols or symbols such as "+" or "-".

Any security required to be maintained for Permitted Investments in the form of certificates of deposit, time deposits, other similar banking arrangements and repurchase agreements described in subparagraphs (f) and (g) above shall be subject to the following:

(i) the collateral shall be in the form of obligations described in subparagraphs (a) or (b) above, except that the security for certificates of deposit, time deposits or other similar banking arrangements may include other marketable securities which are eligible as security for trust funds under applicable regulations of the Comptroller of the Currency of the United States of America or under applicable state laws and regulations.

(ii) the collateral shall have an aggregate market value, calculated not less frequently than monthly, at least equal to the principal amount (less any portion insured by the Federal Deposit Insurance Corporation or any comparable insurance corporation chartered by the United States of America) or the repurchase price secured thereby, as the case may be. The instruments governing the issuance of and security for the Permitted Investments shall designate the Person responsible for making the foregoing calculations; provided that the Trustee shall make (or cause to be made) such calculations if they are not made by the Person so designated.

For the purposes of the foregoing definition, notwithstanding any contrary provision of such definition, "Permitted Investments" shall not include any foreign debt instruments to the extent such term is applied to any moneys held under this Indenture relating to the Series 1998 Bonds.

"Person" shall mean an individual, public body, a corporation, a partnership, an association, a joint stock company, a trust and any unincorporated organization.

"Pledged Bonds" shall mean a Bond purchased by the Paying Agent or Trustee with amounts received pursuant to a drawing under a Credit Facility and pledged to or registered in the name of a Bank which is a provider of such Credit Facility or its designee.

"Principal and Interest Requirements" shall mean (i) the amount of principal and interest becoming due with respect to Bonds in a Fiscal Year, calculated by the Commission or by a Consultant, plus (ii) Reimbursement Obligations payable or estimated by the Commission to be payable in such Fiscal Year (but only to the extent they are not duplicative of such principal and interest), plus (iii) the excess, if any, of amounts payable or estimated by the Commission to be payable by the Commission in such Fiscal Year with respect to interest rate swap agreements (but only to the extent that such excess would not be recognized as a result of the application of the assumptions set forth below) over amounts payable to the Commission in such Fiscal Year pursuant to interest rate swap agreements. The following assumptions shall be used to determine the Principal and Interest Requirements becoming due in any Fiscal Year:

(a) there shall be excluded from Principal and Interest Requirements for all purposes hereof any amounts which are payable (other than upon acceleration) exclusively from a fund or account other than the Senior Bonds Debt Service Fund or the Subordinated Bonds Debt Service Fund or a Series Credit Facility fund created by a supplemental indenture on parity with either such fund;

(b) payments of principal or interest which are due on the first day of a Fiscal Year shall be assumed to be due on the last day of the immediately preceding Fiscal Year;

(c) in determining the principal amount due with respect to Bonds in each Fiscal Year (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) payment shall be assumed to be made in accordance with any amortization schedule established for such debt, including any scheduled redemption of Bonds on the basis of Accreted Amount, and for such purpose the redemption payment shall be deemed a principal payment;

(d) if any of the Outstanding Series of Bonds constitutes Balloon Indebtedness or Balloon Indebtedness and Variable Rate Indebtedness, or if Bonds then proposed to be issued would constitute Balloon Indebtedness or Balloon Indebtedness and Variable Rate Indebtedness, then such amounts as constitute Balloon Indebtedness shall be treated as if such Bonds were to be amortized in substantially equal annual installments of principal and interest over a term equal to the number of years then remaining to the final maturity of such Bonds; the interest rate used for such computation shall be : (i) in the case of Fixed Rate Indebtedness, the interest rate of such Bonds; and (ii) in the case of Variable Rate Indebtedness, the Assumed Variable Rate, provided that if the maximum interest rate payable by the Commission with respect to any or all Variable Rate Indebtedness has been limited pursuant to an interest rate swap agreement, then the interest rate to be used for the aforesaid computation with respect to the Variable Rate Indebtedness covered by such interest rate swap agreement shall not exceed the sum of (A) the maximum interest rate as so limited, and (B) the annual charges payable by the Commission pursuant to said Parity Swap Agreement, expressed as a percentage of the principal amount of the Variable Rate Indebtedness which is covered thereby, provided that if any or all of such Variable Rate Indebtedness then constitutes a Pledged Bond, the interest rate to be used for the aforesaid computation with respect to the principal amount of such Pledged Bond shall be 125% of the rate



then applicable to the Commission's Reimbursement Obligation under its Reimbursement Agreement with the Bank in question;

(e) if any Outstanding Bond constitutes Tender Indebtedness or if any Bond then proposed to be issued would constitute Tender Indebtedness, then for purposes of determining the amounts of principal and interest due in any Fiscal Year on such Bond, the options or obligations of the owners of such Bonds to tender the same for purchase or payment prior to their stated maturity or maturities shall be treated as a principal maturity (but any such amount treated as a maturity shall not be eligible for treatment as Balloon Indebtedness) occurring on the first date on which owners of such Bonds may or are required to tender such Bonds, except that any such option or obligation to tender Bonds shall be ignored and not treated as a principal maturity if both (a) such Bonds are rated in one of the two highest long-term rating categories (without reference to gradations such as "plus" or "minus") by each Rating Agency which has assigned a rating to any such Outstanding Bond at the request of the Commission or such Bonds are rated in the highest short-term note or commercial paper rating category by each Rating Agency which has assigned a rating to any such Outstanding Bond at the request of the Commission, and (b) any obligation the Commission may have, other than its obligation on such Bonds, to reimburse any person for having extended a credit or liquidity facility or a bond insurance policy, or similar arrangement, shall be a Reimbursement Obligation with respect to an obligation incurred under and meeting the tests and conditions set forth in Article 2;

(f) if any Bond proposed to be issued will be a Variable Rate Bond, the interest rate on such Bond shall be assumed to be the Assumed Variable Rate, provided that if the maximum interest rate payable by the Commission with respect to any or all of such Bonds has been limited pursuant to an interest rate swap agreement, then the interest rate to be used for the aforesaid computation with respect to the Variable Rate Bonds covered by such interest rate swap agreement shall not exceed the sum of (A) the maximum interest rate as so limited, and (B) the annual charges payable by the Commission pursuant to said interest rate swap agreement, expressed as a percentage of the principal amount of the Variable Rate Bonds which is covered thereby, and provided further that if any or all of such Variable Rate Bonds then constitute a Pledged Bond, the interest rate to be used for the aforesaid computation with respect to the principal amount of such Pledged Bond shall be 125% of the rate then applicable to the Commission's Reimbursement Obligation under its Reimbursement Agreement with the Bank in question;

(g) if moneys or Government Obligations (or, if one or more Credit Facilities are in effect which assure the timely payment of the principal of and interest on all Outstanding Bonds and if the Banks providing such Credit Facilities so agree in a written instrument filed with the Trustee, other Permitted Investments) have been irrevocably deposited with and are held by the Trustee or another fiduciary to be used to pay principal and/or interest on any specified Bond or bonds or the fees and expenses of a Bank or a remarketing agent, then the principal and/or interest to be paid from such moneys, from Government Obligations (or other Permitted Investments, if permitted as described above) or from the earnings thereon shall be disregarded and not included in calculating Principal and Interest Requirements.

"Principal Underwriters" shall mean the firms or corporations designated as their representatives by the purchasers from the Commission of the Bonds of each series or, in the event any such underwriter shall retire from active business leaving no successor, the remaining underwriters. For the purposes of this paragraph, any firm or corporation succeeding to the business of any such underwriter by assignment, merger or otherwise shall be deemed to be a principal underwriter.

"Project" shall mean the 1998 Series A Project and the 1998 Series B Project and any additional projects or refundings which are authorized by the Enabling Acts or which may be hereafter authorized by law and which are financed in whole or in part out of the proceeds of Bonds issued under this Indenture.

"Qualified Financial Institution" shall mean (a) any U.S. domestic institution which is a bank, trust company, national banking association, a corporation, subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956, a member of the National Association of Securities Dealers, Inc. or corporation or any other entity whose payment obligations are guaranteed by any of the foregoing, whose unsecured obligations or uncollateralized long-term debt obligations (or such obligations of any guarantor thereof) have been assigned a rating within the two highest rating categories by Rating Agency or which has issued a letter of credit, contract, agreement or surety bond in support of debt obligations which have been so rated; (b) an insurance company with a claims-paying ability rated in the highest rating category by Rating Agency or whose unsecured obligations or uncollateralized long-term debt obligations have been assigned a rating within the highest rating category by Rating Agency; or (c) any banking institution whose unsecured obligations or uncollateralized long-term debt obligations have been assigned a rating within one of the two highest rating categories by the Rating Agency.

"Rating Agency" shall mean each nationally recognized securities rating agency then maintaining a rating on any of the Bonds at the request of the Commission, unless the context only applies the term to one series of Bonds, in which event it shall mean only such rating agency then maintaining a rating on such series of Bonds. Initially, "Rating Agency" means Moody's Investors Service, Inc., Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc. and Fitch IBCA, Inc. or their successors.

"Regular Record Date" shall mean, unless otherwise provided with respect to any series of Bonds in a Supplemental Indenture: (a) for Bonds on which interest is payable on the first day of a month, the fifteenth day of the immediately preceding month; or (b) for Bonds on which interest is payable the fifteenth day of a month, the last day of the immediately preceding month; or (c) for Bonds on which interest is payable a date other than the first or fifteenth day of a month, the fifteenth calendar day before the Interest Payment Date. However, in each case, if the date specified above is not a Business Day, then the Regular Record Date shall be the Business Day next preceding the date specified above.

"Reimbursement Agreement" shall mean an agreement between the Commission and one or more Banks pursuant to which, among other things, such Bank or Banks issue a Credit

Facility with respect to Bonds of one or more Series and the Commission agrees to reimburse such Bank or Banks for any drawings made thereunder, including any security or pledge agreement entered into in connection therewith pursuant to which the Commission grants the Bank or Banks a security interest in any collateral to secure its obligations to the Bank or Banks.

"Reimbursement Obligation" shall mean an obligation of the Commission pursuant to a Reimbursement Agreement to repay any amounts drawn under a Credit Facility, to pay any interest on such drawn amounts pursuant to such Reimbursement Agreement and to pay any Bank Fee owed pursuant thereto.

"Revenue Fund" shall mean the special fund created by the provisions of Section 502 of this Indenture.

"Senior Bonds" shall mean the 1998 Series A Senior Bonds and any Additional Senior Bonds issued under this Indenture which shall provide that such Senior Bonds are senior in right of payment and security to the Subordinated Bonds.

"Senior Bonds Debt Service Fund" shall mean the special fund created by Section 503 of this Indenture.

"Senior Bonds Sinking Fund" shall mean the special fund created by Section 504 of this Indenture.

"Series" shall mean one or more Bonds issued at the same time, or sharing some other common terms or characteristic, and designated as a separate series.

"Series 1994 Indenture" shall mean the Trust Indenture dated as of April 15, 1994 securing the Series 1994 Bonds.

"Series 1998 Bond Insurance Policy" shall mean the municipal bond insurance policies issued by the Series 1998 Bond Insurer insuring the payment when due of the principal of and interest on the Series 1998 Bonds as provided therein.

"Series 1998 Bond Insurer" shall mean Ambac Assurance Corporation.

"Series 1998 Series A Project" shall have the meaning set forth in the recitals hereto.

"Series 1998 Series B Project" shall have the meaning set forth in the recitals hereto.

"Series 1998 Rebate Fund" shall mean the fund so established pursuant to Section 514 of this Indenture.

"Sinking Fund" shall mean the Senior Bonds Sinking Fund and the Subordinated Bonds Sinking Fund.

"Special Record Date" shall mean that date eight days immediately preceding the date established by the Trustee for the payment of interest on the Series 1998 Bonds not paid on a

regularly scheduled Interest Payment Date or such other date or dates specified in a Supplemental Indenture with respect to Additional Bonds issued under such Supplemental Indenture.

"Subordinated Bonds" shall mean the 1998 Series B Subordinated Bonds and any Additional Subordinated Bonds which may be issued under this Indenture which shall provide that such Subordinated Bonds are junior in right of payment and security to the Senior Bonds.

"Subordinated Bonds Debt Service Fund" shall mean the Special Fund created by Section 505 of this Indenture.

"Subordinated Bonds Debt Service Reserve Fund" shall mean the special fund created by Section 507 of this Indenture.

"Subordinated Bonds Debt Service Reserve Requirement" shall mean that amount equal to one-half of the maximum Principal and Interest Requirements for any succeeding Fiscal Year on account of the Subordinated Bonds in question.

"Subordinated Bonds Sinking Fund" shall mean the special fund created by Section 506 of this Indenture.

"Supplemental Indenture" shall mean any indenture supplemental to this Indenture, now or hereafter duly authorized and entered into in accordance with the provisions of Article XI hereof.

"Tax Receipts" shall mean the amounts received by the Trustee from the Commonwealth and paid from the Oil Franchise Tax.

"Tax Regulatory Agreement" shall mean the Tax Regulatory Agreement and Non Arbitrage Certificate dated as of August 1, 1998 between the Commission and the Trustee.

"Tax Revenues" shall mean the Tax Receipts or any receipts, revenues and other money received by the Trustee on or after the date of this Indenture from any tax or other source of funds from the Commonwealth in substitution and/or replacement of the Tax Receipts and the interest and income earned on any fund or account where said interest or income is required to be credited to the Revenue Fund pursuant to this Indenture, but excluding any moneys received by way of grant or contribution from any governmental agency or other entity specifically designated by the grantor or contributor for a particular purpose.

"Tender Indebtedness" shall mean any Bond or portion thereof a feature of which is an option, on the part of the Bond Owner, or an obligation, under the terms of such Bond, to tender all or a portion of such Bond to the Commission, the Trustee, the Paying Agent or other fiduciary or agent for payment or purchase and requiring that such Bond or portion thereof be purchased if properly presented.

"Treasurer's Certificate" shall mean a certificate signed by the Treasurer, Assistant Treasurer or Deputy Executive Director/Finance and Administration of the Commission containing the data specified in Section 210(b) of this Indenture.

"Trustee" shall mean the Trustee at the time in question, whether original or successor.

"Variable Rate Indebtedness" shall mean: (i) any indebtedness the interest rate applicable to which is established at the time of incurring of such indebtedness at a rate which can increase during the entire term thereof or will at some subsequent date be established at a rate which can increase during the entire term thereof and (ii) indebtedness which, except for this clause (ii), would be Fixed Rate Indebtedness but with respect to which the Commission has entered into an interest rate swap agreement with an entity which (or the guarantor of whose obligation) has an unsecured, uninsured and unguaranteed long-term obligation rated in one of its three highest long-term rating categories (without regard to gradations such as "plus" or "minus") by each Rating Agency which has assigned a rating both to such indebtedness and to such obligation and pursuant to which agreement the Commission makes interest payments based on a rate of interest which is not established at a single numerical rate for the entire remaining term of such agreement, provided that such Fixed Rate Indebtedness shall be deemed to be Variable Rate Indebtedness only while such agreement remains in effect and only if the counterparty thereto is not in default thereunder.

"Variable Rate Bond" shall mean a Bond that constitutes Variable Rate Indebtedness and a Bond proposed to be issued that upon issuance will constitute Variable Rate Indebtedness.

SECTION 102. Miscellaneous Definitions. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words in the singular shall include the plural as well as the singular number, the word "person" shall include corporations and associations, including public bodies, as well as natural persons, and the word "holder" or "Bondholder" when used herein with respect to Bonds issued hereunder shall mean the holder or registered owner of Bonds at the time issued and outstanding hereunder. The word "Indenture" shall include this Indenture and each indenture supplemental hereto.

## ARTICLE II

### FORM, EXECUTION, AUTHENTICATION, DELIVERY AND REGISTRATION OF BONDS

SECTION 201. Limitations on Issuance of Indebtedness. The Commission shall not incur any indebtedness which is secured by the Tax Revenues while this Indenture is in effect except in accordance with the provisions of this Indenture.

SECTION 202. Date, Execution and Payment of Bonds.

(a) Each Bond shall be dated the date of its authentication or such other date specified in a Supplemental Indenture under which Additional Bonds are issued, except that the Series 1998 Bonds shall be dated initially as of August 1, 1998. The Bonds shall be executed with the facsimile signatures of the Governor of the Commonwealth of Pennsylvania and the Chairman of the Commission, and a facsimile of the official seal of the Commission shall be affixed to the Bonds and attested by the signature of the Secretary and Treasurer of the Commission.

In case any officer whose signature or a facsimile of whose signature shall appear on any Bonds shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes as if such officer had remained in office until such delivery, and also any Bond may bear the facsimile signature of, or may be signed by, such persons as at the actual time of the execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond, such persons may not have been such officers.

(b) Both the principal of and the interest on the Bonds shall be payable in any coin or currency of the United States of America which, at the respective dates of payment thereof, is legal tender for the payment of public and private debts. The principal of all Bonds shall be payable at the principal corporate trust office of the Trustee, and payment of the interest on each Bond shall be made by the Paying Agent on each Interest Payment Date to the Person appearing on the registration books of the Bond Registrar as of the Regular Record Date as the registered owner thereof:

(1) by check or draft mailed to such registered owner at his/her address as it appears on such registration books;

(2) in the case of an interest payment to any owner of \$1,000,000 or more in aggregate principal amount of Bonds as of the close of business on the Regular Record Date for a particular Interest Payment Date, by wire transfer to such registered owner as of the close of business on such Interest Payment Date upon written notice from such registered owner containing the wire transfer address (which shall be in the continental United States) to which such registered owner wishes to have such wire transfer directed, which written notice is received by the Paying Agent not less than one Business Day prior to such Regular Record Date; or

(3) in such other fashion as is agreed upon in writing between the registered owner and the Paying Agent.

However, if and to the extent that the Commission defaults on the payment of interest due on an Interest Payment Date, such defaulted interest shall be paid to those Persons who are the registered owners as of the Special Record Date on a payment date established by the Trustee, notice of which shall have been mailed to those Persons who are the

registered owners as of the Special Record Date (i) in the case of the Series 1998 Bonds, at least five days prior to such payment date, or (ii) in the case of any Additional Bonds, such date or dates established in the Supplemental Indenture under which such Bonds are issued.

(c) Book-Entry System for the Series 1998 Bonds.

(1) The Series 1998 Bonds shall initially be issued in the form of one fully registered bond for the aggregate principal amount of the Series 1998 Bonds of each maturity, which Bonds shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Except as provided in subparagraph (7) below, all of the Series 1998 Bonds shall be registered in the books kept by the Bond Registrar in the name of Cede & Co., as nominee of DTC; provided that if DTC shall request that the Series 1998 Bonds be registered in the name of a different nominee, the Bond Registrar shall exchange all or any portion of the Bonds of such Series for an equal aggregate principal amount of Bonds of such Series, registered in the name of such nominee or nominees of DTC. No person other than DTC or its nominee shall be entitled to receive from the Commission or the Authenticating Agent a Series 1998 Bond, any other evidence of ownership of the Series 1998 Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Series 1998 Bonds on the books kept by the Bond Registrar, in connection with discontinuing the book-entry system provided in subparagraph (7) below or otherwise.

(2) So long as the Series 1998 Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or redemption price of or interest on such Series 1998 bonds shall be made to DTC or its nominee in accordance with the Representation Letter from the Commission and the Trustee to DTC (the "Representation Letter") on the dates provided for such payments under this Indenture. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Commission or the Trustee with respect to the principal or redemption price of, and of the Commission and the Paying Agent with respect to the interest on, the Series 1998 Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 1998 Bonds Outstanding of any maturity, the Trustee shall not require surrender by DTC or its nominee of the Series 1998 Bonds so redeemed, but DTC (or its nominee) may retain such Series 1998 Bonds and make an appropriate notation on the bond certificate as to the amount of such partial redemption; provided that DTC shall deliver to the Trustee, upon request, a written confirmation of such partial redemption and thereafter the records maintained by the Trustee shall be conclusive as to the amount of the Series 1998 Bonds of such maturity which have been redeemed.

(3) The Commission, the Trustee and the Paying Agent may treat DTC (or its nominee) as the sole and exclusive owner of the Series 1998 Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the Series 1998 Bonds, selecting the Series 1998 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to holders of Series 1998 Bonds under the Indenture, registering the transfer of Series 1998 Bonds, obtaining any consent or other action to be taken by holders of Series 1998 Bonds, and for all other purposes whatsoever; and neither the Commission nor the Trustee nor the Paying Agent shall be affected by any notice to the contrary. Neither the Commission nor the Trustee nor the Paying Agent shall have any responsibility or obligation to any participant in DTC, any person claiming a beneficial ownership interest in the Series 1998 Bonds under or through DTC or any such participant, or any other person which is not shown on the books kept by the Trustee as being a holder of Series 1998 Bonds, with respect to (i) the Series 1998 Bonds; (ii) the accuracy of any records maintained by DTC or any such participant; (iii) the payment by DTC or any such participant of any amount in respect of the principal or redemption price of or interest on the Series 1998 Bonds; (iv) any notice which is permitted or required to be given to holders of Series 1998 Bonds under the Indenture; (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 1998 Bonds; or (vi) any consent given or other action taken by DTC as a holder of Series 1998 Bonds.

(4) So long as the Series 1998 Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all notices required or permitted to be given to the holders of Series 1998 Bonds under the Indenture shall be given to DTC as provided in the Representation Letter.

(5) In connection with any notice or other communication to be provided to Bondholders pursuant to this Indenture by the Trustee with respect to any consent or other action to be taken by the holders of Series 1998 Bonds, DTC shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action, provided that the Trustee may establish a special record date for such consent or other action. The Trustee shall give DTC notice of such special record date not less than 15 calendar days in advance of such special record date to the extent possible.

(6) At or prior to settlement for the Series 1998 Bonds, the Commission, the Trustee and the Paying Agent shall execute or signify their approval of the Representation Letter. Any successor Trustee or Paying Agent shall, in its written acceptance of its duties under this Indenture, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.



(7) The book-entry system for registration of the ownership of the Series 1998 Bonds may be discontinued at any time if (i) after notice to the Commission and the Trustee, DTC determines to resign as securities depository for the Series 1998 Bonds; or (ii) after notice to DTC and the Trustee, the Commission determines that continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of the Commission. In either of such events (unless, in the case described in clause (ii) above, the Commission appoints a successor securities depository), the Series 1998 Bonds shall be delivered in registered certificate form to such Persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Commission or the Trustee for the accuracy of such designation. Whenever DTC requests the Commission and the Trustee to do so, the Commission and the Trustee shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 1998 Bonds.

SECTION 203. Authentication of Bonds. Only such of the Bonds as shall have endorsed thereon a certificate of authentication substantially in the form set forth in Exhibit A and Exhibit B, duly executed by the Authenticating Agent or its agent, shall be entitled to any right or benefit under this Indenture. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Authenticating Agent, and such certificate of the Authenticating Agent upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Indenture.

SECTION 204. Exchange of Bonds. Bonds, upon surrender thereof at the principal corporate trust office of the Trustee, together with an assignment duly executed by the registered owner or his attorney in such form as shall be satisfactory to the Bond Registrar, may, at the option of the registered owner thereof, be exchanged for Bonds of the same series and maturity, of any denomination or denominations authorized by this Indenture, in an aggregate principal amount equal to the principal amount of such Bonds, or the unredeemed portion thereof, and bearing interest at the same rate.

The Commission shall make provision for the exchange of Bonds at the principal corporate trust office of the Bond Registrar and shall cause books to be kept by the Bond Registrar for the registration and transfer of Bonds as provided in this Indenture.

SECTION 205. Transfer and Registry of Bonds. The Commission shall cause books for the registration and for the transfer of the Bonds as provided in this Indenture to be kept by the Bond Registrar. The Paying Agent shall serve as the Bond Registrar. The principal of any Bond shall be payable only to or upon the order of the registered owner or his legal representative.

Any Bond may be transferred only upon the books kept for the registration and transfer of Bonds, upon surrender thereof to the Bond Registrar, together with an assignment duly executed by the registered owner or his legal representative in such form as shall be satisfactory to the

Bond Registrar. Upon the transfer of any such Bond, the Commission shall execute in the name of the transferee, the Authenticating Agent shall authenticate and the Bond Registrar shall deliver, a new Bond or Bonds, of the same Series and maturity and bearing interest at the same rate, of any denomination or denominations authorized by this Indenture, in an aggregate principal amount equal to the principal amount of such Bond, or the unredeemed portion thereof, of the same series and maturity and bearing interest at the same rate.

In all cases in which Bonds shall be exchanged or transferred hereunder, the Commission shall execute and the Bond Registrar shall authenticate and deliver Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any such exchange or transfer shall forthwith be canceled by the Bond Registrar. Except as otherwise provided in this Indenture, the Commission or the Bond Registrar may make a charge for every such exchange or transfer of Bonds sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, and in addition the Commission may charge a sum not exceeding Five Dollars (\$5.00) for each new Bond delivered upon such exchange or transfer, and such charge or charges shall be paid before any such new Bond shall be delivered. Neither the Commission nor the Bond Registrar shall be required to make any such exchange or transfer of Bonds during the fifteen (15) days next preceding an Interest Payment Date on the Bonds or, in the case of any proposed redemption of Bonds, after such Bond or any portion thereof has been selected for redemption.

SECTION 206. Ownership of Bonds. The Person in whose name any Bond is registered at the close of business on the Regular Record Date with respect to an Interest Payment Date shall be entitled to receive the interest payable on such Interest Payment Date notwithstanding the cancellation of such Bond, upon any transfer or exchange thereof subsequent to such Regular Record Date and prior to such Interest Payment Date. However, if and to the extent that the Commission defaults in the payment of the interest due on such Interest Payment Date, such defaulted interest shall be paid to the Person in whose name outstanding Bonds are registered at the close of business on the Special Record Date.

SECTION 207. Authorization of Bonds and Conditions Precedent to Delivery of Bonds. The Bonds of each series issued under the provisions of this Indenture shall be authorized by the Commission by appropriate resolution or resolutions. Such Bonds shall be designated, shall be dated, shall bear interest until paid at or after maturity at such rate or rates not exceeding the maximum rate provided by law, such interest to the maturity thereof being payable on the interest dates stated thereon, shall state the maturity date of such Bond, and may be made redeemable at such times and prices (subject to the provisions of Article III of this Indenture), all as may be provided by the resolution or resolutions authorizing the issuance of such Bonds.

The definitive Bonds of the Initial Series shall be executed substantially in the form and manner set forth in Exhibit A and Exhibit B hereto, with such appropriate variations, omissions and insertions as are permitted or required by this Indenture, and may have endorsed thereon such legends or text as may be necessary or appropriate to conform to the rules and regulations of any governmental authority or any usage or requirement of law with respect thereto.

All Bonds shall be deposited with the Authenticating Agent for authentication, but before such Bonds shall be authenticated by the Authenticating Agent and delivered by the Trustee, there shall be filed with the Trustee the following:

(a) a copy, certified by the Secretary and Treasurer of the Commission of the above-mentioned resolution or resolutions adopted by the Commission authorizing the issuance and sale of the Bonds and the designation of the Paying Agents, authorizing the Chairman or any Vice Chairman of the Commission to direct the authentication and delivery of the Bonds, and further authorizing each of the Commission Officials to perform any and all acts and duties required under this Indenture to be performed by such official;

(b) an order, signed by the Chairman or any Vice Chairman or other Commission official of the Commission (the "Order of the Chairman of the Commission"), directing the authentication and delivery of such Bonds to or upon the order of the purchasers named in the resolution mentioned in item (a) above and which order shall direct, among other things, the application of the proceeds of the Bonds;

(c) an Opinion of Counsel to the effect that (i) the Commission has the right and power under the Enabling Acts, as amended to the date of such opinion, to authorize the execution and delivery of this Indenture or the Supplemental Indenture, if any, as the case may be, and the resolutions of the Commission authorizing such Bonds; and this Indenture or such Supplemental Indenture, if any, as the case may be, has been duly and lawfully authorized, executed and delivered by the Commission, is in full force and effect and is valid and binding upon the Commission and enforceable in accordance with its terms; (ii) this Indenture or the Supplemental Indenture, if any, as the case may be, providing for the issuance of Bonds creates the valid pledge lien which it purports to create on and in the Tax Revenues, moneys, securities and funds held or set aside under this Indenture or such Supplemental Indenture, if any, as the case may be; (iii) the Bonds of such series are valid and binding obligations of the Commission as provided in this Indenture or the Supplemental Indenture, if any, as the case may be, providing for the issuance thereof, enforceable in accordance with their terms and the terms of this Indenture or such Supplemental Indenture, if any, as the case may be, and entitled to the benefits of this Indenture or such Supplemental Indenture, if any, as the case may be, and the Enabling Acts, and (iv) such Bonds have been duly and validly authorized and issued in accordance with the Enabling Acts, and this Indenture or such Supplemental Indenture, if any, as the case may be; (v) that the Project being financed is one permitted under the Enabling Acts, and (vi) all conditions precedent and concurrent provided for in this Indenture relating to the authentication and delivery of the Bonds have been satisfied;

(d) such further documents, moneys and securities as are required by the provisions of this Indenture or any Supplemental Indenture.

When the documents mentioned in the above clauses, together with any documents required by the subsequent sections of this Article under which the Bonds are being issued, shall

have been filed with the Trustee and when the Bonds, described in the resolution or resolutions and order mentioned in clauses (a) and (b) above, shall have been executed and authenticated as required by this Indenture, the Trustee shall deliver such Bonds at one time to or upon the order of the purchasers named therein, but only upon payment of the purchase price therein set forth. The Trustee shall be entitled to rely upon such resolution and order as to the names of the purchasers and the amount of the purchase price.

SECTION 208. Authorization of Series 1998 Bonds.

A. Authorization of 1998 Series A Senior Bonds. There shall be initially issued under and secured by this Indenture Bonds in the aggregate principal amount of Three Hundred Ten Million Four Hundred Seventy-Five Thousand Dollars (\$310,475,000) for the purpose of paying the cost of the 1998 Series A Project. Said Bonds shall be designated "Pennsylvania Turnpike Commission, Oil Franchise Tax Senior Revenue Bonds, Series A of 1998" ("the 1998 Series A Senior Bonds"), shall be dated as of August 1, 1998 and shall be issuable as registered Bonds in denominations of \$5,000 or any multiple thereof. Said Bonds shall mature in the amounts and on the dates, and shall bear interest from August 1, 1998 at the rates per annum, such interest being payable on December 1, 1998 and semiannually thereafter on the first days of June and December in each year until the payment of such principal amounts at or after maturity as follows:

<u>Maturity Date</u> <u>(December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
1998	\$3,525,000	4.0%
1999	4,965,000	4.0
2000	5,165,000	3.85
2001	5,375,000	4.0
2002	5,590,000	4.0
2003	5,825,000	4.10
2004	6,070,000	4.20
2005	6,340,000	4.50
2006	6,665,000	5.50
2007	7,045,000	5.50
2008	7,440,000	5.50
2009	7,850,000	5.25
2010	8,275,000	5.25
2011	8,720,000	5.25
2012	9,190,000	5.25
2013	9,685,000	5.25
2014	10,210,000	5.25
2015	10,745,000	5.0
2016	11,305,000	5.125
2017	11,905,000	5.25
2018	12,550,000	5.25

2023	73,170,000	5.0
2027	72,865,000	4.75

Before such Bonds shall be authenticated by the Authenticating Agent and delivered by the Trustee, there shall be filed with the Trustee those documents required by Section 207 hereof, including the Order of the Chairman of the Commission setting forth the amount of proceeds to be received by the Commission from the sale of the 1998 Series A Senior Bonds, including accrued interest to the extent payable, which shall be separately stated and directing the Trustee to deposit the proceeds of such Bonds (including accrued interest) to the credit of the Clearing Fund and to make the following payments and transfers from the Clearing Fund: (i) the amount of accrued interest on the 1998 Series A Bonds, which amount shall be transferred to the Interest Account of the Debt Service Fund; (ii) the amount to be expended for costs of the 1998 Series A Project, which amount shall be transferred to the Escrow Agent for the Series 1994 Bonds Fund; and (iii) the amounts to be expended for costs and expenses in connection with the issuance of the 1998 Series A Senior Bonds which shall be paid from the Clearing Fund, including but not limited to the initial and first year's annual Trustee's fees.

The proceeds (including accrued interest) of such Bonds shall be deposited by the Trustee to the credit of the Clearing Fund created under Section 401 of the Indenture pending transfer pursuant to the Order noted above.

B. Authorization of 1998 Series B Subordinated Bonds. There shall be initially issued under and secured by this Indenture Bonds in the aggregate principal amount of Two Hundred Twenty-Eight Million Four Hundred Five Thousand Dollars (\$228,405,000) for the purpose of paying the cost of the 1998 Series B Project. Said Bonds shall be designated "Pennsylvania Turnpike Commission, Oil Franchise Tax Subordinated Revenue Bonds, Series B of 1998" ("the 1998 Senior B Senior Bonds"), shall be dated as of August 1, 1998 and shall be issuable as registered Bonds in denominations of \$5,000 or any multiple thereof. Said Bonds shall mature in the amounts and on the dates, and shall bear interest from August 1, 1998 at the rates per annum, such interest being payable on December 1, 1998 and semiannually thereafter on the first days of June and December in each year until the payment of such principal amounts at or after maturity as follows:

<u>Maturity Date</u> <u>(December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
1999	\$3,810,000	4.0%
2000	3,960,000	3.85
2001	4,120,000	4.0
2002	4,290,000	4.0
2003	4,465,000	4.10
2004	4,655,000	4.20
2005	4,855,000	4.25
2006	5,070,000	4.30

2007	5,290,000	4.40
2008	5,535,000	4.50
2009	5,815,000	5.25
2010	6,125,000	5.25
2011	6,455,000	5.25
2012	6,805,000	5.25
2013	7,170,000	5.25
2014	7,555,000	5.25
2015	7,965,000	5.25
2016	8,395,000	5.25
2017	8,835,000	5.0
2018	9,285,000	5.0
2023	54,090,000	5.0
2027	53,860,000	4.75

Before such Bonds shall be authenticated by the Authenticating Agent and delivered by the Trustee, there shall be filed with the Trustee those documents required by Section 207 hereof, including the Order of the Chairman of the Commission setting forth the amount of proceeds to be received by the Commission from the sale of the 1998 Series B Subordinated Bonds, including accrued interest to the extent payable, which shall be separately stated and directing the Trustee to deposit the proceeds of such Bonds (including accrued interest) to the credit of the Clearing Fund and to make the following payments and transfers from the Clearing Fund: (i) the amount of accrued interest on the 1998 Series B Subordinated Bonds, which amount shall be transferred to the Interest Account of the Debt Service Fund; (ii) the amount to be expended for costs of the 1998 Series B Project, which amount shall be transferred to the Construction Fund; (iii) the amounts to be expended for costs and expenses in connection with the issuance of the 1998 Series B Subordinated Bonds which shall be paid from the Clearing Fund, including but not limited to the initial and first year's annual Trustee's fees; and (iv) the amount of the Subordinated Bonds Debt Service Reserve Requirement for the 1998 Series B Bonds, which amount shall be transferred to the Subordinated Bonds Debt Service Reserve Fund.

The proceeds (including accrued interest) of such Bonds shall be deposited by the Trustee to the credit of the Clearing Fund created under Section 401 of the Indenture pending transfer pursuant to the Order noted above.

SECTION 209. Issuance of Additional Bonds Generally.

A. Issuance of Additional Senior Bonds. Additional Senior Bonds may be issued under and secured by this Indenture, at any time or times, subject to the conditions hereinafter provided in this Section, for the purpose of paying the cost of all or any part of any additional Project or for the purpose of refunding all or any portion of the Senior Bonds then outstanding and, if elected by the Commission as hereinafter set forth, all or a portion of the expenses incurred by the Commission in connection with the issuance of such Senior Bonds.

Before any such Senior Bonds shall be authenticated by the Authenticating Agent and delivered by the Trustee, there shall be filed with the Trustee the following:

(a) the documents required by Section 207 and by Section 210 or 211, as appropriate, of this Article;

(b) a Supplemental Indenture executed by the Commission in an appropriate number of counterparts setting forth, subject to the provisions of Article II hereof, the terms and provisions of such Additional Bonds; and

(c) An opinion of Bond Counsel that the issuance of the Additional Bonds will not adversely affect the tax-exempt status of all outstanding Bonds;

The proceeds (excluding amounts used to pay accrued interest and costs of issuance or capitalized interest) of such Additional Bonds shall be deposited with the Trustee to the credit of a special account of the Construction Fund appropriately designated or such other special fund created in the case of refunding Bonds and held in trust for the sole and exclusive purpose of paying the Cost of such Project.

B. Issuance of Additional Subordinated Bonds. Additional Subordinated Bonds may be issued under and secured by this Indenture, at any time or times, subject to the conditions hereinafter provided in this Section, for the purpose of paying the cost of all or any part of any additional Project or for the purpose of refunding all or any portion of the Subordinated Bonds then outstanding and, if elected by the Commission as hereinafter set forth, all or a portion of the expenses incurred by the Commission in connection with the issuance of such Subordinated Bonds.

Before any such Subordinated Bonds shall be authenticated by the Authenticating Agent and delivered by the Trustee, there shall be filed with the Trustee the following:

(a) the documents required by Section 207 and by Section 210 or 211, as appropriate, of this Article;

(b) a Supplemental Indenture executed by the Commission in an appropriate number of counterparts setting forth, subject to the provisions of Article II hereof, the terms and provisions of such Additional Subordinated Bonds. The Supplemental Indenture shall provide that the Subordinated Debt Service Reserve Fund be funded to an amount equal to the Subordinated Debt Service Reserve Requirement on all Subordinated Bonds outstanding after the issuance of the Additional Subordinated Bonds either from Additional Subordinated Bond proceeds, from other available moneys or with a surety bond, insurance policy or letter of credit to the extent permitted in Section 505 hereof; and

(c) An opinion of Bond Counsel that the issuance of the Additional Subordinated Bonds will not adversely affect the tax-exempt status of all outstanding Bonds;

The proceeds (excluding amounts used to pay accrued interest, costs of issuance or capitalized interest and amounts deposited into the Subordinated Bonds Debt Service Reserve Fund) of such Additional Subordinated Bonds shall be deposited with the Trustee to the credit of a special account of the Construction Fund appropriately designated or such other special fund created in the case of refunding Bonds and held in trust for the sole and exclusive purpose of paying the Cost of such Project. .

SECTION 210. Issuance of Additional Bonds for Additional Projects.

A. Issuance of Additional Senior Bonds for Additional Projects. Additional Senior Bonds may be issued under and secured by this Indenture, to the extent from time to time permitted by law, subject to the conditions hereinafter provided in this Section, at any time or times for the purpose of paying the cost of any Project, or completion of any Project (any of the foregoing being herein sometimes called "Additional Projects") and for paying costs incurred in issuing such Additional Senior Bonds.

Such Additional Senior Bonds shall not be authenticated by the Authenticating Agent nor delivered by the Trustee, unless there shall be filed with the Trustee the following:

(a) the documents required by Sections 207 and 209 of this Article; and

(b) a Treasurer's Certificate demonstrating and concluding that the Historic Tax Revenues were not less than 200% of the Maximum Principal and Interest Requirements on account of all Senior Bonds to be outstanding under this Indenture after the delivery of the proposed Additional Senior Bonds. In any computation of Historic Tax Revenues for purposes of this Article, if the rate or rates at which the Oil Franchise Tax are imposed or the percentage of Tax Receipts to be received by the Commission during all or any part of the period for which any such calculation is made shall be different from the rate or rates at which the Oil Franchise Tax are imposed or the percentage of Tax Receipts received by the Commission in effect at the time such calculation is made, there shall be added to or deducted from said Tax Revenues so calculated, any increase or decrease in the Tax Revenues for such period which would result from such different rate or rates or percentage.

(c) In addition, if any computation of Historic Tax Revenues for purposes of this Article includes a tax or other source of funds from the Commonwealth in substitution and/or replacement of Tax Receipts, there shall be provided confirmation from each Rating Agency that the rating on the then-outstanding Series 1998 Bonds will not be reduced as a result of the issuance of the proposed Additional Bonds.

The proceeds (excluding amounts used to pay accrued interest, costs of issuance or capitalized interest) of such Bonds ultimately (e.g., after initially being deposited into the Clearing Fund) shall be deposited with the Trustee to the credit of a special account in the Construction Fund appropriately designated and held in trust for the sole and exclusive purpose of paying the cost of such Additional Projects; and all of the provisions of Article IV of this Indenture which relate to the Construction Fund shall apply to such special construction fund



insofar as such provisions may be applicable except as otherwise provided in any Supplemental Indenture. The amount paid as accrued interest on such Bonds shall be deposited by the Trustee to the credit of the Interest Account of the Senior Bonds Debt Service Fund.

B. Issuance of Additional Subordinated Bonds for Additional Projects. Additional Subordinated Bonds may be issued under and secured by this Indenture, to the extent from time to time permitted by law, subject to the conditions hereinafter provided in this Section, at any time or times for the purpose of paying the cost of any Project, or completion of any Project (any of the foregoing being herein sometimes called "Additional Projects") and for paying costs incurred in issuing such Additional Subordinated Bonds and for necessary contributions to the Subordinated Debt Service Reserve Fund.

Such Additional Subordinated Bonds shall not be authenticated by the Authenticating Agent nor delivered by the Trustee, unless there shall be filed with the Trustee the following:

(a) the documents required by Sections 207 and 209 of this Article; and

(b) a Treasurer's Certificate demonstrating and concluding that the Historic Tax Revenues were not less than 115% of the Maximum Principal and Interest Requirements on account of all Bonds to be outstanding under this Indenture after the delivery of the proposed Additional Subordinated Bonds. In any computation of Historic Tax Revenues for purposes of this Article, if the rate or rates at which the Oil Franchise Tax are imposed or the percentage of Tax Receipts to be received by the Commission during all or any part of the period for which any such calculation is made shall be different from the rate or rates at which the Oil Franchise Tax are imposed or the percentage of Tax Receipts received by the Commission in effect at the time such calculation is made, there shall be added to or deducted from said Tax Revenues so calculated, any increase or decrease in the Tax Revenues for such period which would result from such different rate or rates or percentage.

(c) In addition, if any computation of Historic Tax Revenues for purposes of this Article includes a tax or other source of funds from the Commonwealth in substitution and/or replacement of Tax Receipts, there shall be provided confirmation from each Rating Agency that the rating on the then-outstanding Series 1998 Bonds will not be reduced as a result of the issuance of the proposed Additional Bonds.

The proceeds (excluding amounts used to pay accrued interest, costs of issuance or capitalized interest and amounts deposited into the Subordinated Bonds Debt Service Reserve Fund) of such Bonds ultimately (e.g., after initially being deposited into the Clearing Fund) shall be deposited with the Trustee to the credit of a special account in the Construction Fund appropriately designated and held in trust for the sole and exclusive purpose of paying the cost of such Additional Projects; and all of the provisions of Article IV of this Indenture which relate to the Construction Fund shall apply to such special construction fund insofar as such provisions may be applicable except as otherwise provided in any Supplemental Indenture. The amount paid as accrued interest on such Bonds shall be deposited by the Trustee to the credit of the Interest Account of the Subordinated Bonds Debt Service Fund.

SECTION 211. Issuance of Additional Bonds for Refunding.

A. Issuance of Additional Senior Bonds for Refunding. Additional Senior Bonds may be issued under and secured by this Indenture, subject to the conditions hereinafter provided in this Section, at any time or times, for the purpose of providing funds for refunding or advance refunding all of the outstanding Senior Bonds of any series issued under the provisions of this Indenture, or any portion of the Senior Bonds of any such series, including in each case the payment of any redemption premium thereon and the costs of issuance.

Before such Senior Bonds shall be authenticated by the Authenticating Agent and delivered by the Trustee, there shall be filed with the Trustee the following:

(a) the documents required by Sections 207 and 209 of this Article;

(b) in case all or a portion of such Bonds are to be issued for the purpose of redeeming Bonds prior to their stated maturity or maturities, such documents as shall be required by the Trustee to show that provision has been duly made for the redemption of such Bonds; and

(c) a certificate of an independent public accountant verifying that the proceeds (excluding accrued interest, but including any premium and after deducting an amount equal to all expenses incurred by the Commission in connection with the issuance of such Bonds to the extent that said expenses are to be paid from such proceeds) of such refunding Bonds and any investment income earned thereon shall be not less than an amount sufficient to pay the principal of and the redemption premium, if any, on the Bonds to be refunded, and, if permitted by law and deemed necessary by the Commission, the payment of interest thereon to the date of redemption.

The Authenticating Agent and Trustee, however, shall not authenticate and deliver such Bonds unless they receive a certificate signed by the Treasurer, Assistant Treasurer or Deputy Executive Director/Finance and Administration of the Commission demonstrating that the percentage derived by dividing the amount of the Historic Tax Revenues by the Maximum Principal and Interest Requirements on Senior Bonds outstanding after delivery of such Additional Senior Bonds shall be either (i) at least 200%, or (ii) not less than the percentage obtained by dividing such amounts prior to delivery of such Additional Senior Bonds. In addition, if any computation of Historic Tax Revenues for purposes of this Article includes a tax or other source of funds from the Commonwealth in substitution and/or replacement of Tax Receipts, there shall be provided confirmation from each Rating Agency that the rating on the then outstanding Series 1998 Bonds will not be reduced as a result of the issuance of the proposed Additional Bonds

The proceeds of such Additional Senior Bonds (excluding accrued interest, but including any premium and after deducting an amount equal to all expenses incurred by the Commission in connection with the issuance of such Bonds to the extent that said expenses are to be paid from such proceeds) shall be held by the Trustee in trust for the sole and exclusive purpose of paying the principal, redemption premium, if any, and interest on the Bonds to be refunded. The amount

paid as accrued interest on any Additional Senior Bonds issued under the provisions of this Section shall be deposited by the Trustee to the credit of the Interest Account of the Senior Bonds Debt Service Fund. The amount of any Bond issuance expenses included in the proceeds of any Additional Senior Bonds issued under the provisions of this Section shall be deposited to the credit of a special account in the Trustee's commercial department in the name of the Commission, to be used exclusively for the payment of said expenses, and said expenses shall be paid by checks drawn on such special account and signed by the Secretary and Treasurer or Assistant Secretary and Treasurer of the Commission.

Upon compliance with the provisions of this Section, the Authenticating Agent shall authenticate and the Trustee shall deliver such Additional Senior Bonds issued under this Section. The proceeds of such Additional Senior Bonds (excluding accrued interest and after deducting an amount equal to all expenses incurred by the Commission in connection with the issuance of such Bonds to the extent that said expenses are to be paid from such proceeds) shall be held by the Trustee in trust for the sole and exclusive purpose of paying such principal, redemption premium, if any, and interest. The resolution or resolutions required by clause (a) of this Section shall, subject to all of the applicable provisions of this Section, specify the investment and application of such proceeds.

Unless the proceeds (with appropriate exclusions as aforesaid) of any Bonds issued under this Section are required to be invested in order to effectuate the refunding as aforesaid, the proceeds of Bonds issued under this Section (with appropriate exclusions as aforesaid) may be retained uninvested as trust funds for the sole and exclusive purpose of paying such principal, redemption premium, if any, and interest, and shall be secured to the extent provided in Section 601.

To the extent the proceeds (with appropriate exclusions as aforesaid) of any Bonds issued under this Section are required to be invested as aforesaid, or if the Commission determines in the resolution or resolutions required by clause (a) of this Section to invest the proceeds (with appropriate exclusions as aforesaid) such proceeds and amounts withdrawn as aforesaid shall be invested only in Permitted Investments.

If the Commission determines to issue Bonds under this Section where such deposited amount, exclusive of any interest to be earned thereon, is sufficient for the purposes aforesaid, then the amount of any interest earned on such deposited amount shall be applied in accordance with the aforementioned resolution or resolutions, including the application of said interest outside of this Indenture.

B. Issuance of Additional Subordinated Bonds for Refunding. Additional Subordinated Bonds may be issued under and secured by this Indenture, subject to the conditions hereinafter provided in this Section, at any time or times, for the purpose of providing funds for refunding or advance refunding all of the outstanding Subordinated Bonds of any series issued under the provisions of this Indenture, or any portion of the Subordinated Bonds of any such series, including in each case the payment of any redemption premium thereon and the costs of issuance.

Before such Subordinated Bonds shall be authenticated by the Authenticating Agent and delivered by the Trustee, there shall be filed with the Trustee the following:

- (a) the documents required by Sections 207 and 209 of this Article;
- (b) in case all or a portion of such Bonds are to be issued for the purpose of redeeming Bonds prior to their stated maturity or maturities, such documents as shall be required by the Trustee to show that provision has been duly made for the redemption of such Bonds; and
- (c) a certificate of an independent public accountant verifying that the proceeds (excluding accrued interest, but including any premium and after deducting an amount equal to all expenses incurred by the Commission in connection with the issuance of such Bonds to the extent that said expenses are to be paid from such proceeds) of such refunding Bonds and any investment income earned thereon shall be not less than an amount sufficient to pay the principal of and the redemption premium, if any, on the Bonds to be refunded, and, if permitted by law and deemed necessary by the Commission, the payment of interest thereon to the date of redemption.

The Authenticating Agent and Trustee, however, shall not authenticate and deliver such Bonds unless they receive a certificate signed by the Treasurer, Assistant Treasurer or Deputy Executive Director/Finance and Administration of the Commission demonstrating that the percentage derived by dividing the amount of the Historic Tax Revenues by the Maximum Principal and Interest Requirements on Bonds outstanding after delivery of such Additional Bonds shall be either (i) at least 115%, or (ii) not less than the percentage obtained by dividing such amounts prior to delivery of such Additional Subordinated Bonds. In addition, if any computation of Historic Tax Revenues for purposes of this Article includes a tax or other source of funds from the Commonwealth in substitution and/or replacement of Tax Receipts, there shall be provided confirmation from each Rating Agency that the rating on the then outstanding Series 1998 Bonds will not be reduced as a result of the issuance of the proposed Additional Bonds.

Simultaneously with the delivery of such Additional Subordinated Bonds issued to refund Bonds issued under the provisions of this Indenture, the Trustee shall withdraw from the Subordinated Bonds Debt Service Reserve Fund any amounts identified as being in excess of the Subordinated Bonds Debt Service Reserve Requirement for Subordinated Bonds outstanding after delivery of the Additional Subordinated Bonds in the Order of the Chairman of the Commission issued pursuant to Section 207 hereof required to effect the refunding. The amount so withdrawn and the proceeds of such Additional Subordinated Bonds (excluding accrued interest, but including any premium and after deducting an amount equal to all expenses incurred by the Commission in connection with the issuance of such Subordinated Bonds to the extent that said expenses are to be paid from such proceeds) shall be held by the Trustee in trust for the sole and exclusive purpose of paying the principal, redemption premium, if any, and interest on the Bonds to be refunded unless it has received different instructions from the Commission accompanied by an opinion from Bond Counsel to the effect that such action will not adversely affect the exclusion from gross income on interest on the Bonds for federal income tax purposes,

The amount paid as accrued interest on any Additional Subordinated Bonds issued under the provisions of this Section shall be deposited by the Trustee to the credit of the Interest Account of the Subordinated Bond Debt Service Fund. The amount of any Bond issuance expenses included in the proceeds of any Additional Subordinated Bonds issued under the provisions of this Section shall be deposited to the credit of a special account in the Trustee's commercial department in the name of the Commission, to be used exclusively for the payment of said expenses, and said expenses shall be paid by checks drawn on such special account and signed by the Secretary and Treasurer or Assistant Secretary and Treasurer of the Commission.

Upon compliance with the provisions of this Section, the Authenticating Agent shall authenticate and the Trustee shall deliver such Additional Subordinated Bonds issued under this Section. The proceeds of such Additional Subordinated Bonds (excluding accrued interest and after deducting an amount equal to all expenses incurred by the Commission in connection with the issuance of such Bonds to the extent that said expenses are to be paid from such proceeds) shall be held by the Trustee in trust for the sole and exclusive purpose of paying such principal, redemption premium, if any, and interest. The resolution or resolutions required by clause (a) of this Section shall, subject to all of the applicable provisions of this Section, specify the investment and application of such proceeds.

Unless the proceeds (with appropriate exclusions as aforesaid) of any Bonds issued under this Section are required to be invested in order to effectuate the refunding as aforesaid, the proceeds of Bonds issued under this Section (with appropriate exclusions as aforesaid) and amounts withdrawn from the Subordinated Bond Debt Service Reserve Fund, if any, may be retained uninvested as trust funds for the sole and exclusive purpose of paying such principal, redemption premium, if any, and interest, and shall be secured to the extent provided in Section 601.

To the extent the proceeds (with appropriate exclusions as aforesaid) of any Bonds issued under this Section are required to be invested as aforesaid, or if the Commission determines in the resolution or resolutions required by clause (a) of this Section to invest the proceeds (with appropriate exclusions as aforesaid) and amounts withdrawn from the Subordinated Bond Debt Service Reserve Fund, if any, such proceeds and amounts withdrawn as aforesaid shall be invested only in Permitted Investments.

If the Commission determines to issue Bonds under this Section where such deposited amount, exclusive of any interest to be earned thereon, is sufficient for the purposes aforesaid, then the amount of any interest earned on such deposited amount shall be applied in accordance with the aforementioned resolution or resolutions, including the application of said interest outside of this Indenture.

SECTION 212. Temporary Bonds. Until definitive Bonds of any series are ready for delivery, there may be executed, and upon request of the Chairman or any Vice Chairman for the Commission, the Authenticating Agent shall authenticate and the Trustee shall deliver, in lieu of definitive Bonds and subject to the same limitations and conditions, temporary printed, engraved

or lithographed Bonds in the Authorized Denominations, substantially of the tenor hereinabove set forth, and with appropriate omissions, insertions and variations as may be required.

Until definitive Bonds of any series are ready for delivery, such temporary Bonds of any series may, without expense to the holders thereof, be exchanged at the principal corporate trust office of the Bond Registrar for a like aggregate principal amount of temporary Bonds, in the Authorized Denominations, of the same series, maturing on the same date and bearing interest at the same rate.

The Commission shall cause the definitive Bonds to be prepared and to be executed and delivered to the Bond Registrar, and the Bond Registrar, upon presentation to it at its principal corporate trust office of any temporary Bond, shall cancel the same and authenticate and deliver in exchange therefor at the place designated by the holder, without expense to the holder, a definitive Bond or Bonds of the same aggregate principal amount, of the same series and bearing interest at the same rate as the temporary Bond surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefit of this Indenture as the definitive Bonds to be issued and authenticated hereunder, and interest on such temporary Bonds, when payable, if the definitive Bonds shall not be ready for exchange, shall be paid on presentation of such temporary Bonds and notation of such payment shall be endorsed thereon.

SECTION 213. Mutilated, Destroyed or Lost Bonds. If any Bond shall become mutilated, the Commission shall execute, the Authenticating Agent shall thereupon authenticate and the Bond Registrar shall deliver a new Bond of like tenor and denomination in exchange and substitution for the Bond so mutilated, but only upon surrender to the Bond Registrar of such mutilated Bond for cancellation, and the Commission and the Bond Registrar may require reasonable indemnity therefor. If any Bond shall be reported lost, stolen or destroyed, evidence as to the ownership and the loss, theft or destruction thereof shall be submitted to the Bond Registrar; and if such evidence shall be satisfactory to both and indemnity satisfactory to both shall be given, the Commission shall execute, and thereupon the Authenticating Agent shall authenticate and the Bond Registrar shall deliver, a new Bond of like tenor and denomination. The cost of providing any substitute Bond under the provisions of this Section shall be borne by the Bondholder for whose benefit such substitute Bond is provided. If any such mutilated, lost, stolen or destroyed Bond shall have matured or be about to mature, the Trustee may, with the consent of the Commission, pay to the owner the principal amount of such Bond upon the maturity thereof and the compliance with the aforesaid conditions by such owner, without the issuance of a substitute Bond therefor.

Every substituted Bond issued pursuant to this Section 213 shall constitute an additional contractual obligation of the Commission, whether or not the Bond alleged to have been destroyed, lost or stolen shall be enforceable at any time by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Bonds duly issued hereunder.

All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed or

stolen Bonds, and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments, investments or other securities without their surrender.

SECTION 214. Certain Contracts and Swaps. Upon receipt of an opinion of Bond Counsel to the effect that such action is permitted under the laws of the Commonwealth and will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes, the Commission may and the Trustee shall, if so directed in writing by a Commission Official, enter into one or more contracts in order to place any Series, or any portion thereof, on the interest rate, currency, cash-flow, or other basis desired by the Commission, including, without limitation, interest rate swap agreements, currency swap agreements, forward payment conversion agreements, futures contracts, contracts providing for payments based on levels of or changes in interest rates, currency exchange rates, stock or other indices, or contracts to exchange cash flows or a series of payments, and contracts including, without limitation, interest rate floors or caps, options, puts or calls to hedge payment, currency rate, spread or similar exposure; provided that if such contract is entered into prior to the issuance of the Bonds to which it relates, the latter portion of the opinion of Bond Counsel referred to hereinabove need not be delivered until such Bonds are issued.

The amounts received by the Commission or the Trustee, if any, pursuant to such a contract shall be applied as set forth below (to the extent required) and otherwise may be applied to the various deposits required hereunder or under any Supplemental Indenture with respect to the Bonds in question.

Amounts payable by the Commission under such a contract shall be secured by the Tax Revenues on parity with the Bonds to which such contract relates but only to the extent so provided in such contract and only if such contract is executed and delivered substantially concurrently with the issuance of any of the Bonds to which it relates or if:

(d) the Commission files with the Trustee a written request executed by the Commission so requesting; and

(e) each Rating Agency which then has a rating assigned (pursuant to a request of the Commission) to any Bond that would be secured on parity with the Commission's obligation under said contract confirms in writing to the Trustee that the Commission's execution and delivery of such contract will not result in a reduction or withdrawal of such rating.

In the event and to the extent that amounts payable by the Commission under such a contract are secured by the Tax Revenue on parity with the Bonds to which such contract relates, as provided for in the preceding paragraph, the Commission shall pay to the Trustee for deposit into the Debt Service Fund Account relating to such Bonds the net amount payable, if any, to the Parity Swap Agreement Counterparty as if such amounts were additional amounts of interest due on said bonds; and the Trustee shall pay to the Parity Swap Agreement Counterparty, to the extent required under the Parity Swap Agreement, amounts deposited in the aforesaid account. Net amounts received by the Commission or the Trustee from the Parity Swap Agreement Counterparty pursuant to the Parity Swap Agreement shall be deposited to the credit of the

interest account relating to such Bonds or, if money has been deposited to the credit of said interest account from a drawing pursuant to a Credit Facility, to the credit of the applicable Series Credit Facility Fund created by a Supplemental Indenture. In the event and to the extent that amounts payable by the Commission under such a contract are not secured by the Tax Revenues on parity with the Bonds to which such contract relates, such amounts shall be payable from the Oil Franchise Tax General Fund or as otherwise provided in such contract.

Unless it has received an opinion from Bond Counsel to the effect that such action will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes, once it has entered into a Parity Swap Agreement, the Commission will take no action the effect of which would be to either terminate the Parity Swap Agreement in advance of its scheduled expiration date or cause the notional amount thereunder to be different from the principal amount of the then Outstanding Bonds to which such Parity Swap Agreement relates.

### ARTICLE III

#### REDEMPTION OF BONDS

SECTION 301. Redemption of Bonds of the Initial Series and of Bonds of any Other Series. The Series 1998 Bonds issued under the provisions of this Indenture may be redeemed prior to their respective maturities at the option of the Commission as provided herein and as set forth in the form of the Series 1998 Bonds attached hereto as Exhibit A and Exhibit B. The Bonds of any other series issued under the provisions of this Indenture shall be made subject to redemption, either in whole or in part and at such times and prices as may be provided in the resolution authorizing the issuance of such Bonds and in the Supplemental Indenture pursuant to which such Bonds are issued.

If less than all of the Bonds of a series which are stated to mature on the same date shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Trustee or in such manner as the Trustee in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in an Authorized Denomination, and that, in selecting portions of Bonds for redemption, the Trustee shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by the Authorized Denomination. Any unredeemed portion of Bonds must be in Authorized Denominations.

SECTION 302. Redemption Notice. A notice of any such redemption, either in whole or in part, prepared and signed, on behalf of the Commission, by the Trustee, (a) shall be filed with the Paying Agent, and (b) shall be mailed via first class mail, postage prepaid, at least 30 days but not more than 45 days prior to the redemption date, to all registered owners of Bonds or portions of Bonds to be redeemed at their registered addresses, and to the Rating Agency and the Bond Buyer or their respective successors, if any, but failure to mail any such notice or defect in the mailed notice or in the mailing thereof shall not affect the validity the redemption. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less



than all of the Bonds of any series then outstanding shall be called for redemption, the CUSIP numbers, if any, of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In case any Bond is to be redeemed in part only, the notice of redemption which relates to such Bond shall state also that on or after the redemption date, upon surrender of such Bond, a new Bond or Bonds in principal amount equal to the unredeemed portion of such Bond will be issued.

SECTION 303 Effect of Calling for Redemption. The Bonds or portion of Bonds called for redemption pursuant to this Article shall, on the redemption date designated by the Commission in its notice of redemption, become and be due and payable at the redemption price provided for redemption of such Bonds and portions of Bonds on such date; provided, however, that such redemption may be conditioned upon moneys sufficient for, or Government Obligations, the principal of and interest on which, when due, will be sufficient for the payment of the redemption price of, and accrued interest to the date fixed for redemption on, the Bonds to be redeemed are being held in separate accounts by the Trustee or by the Paying Agents in trust for holders of the Bonds or portions thereof to be redeemed, all as provided in this Indenture on the date designated for redemption and shall not be effective if such moneys or Government Obligations are not so held on such date. If notice of redemption has been filed as required by Section 302 and such moneys or Government Obligations are so held on the date so designated for redemption, then interest on the Bonds or portions of Bonds so called for redemption shall cease to accrue, such Bonds and portions of Bonds shall cease to be entitled to any lien, benefit or security under this Indenture, and the registered owners of such Bonds or portions of Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and, to the extent provided in Section 304 of this Article, to receive Bonds for any unredeemed portions of Bonds.

SECTION 304. Redemption of Portions of Bonds. In case part but not all of an outstanding Bond shall be selected for redemption, the registered owner thereof shall present and surrender such Bond, duly endorsed or accompanied by a written instrument of transfer satisfactory to the Trustee, to the Trustee for payment of the principal amount thereof so called for redemption, and the Commission shall execute, the Authenticating Agent shall authenticate and the Trustee shall deliver to or upon the order of such registered owner, without charge therefor, a new Bond for the unredeemed balance of the principal amount of the Bond so surrendered.

SECTION 305. Cancellation of Bonds Redeemed. Bonds presented and surrendered shall be cancelled upon the surrender thereof by the Bond Registrar or the Trustee.

SECTION 306. Bonds Called for Redemption Deemed Not Outstanding. Bonds and portions of Bonds which have been duly called for redemption under the provisions of this Article, or with respect to which irrevocable instructions to call for redemption have been given to the Trustee, in form satisfactory to it, and moneys sufficient for, or Government Obligations, the principal of and interest on which, when due, will be sufficient for, the payment of the redemption price of which and accrued interest to the date fixed for redemption shall be held in

separate accounts by the Trustee or the Paying Agent, shall not be deemed to be outstanding under the provisions of this Indenture.

#### ARTICLE IV CUSTODY AND APPLICATION OF PROCEEDS OF BONDS

SECTION 401. Clearing Fund. A special fund is hereby created and designated the "Clearing Fund," which shall be held in trust by the Trustee until applied as hereinafter provided. Within the Clearing Fund shall be established the 1998 Series A Account and the 1998 Series B Account. There shall be deposited in the 1998 Series A Account of the Clearing Fund all of the net proceeds of the sale of the 1998 Series A Senior Bonds, including accrued interest payable thereon, in accordance with Section 208 hereof and the net proceeds of any other Senior Bonds to the extent provided in any Supplemental Indenture. There shall be deposited in the 1998 Series B Account of the Clearing Fund all of the net proceeds of the sale of the Series B Subordinated Bonds, including accrued interest payable thereon in accordance with Section 208 hereof and the net proceeds of any other Subordinated Bonds to the extent provided in any Supplemental Indenture. The amounts so deposited in the Clearing Fund shall be disbursed or transferred by the Trustee upon the furnishing of an Order of the Chairman of the Commission as is provided by Section 207 hereof. There may be reserved in the Clearing Fund moneys for the payment of any unpaid items, including a contingency amount therefor, as may be set forth in the aforesaid Order of the Chairman of the Commission, and payment thereof shall be made by the Trustee upon receipt of a supplemental Commission Official's Certificate. Upon the sooner of such payments and transfers finally being accomplished and that date six (6) months after the date of issuance of the Series 1998 Bonds (or such other date established in a Supplemental Indenture), any remaining balance shall be transferred to the Construction Fund.

SECTION 402. Construction Fund. A special fund is hereby created and designated the "Oil Franchise Tax Construction Fund" (herein sometimes called the "Construction Fund"), to the credit of which such deposits shall be made as are required by the provisions of Sections 208 or 209 of this Indenture. Any moneys received from any other source for the construction portion of the Project shall be deposited to the credit of the Construction Fund or to the credit of such other fund (which may or may not be held by the Trustee under this Indenture) as the Commission shall direct.

The moneys in the Construction Fund shall be held by the Trustee in trust and, subject to the provisions of Section 408 of this Article, shall be applied to the payment of the Costs of the construction portion of any Project.

SECTION 403. Construction Fund: Separate Accounts. Payment of the Costs of the construction portion of any Project shall be made from the Construction Fund. A special account shall be created and identified for each such construction Project, although funds may, at the written direction of the Commission, be transferred from one such account in the Construction Fund to another account in such fund. All payments from the Construction Fund shall be subject to the provisions and restrictions set forth in this Article, and the Commission covenants that it

will not cause or permit to be paid from the Construction Fund any sums except in accordance with such provisions and restrictions.

SECTION 404. Items of Cost of Projects. For the purposes of this Indenture the cost of the construction portion of any Projects shall include, without intending thereby to limit or restrict or to extend any proper definition of such cost under the provisions of the Enabling Acts, the following:

(a) obligations incurred for labor and to contractors, builders and materialmen in connection with the construction of the Project, for machinery and equipment, and for the restoration or relocation of property damaged or destroyed in connection with such construction;

(b) the cost of acquiring by purchase, if such purchase shall be deemed expedient, and the amount of any award or final judgment in or any settlement or compromise of any proceeding to acquire by condemnation, such lands, property rights, rights of way, franchises, easements and other interests as may be deemed necessary or convenient for the construction and operation of the Project, options and partial payments thereon, and the amount of any damages incident to or consequent upon the construction and operation of the Project;

(c) the cost of any indemnity and surety bonds to secure deposits of moneys in the Construction Fund, the cost of any payment or performance bonds to secure performance under construction contracts, the fees and expenses of the Trustee during construction, including without limitation the reasonable fees and expenses of counsel to the Trustee, taxes or other municipal or governmental charges lawfully levied or assessed during construction upon the Project or any property acquired therefor, and premiums on insurance (if any) in connection with the Project during construction;

(d) the cost of borings and other preliminary investigations to determine foundation or other conditions, expenses necessary or incident to determining the feasibility or practicability of constructing the Project, and fees and expenses of engineers for making traffic studies, surveys and estimates of costs and of revenues and other estimates and for preparing plans and specifications and supervising construction, as well as for the performance of all other duties of engineers set forth herein in relation to the construction of the Project or the issuance of Bonds therefor;

(e) expense of administration properly chargeable to the Project, legal expenses and fees, financing charges, cost of audits and all other items of expense not elsewhere in this Section specified incident to the construction and equipment of the Project, the financing thereof, the placing of the same in operation and the acquisition of lands, property rights, rights-of-way, franchises, easements and interests therefor, including abstracts of title, title insurance, cost of surveys and other expenses in connection with such acquisition;

(f) any expense heretofore or hereafter incurred by the Department of Transportation or any expense or obligation including, but not limited to, Bonds or notes, heretofore or hereafter incurred or issued by the Commission for any or all of the foregoing purposes;

(g) the cost of any insurance that is required to be obtained during construction of any Project;

(h) an amount equal to the interest accruing on Bonds issued to finance the cost of any Project, prior to, during and for one year after completion of construction (i.e., capitalized interest); and

(i) reimbursements of amounts of money advanced towards the costs of Projects by the Commission.

SECTION 405. Payments From Construction Fund. Payments from the Construction Fund shall be made in accordance with the provisions of this Section. Before any such payment shall be made the Commission shall file with the Trustee:

(a) a numbered requisition, in the form attached hereto as Exhibit C, signed by the Chairman or other Commission Official stating in respect of each payment to be made:

- (1) the item number of the payment,
- (2) the name of the Person (which may be the Commission) to whom payment is due,
- (3) the amount to be paid, and
- (4) the purpose for which the obligation to be paid was incurred;

(b) a certificate, signed by a Commission Official and attached to the requisition, certifying:

(1) that obligations in the stated amounts have been incurred by the Commission and that each item thereof is a proper charge against the Construction Fund and has not been paid (or has been paid by the Commission if it is seeking reimbursement for such expense),

(2) that there has not been filed with or served upon the Commission notice of any lien, right to lien, or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to any of the persons, firms or corporations named in such requisition, which has not been released or will not be released simultaneously with the payment of such obligation, and

(3) that such requisition contains no item representing payment on account of any retained percentages which the Commission is at the date of such certificate entitled to retain.

Upon receipt of each requisition and accompanying certificates, the Trustee shall transfer moneys from the Construction Fund as instructed pursuant to such requisition.

SECTION 406. Requisitions for Payment of Land Costs. If any requisition contains any item for the payment of the purchase price or cost of any lands, rights, easements, franchises or interests in or relating to lands, there shall be attached to such requisition:

(a) a certificate of a Commission Official to the effect that such lands, rights, easements, franchises or interests are being acquired in furtherance of the acquisition of the right-of-way for the Project or in furtherance of the construction or operation of the Project, and

(b) a written opinion of counsel for the Commission stating that the signer is of the opinion that the Commission is authorized under the provisions of the Enabling Acts to acquire such lands, rights, easements, franchises or interests, and that the Commission will have upon the payment of such item title in fee simple to, or perpetual easements for the purposes of the Project over, such lands, free from all liens or encumbrances except liens, charges, encumbrances or other defects of title which do not have a materially adverse effect upon the Commission's right to use such lands or properties for the purposes intended or which have been adequately guarded against by a bond or other form of indemnity, or, if such payment be a payment for an option to purchase or for a quitclaim deed or a lease or a release or on a contract to purchase or is otherwise for the acquisition of a right or interest in lands less than a fee simple or a perpetual easement, or if such payment be a part payment for any such purpose, the written approval of the acquisition of such lesser right or interest signed by such counsel for the Commission, or, in lieu of the opinion required by this clause, a firm undertaking by a reputable title insurance company to issue its title insurance policy and a written opinion of counsel for the Commission that any objections or exceptions to be noted thereon are not, in the opinion of the signer, of a material nature.

SECTION 407. Trustee to Retain Requisitions. All requisitions, certificates and opinions received by the Trustee, as required in this Article as conditions of payment from the Construction Fund, may be relied upon by and shall be retained in the possession of the Trustee for a period of 7 years, subject at all times to the inspection of the Commission and the agents and representatives thereof.

SECTION 408. Certificate and Opinion After Completion of Project. When a Project shall have been completed, which fact shall be evidenced to the Trustee by a certificate stating the date of such completion, signed by a Commission Official and approved by the Chief Engineer the balance in the applicable account of the Construction Fund not deemed by the Chief

Engineer, to be necessary to be reserved for the payment of any remaining part of the cost of the Project shall be transferred by the Trustee to the credit of such fund as directed pursuant to such certificate; provided, however, that an Opinion of Bond Counsel shall be delivered with such certificate to the effect that such transfer and the resultant application of such moneys will not adversely affect the tax-exempt status of the interest on the Bonds of which such moneys are proceeds (which Opinion may require the establishment of a special account within a fund in order to track the application of such moneys).

In making any such transfer, the Trustee shall rely upon (a) a certificate filed with it by the Commission, signed by a Commission Official and approved by the Chief Engineer, as to any items of such cost then remaining unpaid and as to any estimate in such certificate of the amount of any items of such cost the actual amount of which is not finally determined, and (b) a certificate, signed by counsel for the Commission, as to the status and amount of any claims then outstanding affecting such cost. The Trustee may require the filing of such certificates as a condition of such transfer.

## ARTICLE V

### TAX REVENUES AND FUNDS

SECTION 501. Covenants as to Tax Revenues. The Commission covenants that it will seek to enforce the pledge and appropriation of the Commonwealth with respect to the Oil Franchise Tax which is described in the recitals hereto, and it will petition the General Assembly for additional funds in the event that the Tax Revenues are inadequate to pay the amounts due hereunder.

The Trustee may, and the Trustee, upon receipt of written direction from the holders of not less than twenty-five percent (25%) in principal amount of the Bonds then outstanding and upon being indemnified to its satisfaction shall, institute and prosecute in a court of competent jurisdiction any appropriate action to enforce the pledge and appropriation of the Commonwealth with respect to the Oil Franchise Tax which is described in the recitals hereto and the irrevocable directions of the Commission to the Commonwealth described in Section 502 herein.

SECTION 502. Revenue Fund. There is hereby created a special fund known as the "Revenue Fund." The Commission shall transfer \$10,000,000 from the Oil Franchise Tax General Fund to the Revenue Fund on the date of issuance of the Series 1998 Bonds (the "Initial Deposit"). The moneys in the Revenue Fund shall be held by the Trustee in trust and applied as hereinafter provided.

The Commission acknowledges that it has irrevocably directed the Commonwealth to transfer all Tax Receipts which the Commission is entitled to receive from the Commonwealth to the Trustee for deposit into the Revenue Fund in order to assure the lien in favor of the Trustee on the Tax Receipts and such direction may only be modified (but not revoked) upon the consent of the Trustee, which the Trustee may withhold in its sole discretion. Notwithstanding the foregoing, the Commission covenants that any and all Tax Receipts or other Tax Revenues

which it receives initially will be deposited into a segregated account of the Commission and will be transferred therefrom within one (1) Business Day following receipt, as far as practicable, with the Trustee or in the name of the Trustee with a depository or depositories designated by the Commission and approved by the Trustee, to the credit of the Revenue Fund.

The Commission further covenants that statements giving the amounts of each such deposit with any depository will be forwarded promptly to the Trustee by the Commission and by such depository. The Trustee shall not be accountable for the amount of deposits shown by such statements but only for moneys actually so deposited and later received or disbursed by the Trustee.

All sums received by the Commission from any other source for paying any part of the cost of a Project for which any Bonds have been or will be issued shall be deposited into a separate fund (which may or may not be held by the Trustee) established by the Commission for the particular Project.

SECTION 503. Senior Bonds Debt Service Fund. There is hereby created a special fund known as the "Senior Bonds Debt Service Fund" which shall be held in trust by the Trustee until applied as hereinafter provided. There are also hereby created two separate accounts in the Senior Bonds Debt Service Fund to be known as the "Interest Account" and the "Principal Account."

The Trustee shall withdraw from the Revenue Fund and deposit to the applicable Account in the Senior Bonds Debt Service Fund the amounts hereinafter specified which shall be applied by the Trustee for the purposes for which the same shall be deposited:

(1) On or before the last Business Day of each calendar month, an amount which equals the amount necessary to pay, and for the purpose of paying, one-sixth (1/6) of the interest due on the 1998 Series A Senior Bonds on the next succeeding Interest Payment Date (or, in the case of the period from the date of issuance of the 1998 Series A Senior Bonds to December 1, 1998, one-fourth (1/4th) of the interest due on December 1, 1998), which amount shall be deposited in the Interest Account.

(2) On or before the last Business Day of each calendar month, an amount which equals one-twelfth (1/12) of the amount necessary to pay (or, in the case of the period from the issuance of the 1998 Series A Senior Bonds to December 1, 1998, one-fourth of the principal amount required), and for the purpose of paying, the principal amount of any 1998 Series A Senior Bonds maturing on the next succeeding maturity date occurring on or before the second Interest Payment Date following such deposit, which amount shall be deposited in the Principal Account; provided, however, that no deposit shall be made pursuant to this clause (2) on any date on which deposits are required to be made to the 1998 Series A Sinking Fund pursuant to Section 504 hereof; and

(3) On the dates specified in any Supplemental Indenture relating to Additional Senior Bonds, the amounts required to be deposited on said dates to the credit

of the Interest Account or Principal Account pursuant to the provisions of such Supplemental Indenture for the purpose of paying the interest and the principal of such Additional Senior Bonds.

The Trustee, upon written direction of the Commission, may withdraw from the Revenue Fund and deposit to the Senior Bonds Debt Service Fund or the 1998 Series A Bond Sinking Fund, as appropriate, an amount greater than the required monthly amount to be paid therefrom pursuant to this Section 503 or Section 504, as appropriate, thereby reducing or eliminating the monthly payments subsequent thereto but prior to the next Interest Payment Date or mandatory redemption date, as appropriate.

In the event there is a deficiency in the amount required to be deposited into any account in the Senior Bonds Debt Service Fund in any month, the amount of such deficiency shall be added to the amount required to be deposited in to the appropriate account in the Senior Bonds Debt Service Fund in the following month.

The Trustee shall pay out of the Interest Account, from time to time, without further authorization from the Commission, and, as the same shall become due and payable, the interest on the Senior Bonds. The Trustee shall likewise pay out of the Principal Account, from time to time, without further authorization from the Commission, and as the same shall become due and payable, the principal of the Senior Bonds, but only upon the presentation and surrender of the Senior Bonds.

If at the time the Trustee is to make a withdrawal from the Debt Service Fund the moneys therein shall not be sufficient for such purpose, the Trustee shall withdraw the amount of such deficiency from the moneys to the credit of the following funds or accounts in the following order: the Oil Franchise Tax General Fund and the Senior Bonds Sinking Fund.

SECTION 504. Senior Bonds Sinking Fund. There is hereby created a special fund to be known as the "Senior Bonds Sinking Fund" which shall be held in trust by the Trustee until applied as hereinafter directed and within such Fund the 1998 Series A Senior Bonds Sinking Fund Account. After first having made the deposits provided for in Section 503 hereof and while any 1998 Series A Bonds are outstanding, the Trustee shall transfer on or before the last Business Day of each calendar month from the Revenue Fund to the 1998 Series A Bond Sinking Fund Account one-twelfth of the principal amount required on the next succeeding mandatory redemption date as specified in the 1998 Series A Senior Bonds occurring on or before the second Interest Payment Date following such deposit (or such lesser amount which, when added to the principal amount of 1998 Series A Senior Bonds purchased by the Trustee during the Fiscal Year pursuant to the second succeeding paragraph, shall equal the above amount); and provided that if any 1998 Series A Senior Bonds which is subject to mandatory redemption is at any time redeemed pursuant to an Optional Redemption, as described in the 1998 Series A Senior Bonds, the principal amount of 1998 Series A Senior Bonds of each maturity so redeemed may be applied as a credit against the principal amount of 1998 Series A Senior Bonds of such maturity which is subject to mandatory redemption at such time as the Commission shall direct.



On the dates specified in any Supplemental Indenture or indentures relating to Additional Senior Bonds, the Trustee shall transfer from the Revenue Fund the amounts required to be deposited on such dates to the credit of the sinking, purchase or analogous fund, if any, established for such Additional Senior Bonds.

The moneys at any time on deposit to the credit of the Senior Bonds Sinking Fund Account or to be deposited thereto from the Revenue Fund may be applied by the Commission to the purchase of 1998 Series A Senior Bonds of the same maturity of 1998 Series A Senior Bonds to be called for mandatory redemption from the 1998 Series A Bond Sinking Fund Account and such moneys shall be withdrawn by the Trustee and applied to the payment of the purchase price of 1998 Series A Senior Bonds which the Commission may agree to purchase or has paid, provided that such purchase price is not in excess of 100% of the principal amount thereof. At any time that the Trustee shall be requested to apply such moneys to the purchase of 1998 Series A Senior Bonds, the Commission shall furnish to the Trustee a Commission Officials' certificate specifying the 1998 Series A Senior Bonds or portions thereof which it has agreed to purchase, the purchase price thereof, the names of the sellers (if not the Commission) and the expenses involved in connection with such purchase. At the time of any purchase of the 1998 Series A Senior Bonds, the Trustee shall withdraw from the Interest Account of the Debt Service Fund any amounts deposited therein for the payment of interest on the 1998 Series A Senior Bonds so purchased.

On or before October 1 of each year in which transfers are required to be made to the 1998 Series A Bonds Sinking Fund Account, the Trustee shall select and call for redemption on the next succeeding December 1 such principal amount of 1998 Series A Senior Bonds as shall be sufficient when added to the principal amount of 1998 Series A Senior Bonds which the Trustee has purchased or agreed to purchase on said next succeeding December 1, according to the provisions of the preceding paragraph, to satisfy the mandatory redemption schedule set forth in the form of the 1998 Series A Senior Bonds on said December 1. The notice of redemption of any such principal amount of 1998 Series A Senior Bonds being redeemed pursuant to this Section shall be given by the Trustee in the name of the Commission in accordance with the provisions of this Indenture, and shall state that such principal amount of 1998 Series A Senior Bonds will be redeemed pursuant to the operation of the 1998 Series A Bonds Sinking Fund Account. If on December 2 of any Fiscal Year there shall be any moneys in the 1998 Series A Bond Sinking Fund Account, such moneys shall be transferred to the Principal Account in the Senior Bonds Debt Service Fund to be applied to the payment of principal of the Senior Bonds, and the amount subsequently required to be deposited to the credit of the Principal Account in the Senior Bonds Debt Service Fund pursuant to clause (2) of Section 503 shall be reduced to the extent of the moneys so transferred. If such moneys shall be in excess of the amount subsequently required to be so deposited in the Principal Account of the Senior Bonds Debt Service Fund, such excess shall be transferred to the Revenue Fund. If on October 1 of any year the moneys in the 1998 Series A Senior Bond Sinking Fund Account shall be sufficient to effect the redemption of all 1998 Series A Bonds outstanding on the next succeeding December 1, or at such time as there shall not be any 1998 Series A Senior Bonds outstanding, any moneys in the 1998 Series A Bond Sinking Fund Account in excess of the amount required for such redemption or all such moneys, as the case may be, shall be transferred to the Revenue Fund, and thereafter

no further transfers shall be required to be made from the Revenue Fund to the 1998 Series A Bonds Sinking Fund Account, and the interest due on the 1998 Series A Senior Bonds maturing on the redemption date shall be paid from moneys in the Interest Account in the Senior Bonds Debt Service Fund.

The payment of the necessary costs and expenses of such redemptions, including, without limiting the generality of the foregoing, all reasonable legal fees, costs of advertisements, printing costs, brokerage charges and charges of the Trustee, if any, incident to such redemption, shall be payable from moneys in the Oil Franchise Tax General Fund or, if sufficient funds are not available in such fund, by the Commission upon demand.

There shall be no preference, priority or distinction in respect of any sinking fund payment for any particular series of Senior Bonds over any sinking fund payment for any other series of Senior Bonds, in respect of the moneys at any time available for transfer from the Revenue Fund, and in the event that at any time the moneys so available for transfer are not sufficient to meet the current requirements of Senior Bonds Sinking Fund Accounts established for the various series of Senior Bonds, the total amount of moneys available for transfer shall be prorated among the various Sinking Fund Accounts in the proportion that the sinking fund payment for each particular Sinking Fund Account bears to the total of all such sinking fund payments required to be made at the time in question.

Senior Bonds so redeemed shall be cancelled and destroyed by the Trustee, which shall file a cancellation and destruction certificate with the Commission.

SECTION 505. Subordinated Bonds Debt Service Fund. There is hereby created a special fund known as the "Subordinated Bonds Debt Service Fund" which shall be held in trust by the Trustee until applied as hereinafter provided. There are also hereby created two separate accounts in the Subordinated Bonds Debt Service Fund to be known as the "Interest Account" and the "Principal Account."

After having made the deposits provided in Section 503 and 504 hereof and while any 1998 Series B Subordinated Bonds are outstanding, the Trustee shall withdraw from the Revenue Fund and deposit to the applicable Account in the Subordinated Bonds Debt Service Fund the amounts hereinafter specified which shall be applied by the Trustee for the purposes for which the same shall be deposited:

(4) On or before the last Business Day of each calendar month, an amount which equals the amount necessary to pay, and for the purpose of paying, one-sixth (1/6) of the interest due on the 1998 Series B Subordinated Bonds on the next succeeding Interest Payment Date (or, in the case of the period from the date of issuance of the 1998 Series A Subordinated Bonds to December 1, 1998, one-fourth (1/4) of the interest due on December 1, 1998), which amount shall be deposited in the Interest Account.

(5) On or before the last Business Day of each calendar month, an amount which equals one-twelfth (1/12) of the amount necessary to pay, and for the purpose of paying, the principal amount of any 1998 Series B Subordinated Bonds maturing on the

next succeeding maturity date occurring on or before the second Interest Payment Date following such deposit, which amount shall be deposited in the Principal Account; provided, however, that no deposit shall be made pursuant to this clause (2) on any date on which deposits are required to be made to the 1998 Series B Sinking Fund pursuant to Section 506 hereof; and

(6) On the dates specified in any Supplemental Indenture relating to Additional Subordinated Bonds, the amounts required to be deposited on said dates to the credit of the Interest Account or Principal Account pursuant to the provisions of such Supplemental Indenture for the purpose of paying the interest and the principal of such Additional Subordinated Bonds.

In the event there is a deficiency in the amount required to be deposited into any account in the Subordinated Bonds Debt Service Fund in any month, the amount of such deficiency shall be added to the amount required to be deposited in to the appropriate account in the Subordinated Bonds Debt Service Fund in the following month.

The Trustee shall pay out of the Interest Account, from time to time, without further authorization from the Commission, and, as the same shall become due and payable, the interest on the Subordinated Bonds. The Trustee shall likewise pay out of the Principal Account, from time to time, without further authorization from the Commission, and as the same shall become due and payable, the principal of the Subordinated Bonds, but only upon the presentation and surrender of the Subordinated Bonds.

If at the time the Trustee is to make a withdrawal from the Subordinated Bonds Debt Service Fund the moneys therein shall not be sufficient for such purpose, the Trustee shall withdraw the amount of such deficiency from the moneys to the credit of the following funds or accounts in the following order: the Subordinated Bonds Debt Service Reserve Fund, the Oil Franchise Tax General Fund and the Subordinated Bonds Sinking Fund.

SECTION 506. Subordinated Bonds Sinking Fund. There is hereby created a special fund to be known as the "Subordinated Bonds Sinking Fund" which shall be held in trust by the Trustee until applied as hereinafter directed and within such Fund the 1998 Series B Subordinated Bonds Sinking Fund Account. After first having made the deposits provided for in Section 503, 504, and 505 hereof and while any 1998 Series B Subordinated Bonds are outstanding, the Trustee shall transfer on or before the last Business Day of each calendar month from the Revenue Fund to the 1998 Series B Subordinated Bond Sinking Fund Account one-twelfth of the principal amount required on the next succeeding mandatory redemption date as specified in the 1998 Series B Subordinated Bonds occurring on or before the second Interest Payment Date following such deposit (or such lesser amount which, when added to the principal amount of 1998 Series B Subordinated Bonds purchased by the Trustee during the Fiscal Year pursuant to the second succeeding paragraph, shall equal the above amount); and provided that if any 1998 Series B Subordinated Bonds which is subject to mandatory redemption is at any time redeemed pursuant to an Optional Redemption, as described in the 1998 Series B Subordinated Bonds, the principal amount of 1998 Series B Subordinated Bonds of each maturity so redeemed

may be applied as a credit against the principal amount of 1998 Series B Subordinated Bonds of such maturity which is subject to mandatory redemption at such time as the Commission shall direct.

On the dates specified in any Supplemental Indenture or indentures relating to Additional Subordinated Bonds, the Trustee shall transfer from the Revenue Fund the amounts required to be deposited on such dates to the credit of the sinking, purchase or analogous fund, if any, established for such Additional Subordinated Bonds.

The moneys at any time on deposit to the credit of the Subordinated Bonds Sinking Fund Account or to be deposited thereto from the Revenue Fund may be applied by the Commission to the purchase of 1998 Series B Subordinated Bonds of the same maturity of 1998 Series B Subordinated Bonds to be called for mandatory redemption from the 1998 Series B Bond Sinking Fund Account and such moneys shall be withdrawn by the Trustee and applied to the payment of the purchase price of 1998 Series B Subordinated Bonds which the Commission may agree to purchase or has paid, provided that such purchase price is not in excess of 100% of the principal amount thereof. At any time that the Trustee shall be requested to apply such moneys to the purchase of 1998 Series B Subordinated Bonds, the Commission shall furnish to the Trustee a Commission Officials' certificate specifying the 1998 Series B Subordinated Bonds or portions thereof which it has agreed to purchase, the purchase price thereof, the names of the sellers (if not the Commission) and the expenses involved in connection with such purchase. At the time of any purchase of the 1998 Series B Subordinated Bonds, the Trustee shall withdraw from the Interest Account of the Debt Service Fund any amounts deposited therein for the payment of interest on the 1998 Series B Subordinated Bonds so purchased.

On or before October 1 of each year in which transfers are required to be made to the 1998 Series B Subordinated Sinking Fund Account, the Trustee shall select and call for redemption on the next succeeding December 1 such principal amount of 1998 Series B Subordinated Bonds as shall be sufficient when added to the principal amount of 1998 Series B Subordinated Bonds which the Trustee has purchased or agreed to purchase on said next succeeding December 1, according to the provisions of the preceding paragraph, to satisfy the mandatory redemption schedule set forth in the form of the 1998 Series B Subordinated Bonds on said December 1. The notice of redemption of any such principal amount of 1998 Series B Subordinated Bonds being redeemed pursuant to this Section shall be given by the Trustee in the name of the Commission in accordance with the provisions of this Indenture, and shall state that such principal amount of 1998 Series B Subordinated Bonds will be redeemed pursuant to the operation of the 1998 Series B Subordinated Sinking Fund Account. If on December 2 of any Fiscal Year there shall be any moneys in the 1998 Series Bond Sinking Fund Account, such moneys shall be transferred to the Principal Account in the Subordinated Bonds Debt Service Fund to be applied to the payment of principal of the Bonds, and the amount subsequently required to be deposited to the credit of the Principal Account in the Subordinated Bonds Debt Service Fund pursuant to clause (2) of Section 503 shall be reduced to the extent of the moneys so transferred. If such moneys shall be in excess of the amount subsequently required to be so deposited in the Principal Account of the Subordinated Bonds Debt Service Fund, such excess shall be transferred to the Revenue Fund. If on October 1 of any year the moneys in the 1998

Series B Bond Sinking Fund Account shall be sufficient to effect the redemption of all 1998 Series B Subordinated outstanding on the next succeeding December 1, or at such time as there shall not be any 1998 Series B Subordinated Bonds outstanding, any moneys in the 1998 Series B Bond Sinking Fund Account in excess of the amount required for such redemption or all such moneys, as the case may be, shall be transferred to the Revenue Fund, and thereafter no further transfers shall be required to be made from the Revenue Fund to the 1998 Series B Subordinated Sinking Fund Account, and the interest due on the 1998 Series B Subordinated Bonds maturing on the redemption date shall be paid from moneys in the Interest Account in the Subordinated Bonds Debt Service Fund.

The payment of the necessary costs and expenses of such redemptions, including, without limiting the generality of the foregoing, all reasonable legal fees, costs of advertisements, printing costs, brokerage charges and charges of the Trustee, if any, incident to such redemption, shall be payable from moneys in the Oil Franchise Tax General Fund or, if sufficient funds are not available in such fund, by the Commission upon demand.

There shall be no preference, priority or distinction in respect of any sinking fund payment for any particular series of Subordinated Bonds over any sinking fund payment for any other series of Subordinated Bonds, in respect of the moneys at any time available for transfer from the Revenue Fund, and in the event that at any time the moneys so available for transfer are not sufficient to meet the current requirements of Subordinated Bonds Sinking Fund Accounts established for the various series of Subordinated Bonds, the total amount of moneys available for transfer shall be prorated among the various Sinking Fund Accounts in the proportion that the sinking fund payment for each particular Sinking Fund Account bears to the total of all such sinking fund payments required to be made at the time in question.

Subordinated Bonds so redeemed shall be cancelled and destroyed by the Trustee, which shall file a cancellation and destruction certificate with the Commission.

SECTION 507. Subordinated Bonds Debt Service Reserve Fund. There is hereby created a special fund to be known as the " Subordinated Bonds Debt Service Reserve Fund" which shall be held in trust by the Trustee until applied as hereinafter directed. A special account within the Subordinated Bonds Debt Service Reserve Fund may be created with respect to the 1998 Series B Subordinated Bonds and each series of Subordinated Bonds issued under any Supplemental Indenture. In each Fiscal Year, after first having made the deposits provided by Sections 503, 504, 505, and 506 hereof and while any Subordinated Bonds are outstanding, the Trustee shall transfer from the Revenue Fund on or before the Business Day immediately preceding an Interest Payment Date to the credit of the Subordinated Bonds Debt Service Reserve Fund out of the balance, if any, remaining in the Revenue Fund, the amount, if any, required to make the funds deposited in the Subordinated Bonds Debt Service Reserve Fund equal the Subordinated Bonds Debt Service Reserve Requirement. The Trustee shall also transfer the amount set forth in a Supplemental Indenture under which Additional Subordinated Bonds are issued pursuant to the requirements of Section 209(B) hereof. In the event the Trustee shall be required to withdraw funds from the Subordinated Bonds Debt Service Reserve Fund to restore a deficiency in the Subordinated Bonds Debt Service Fund or the Sinking Fund, the

amount of such deficiency shall be allocated pro rata among the accounts and unallocated funds in the Subordinated Bonds Debt Service Reserve Fund that relate to the series of Subordinated Bonds for which payment is coming due on the next succeeding payment date on the basis of the ratio that the Subordinated Bonds Debt Service Reserve Requirement for each particular series of Subordinated Bonds for which payment is coming due bears to the Subordinated Bonds Debt Service Reserve Requirement for all series of Subordinated Bonds for which payment is coming due on the next succeeding payment date.

In lieu of the deposit of money into the Subordinated Bonds Debt Service Reserve Fund, the Commission may cause to be provided a surety bond or surety bonds or an insurance policy or policies payable to the Trustee for the benefit of the holders of the Subordinated Bonds or a letter of credit in an amount equal to the difference between the Subordinated Bonds Debt Service Reserve Requirement and the amounts then on deposit in the Subordinated Bonds Debt Service Reserve Fund. The surety bond, insurance policy or letter of credit shall be payable (upon the giving of one Business Day's notice) on any Interest Payment Date on which moneys will be required to be withdrawn from the Subordinated Bonds Debt Service Reserve Fund and applied to the payment of the principal of or interest on any Subordinated Bonds to the extent that such withdrawals cannot be made by amounts credited to the Subordinated Bonds Debt Service Reserve Fund. The insurer providing such surety bond or insurance policy shall be an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in the highest rating category by the Rating Agency. The letter of credit issuer shall be a bank or trust company which is rated not lower than the second highest rating category by the Rating Agency, and the letter of credit itself shall be rated in the highest category of such Rating Agency. If a disbursement is made pursuant to a surety bond, an insurance policy or a letter of credit provided pursuant to this paragraph, the Commission shall be obligated either (i) to reinstate the maximum limits of such surety bonds, insurance policy or letter of credit, or (ii) to deposit into the Subordinated Bonds Debt Service Reserve Fund, funds pursuant to the operation of the first paragraph of this Section in the amount of the disbursement made under such surety bond, insurance policy or letter of credit, or a combination of such alternatives, as shall provide that the amount credited to the Subordinated Bonds Debt Service Reserve Fund equals the Subordinated Bonds Debt Service Reserve Requirement.

If the issuer of a surety bond, insurance policy or letter of credit on deposit in the Subordinated Bonds Debt Service Reserve Fund shall cease to have a rating described in the immediately preceding paragraph, the issuer of such surety bond, insurance policy or letter of credit shall immediately notify the Commission and the Trustee in writing, and the Commission shall use reasonable efforts to replace such surety bond, insurance policy or letter of credit with one issued by an issuer having a rating so described, but shall not be obligated to pay, or commit to pay, increased fees, expenses or interest in connection with such replacement or to deposit Tax Revenues in the Subordinated Bonds Debt Service Reserve Fund in lieu of replacing such surety bond insurance policy or letter of credit with another.

Except as provided in Section 211 of this Indenture, moneys held for the credit of the Subordinated Bonds Debt Service Reserve Fund shall be used for the purpose of paying interest

on, maturing principal and mandatory sinking fund redemption price of Subordinated Bonds whenever and to the extent that the moneys held for the credit of the Subordinated Bonds Debt Service Fund or any Sinking Fund shall be insufficient for such purpose. If at any time the moneys and principal amount of any surety bond, insurance policy or letter of credit held for the credit of the Subordinated Bonds Debt Service Reserve Fund shall exceed the Subordinated Bonds Debt Service Reserve Requirement, such excess shall be transferred by the Trustee to the credit of the Revenue Fund or used to reduce the principal amount of any surety bond, insurance policy or letter of credit.

SECTION 508. Oil Franchise Tax General Fund. There is hereby created a special fund to be known as the "Oil Franchise Tax General Fund" which shall be held in trust by the Trustee until applied as hereinafter directed. The Commission shall deposit all moneys on deposit in the Oil Franchise Tax General Fund held under the Series 1994 Indenture to the Oil Franchise Tax General Fund. After first having made the deposits provided by Sections 503 through and including 507 hereof and while any Bonds are Outstanding, the Trustee shall transfer from the Revenue Fund on or before the Business Day immediately preceding an Interest Payment Date to the credit of the Oil Franchise Tax General Fund the balance, if any, in excess of \$10,000,000 remaining after making the required deposits under the foregoing sections of this article.

Except as provided in Section 503 of this Indenture, moneys held for the credit of the Oil Franchise Tax General Fund shall be withdrawn by the Trustee, without further authorization from the Commission, to make up deficiencies in any funds or accounts created under this Indenture as required by Section 503, and absent any such deficiency, may be expended by the Commission, upon delivery of a numbered requisition to the Trustee, in the form attached hereto as Exhibit D for any of the following purposes, with no one item having priority over any of the others, as long as such application of Oil Franchise Tax Receipts is permitted by law:

- (a) To purchase or redeem Bonds or any other obligations issued by the Commission;
- (b) To make payments into the Construction Fund;
- (c) To fund improvements, extensions and replacements of the Pennsylvania Turnpike System; or
- (d) To further any lawful corporate purpose.

The requisition specified in this Section shall be signed by a Commission Official stating in respect of each payment to be made:

- (1) The name of the person, firm or corporation, to whom payment is to be made; or, if the payment is to be made to a fund or account created under this Indenture, the name of such fund or account,
- (2) the amount to be paid, and

(3) the purpose for which the payment is to be made.

SECTION 509. Application and Pledge of Moneys in Funds: Senior Bonds. Subject to the terms and conditions set forth in this Indenture, moneys to the credit of the Senior Bonds, the Senior Bonds Debt Service Fund and the Senior Bonds Sinking Fund shall be held in trust and disbursed by the Trustee for (a) the payment of interest upon the Senior Bonds issued hereunder as such interest falls due, or (b) the payment of the principal of such Senior Bonds at maturity, or (c) the payment of the purchase or redemption price of such Senior Bonds before maturity, and such moneys are hereby pledged to and charged with the payments mentioned in this Section.

SECTION 510. Application and Pledge of Moneys in Funds: Subordinated Bonds. Subject to the terms and conditions set forth in this Indenture including but not limited to the subordination provisions of this Indenture, moneys to the credit of the Subordinated Bonds Debt Service Reserve Fund, the Subordinated Bonds Debt Service Fund and the Subordinated Bonds Sinking Fund shall be held in trust and disbursed by the Trustee for (a) the payment of interest upon the Subordinated Bonds issued hereunder as such interest falls due, or (b) the payment of the principal of such Subordinated Bonds at maturity, or (c) the payment of the purchase or redemption price of such Subordinated Bonds before maturity, and such moneys are hereby pledged to and charged with the payments mentioned in this Section.

SECTION 511. Moneys Set Aside for Principal and Interest Held in Trust: Senior Bonds. All moneys which the Trustee shall have withdrawn from the Senior Bonds Debt Service Fund, the 1998 Series A Sinking Fund Account, any other Senior Bonds Sinking Fund Account created under any Senior Bonds Indenture supplemental hereto or shall have received from any other source and set aside, or deposited with the Paying Agents, for the purpose of paying any of the Senior Bonds hereby secured, either at the maturity thereof or upon call for redemption shall be held in trust for the respective holders of such Senior Bonds. But any moneys which shall be so deposited by the Trustee and which shall remain unclaimed by the holders of such Senior Bonds for the period of five years after the date on which such Senior Bonds shall have become payable shall upon request in writing be paid to the Commission, and, thereafter, the holders of such Senior Bonds shall look only to the Commission for payment and then only to the extent of the amounts so received without any interest thereon, and the Trustee shall have no responsibility with respect to such moneys.

SECTION 512. Moneys Set Aside for Principal and Interest Held in Trust: Subordinated Bonds. Subject to the subordination provisions of this Indenture, all moneys which the Trustee shall have withdrawn from the Subordinated Bonds Debt Service Fund, the 1998 Series B Sinking Fund Account, any other Subordinated Bonds Sinking Fund Account created under any Subordinated Bonds Indenture supplemental hereto or shall have received from any other source and set aside, or deposited with the Paying Agents, for the purpose of paying any of the Subordinated Bonds hereby secured, either at the maturity thereof or upon call for redemption shall be held in trust for the respective holders of such Subordinated Bonds. But any moneys which shall be so deposited by the Trustee and which shall remain unclaimed by the holders of such Subordinated Bonds for the period of five years after the date on which such Subordinated Bonds shall have become payable shall upon request in writing be paid to the Commission or to



such officer, board or body as may then be entitled by law to receive the same, and, thereafter, the holders of such Subordinated Bonds shall look only to the Commission or to such officer, board or body, as the case may be, for payment and then only to the extent of the amounts so received without any interest thereon, and the Trustee shall have no responsibility with respect to such moneys.

SECTION 513. Cancellation of Bonds Upon Payment. All Bonds paid, redeemed or purchased, either at or before maturity, shall be delivered to the Trustee when such payment, redemption or purchase is made, and such Bonds shall thereupon be cancelled. All cancelled Bonds shall be held by the Trustee until this Indenture shall be released; provided, however, that Bonds so cancelled may at any time be cremated by the Trustee, who shall execute a certificate of cremation in duplicate describing the Bonds so cremated, and one executed certificate shall be filed with the Secretary and Treasurer of the Commission and the other executed certificate shall be retained by the Trustee.

SECTION 514. Series 1998 Rebate Fund. There is hereby created a special fund to be known as the "Series 1998 Rebate Fund," separate and apart from the pledge of the Indenture. Deposits shall be made to the Series 1998 Rebate Fund in accordance with, and moneys and investments in the Series 1998 Rebate Fund shall be applied as set forth in, the Tax Regulatory Agreement. The Tax Regulatory Agreement may be superseded or amended by new Tax Regulatory Agreement delivered by the Commission and accompanied by an Opinion of Bond Counsel addressed to the Trustee to the effect that the use of such new Tax Regulatory Agreement will not cause the interest on the Series 1998 Bonds to become includable in gross income of the recipient thereof. The Series 1998 Rebate Fund, and the moneys and investments therein, shall not secure the Series 1998 Bonds.

## ARTICLE VI

### SECURITY FOR DEPOSITS AND INVESTMENTS OF MONEYS

SECTION 601. Investment of Moneys. Moneys held in any of the funds or accounts hereunder may be retained uninvested, if deemed necessary by the Commission, as trust funds and may be invested in Permitted Investments. All such investments shall be made by the Trustee only upon the oral request of the Commission confirmed in writing by a Commission Official specifying the account or fund from which moneys are to be invested and designating the specific investments to be acquired. Absent investment directions from the Commission, the Trustee shall invest such balances in investments pursuant to paragraph (j) of the definition of Permitted Investments.

All such investments made pursuant to this Section 601 shall be subject to withdrawal or shall mature or be subject to redemption by the holder at not less than the principal amount thereof or the cost of acquisition, whichever is lower, not later than the earlier of (i) 15 Years from the date of such investment, or (ii) the date on which the moneys may reasonably be expected to be needed for the purpose of this Indenture. The foregoing provisions shall not

prevent the Commission or the Trustee from selling such investments at less than the principal amount thereof or the cost of acquisition.

The investments so acquired with the moneys in any such fund or account shall be a part of such fund or account and, for the purposes of determining the amount in such fund or account, the investments therein shall be valued annually at their then-fair-market-value. The interest or income received shall remain in the fund or account to which the investment is credited, with the exception of investment earnings on funds representing capitalized interest deposited into the interest account of the Debt Service Fund, which shall be transferred to the Construction Fund.

Upon a like request of the Commission to withdraw, redeem or sell, or whenever in the opinion of the Trustee it is necessary because the moneys in any of said funds or accounts are to be applied and paid out by the Trustee pursuant to the provisions of the Indenture, the Trustee shall withdraw, redeem or sell the required or requested part of any such investments, and the proceeds thereof shall be deposited by the Trustee in the appropriate fund or account. If the net proceeds realized upon any withdrawal, redemption or sale shall be less than the amount so invested, the Trustee shall make good the difference from any available moneys in the Revenue Fund. Neither the Trustee nor the Commission shall be liable or responsible for any loss resulting from any such investment.

## ARTICLE VII

### PARTICULAR COVENANTS

SECTION 701. Payment of Principal, Interest and Premiums. The Commission covenants that it will promptly pay the principal of and the interest on every Bond issued under the provisions of this Indenture at the places, on the dates and in the manner provided herein and in said Bonds and any premium required for the retirement of said Bonds by purchase or redemption, according to the true intent and meaning thereof, but only to the extent provided in the succeeding sentence. The principal, interest and premiums are payable solely from Tax Revenues, which Tax Revenues are hereby pledged to the payment thereof in the manner and to the extent hereinabove particularly specified, and from the remainder of the Trust Estate; nothing in the Bonds or in this Indenture shall be construed as pledging the faith and credit of the Commission or of the Commonwealth or as obligating the Commission or the Commonwealth, directly or indirectly or contingently, to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment other than the pledge made by the Commonwealth with respect to the Oil Franchise Tax which is referred to in the recitals hereto.

SECTION 702. Construction of Project. The Commission covenants that, in the event that Bonds shall be issued under the provisions of this Indenture to construct a Project,

- (a) it will proceed in conformity with law and all requirements of all governmental authorities having jurisdiction thereover;

(b) before entering into any construction contract, it will secure the approval of the Pennsylvania Department of Transportation, if required by law, of such contract and of the plans and specifications referred to therein, and that it will obtain the approval of the Department of Transportation of any changes in any such plans and specifications and of any change orders involving such construction contract.

SECTION 703. Subordinated Obligations. The Commission covenants that it will not create or suffer to be created any lien or charge upon the Tax Revenues or any part thereof except the lien and charge of the Bonds, Parity Swap Obligations and Reimbursement Obligations secured hereby except in accordance with this Indenture. The Commission may issue obligations on a subordinated basis provided that any such subordinated obligations issued by the Commission and payable from the Tax Revenues shall contain an express statement that such obligations are junior and subordinate in all respects to the Bonds, the Parity Swap Agreements and the Reimbursement Obligations as to lien on and source and security for payment from the Tax Revenues.

SECTION 704. Rights of Trustee or Bondholders Not to Be Impaired. The Commission covenants and agrees that until the Bonds secured hereby and the interest thereon shall have been paid or provision for such payment shall have been made, none of the Tax Revenues will be used for any purpose other than as provided in this Indenture, and no contract or contracts will be entered into or any action taken by which the rights of the Trustee or of the Bondholders might be impaired or diminished. Notwithstanding the above, the Commission shall be permitted to incur subordinated indebtedness pursuant to the provisions of Section 213 hereof.

SECTION 705. Further Instruments and Action. The Commission covenants that it will, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of this Indenture.

SECTION 706. Accurate Records. The Commission covenants that it will keep accurate records of its receipt of Tax Revenues. Such records shall be open to the inspection of the Bondholders and their agents and representatives.

The Commission further covenants that in each Fiscal Year it will cause an annual audit to be made of its books and accounts by an independent certified public accountant of recognized ability and standing. Not less than 150 days after the end of its Fiscal Year, reports of such audit shall be filed with the Commission and the Trustee, and copies of such reports shall be mailed by the Commission to all Bondholders who shall have filed their names and addresses with the Secretary and Treasurer of the Commission for such purpose. Each annual audit report shall set forth in respect of the preceding twelve-month period the findings of such certified public accountants whether Tax Revenues received by the Commission have been applied in accordance with the provisions of this Indenture. Such audit reports shall be open to the inspection of the Bondholders and their agents and representatives.

The Commission further covenants that it will cause any reports or audits to be made as required by law and that, as often as may be requested, it will furnish to the holder of any Bond

issued hereunder such other information concerning the Tax Revenues as any of them may reasonably request and as may be easily provided by the Commission.

SECTION 707. Arbitrage Bonds. The Commission covenants to the holders of all Bonds outstanding hereunder that:

(a) it will make no investment or other use of the proceeds of Series 1998 Bonds issued hereunder which would cause such Bonds to be "arbitrage bonds" as that term is defined in Section 148 of the Code, and all applicable regulations promulgated with respect thereto, and that it will comply with the requirements of the Code and applicable regulations throughout the term of the Series 1998 Bonds.

(b) it will not take any action, omit to take any action, or permit any other person to take any action or fail to take any action over which the Commission has control, which action or inaction would cause the interest on the Series 1998 Bonds to be subject to federal income tax to a greater extent than on the date of issuance of such Bonds.

SECTION 708. Financing Statements. Upon the effective date of this Indenture, to the extent not already accomplished, the Commission shall cause this Indenture or a financing statement or memorandum relating thereto to be filed, registered and recorded in such manner and at such places as may be required by law fully to protect the security of the holders of all Bonds heretofore or hereafter issued under the Indenture and the right, title and interest of the Trustee in and to the Trust Estate or any part thereof. The Commission shall perform or shall cause to be performed any such acts, and execute and cause to be executed any and all further instruments, as may be required by law or as shall reasonably be requested by the Trustee for such protection of the interests of the Trustee and all Bondholders, and shall furnish satisfactory evidence to the Trustee of recording, registering, filing and refiling of such instrument and of every additional instrument as shall be necessary to preserve the lien of this Indenture upon the Trust Estate or any part thereof and for the benefit of all Bonds heretofore or hereafter issued under this Indenture until the principal of and interest on said Bonds shall have been paid. The Trustee shall execute or join in the execution of such instrument or any such further or additional instrument and file or join in the filing thereof at such time or times and in such place or places as it may be advised by an Opinion of Counsel, furnished by the Commission, will preserve the lien of this Indenture upon the Trust Estate or any part thereof until the aforesaid principal shall have been paid.

SECTION 709. Bonds Not Deemed Outstanding. As of the time in question, Bonds authenticated and delivered under this Indenture shall not be deemed to be outstanding under the provisions of this Indenture if:

(a) such Bonds have been paid, redeemed or purchased and cancelled (other than Bonds purchased but not cancelled pursuant to optional or mandatory purchase provisions applicable to any series of Bonds), pursuant to the provisions of Section 509 of this Indenture, or

(b) such Bonds have been refunded under the provisions of Section 211 of this Indenture, or

(c) such Bonds shall not be deemed outstanding under the provisions of Section 306 of this Indenture, or

(d) such Bonds for the payment or redemption of which, moneys, Government obligations and Defeased Tax-Exempt Securities, the principal of and interest on which, when due, will provide sufficient moneys to fully pay such Bonds in accordance with Article XII hereof, shall have been or shall concurrently be deposited with the Trustee or the Paying Agents, or

(e) such Bonds in substitution for which other Bonds have been authenticated and delivered pursuant to Section 215 of this Indenture.

## ARTICLE VIII

### DEFAULTS AND REMEDIES

SECTION 801. Events of Default. Each of the following events is hereby declared an "event of default," that is to say, if:

(a) payment of the interest on, or principal and premium, if any, of any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise, provided that the failure to make a payment with respect to a Subordinated Bond shall not constitute an event of default with respect to the Senior Bonds; or

(b) the Commission shall for any reason be rendered incapable of fulfilling its obligations hereunder, including, without limitation, as a result of its existence being terminated or expiring; or

(c) The Commission shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like for it or for all or a substantial part of its property, or (ii) admit in writing the inability to pay its debts generally as they become due, or (iii) make a general assignment for the benefit of creditors, or (iv) be adjudicated a bankrupt or insolvent, or (v) commence a voluntary case under the United States Bankruptcy Code or file a voluntary petition or answer seeking reorganization, an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy, reorganization or insolvency proceeding, or action of the Commission shall be taken for the purpose of effecting any of the foregoing, or (vi) take any corporate action or other action to authorize any of the foregoing, or (vii) if without the application, approval or consent of the Commission, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, insolvency,

reorganization or relief of debtors, seeking in respect of the Commission an order for relief or an adjudication in bankruptcy, reorganization, dissolution, winding up or liquidation, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of the Commission or of all or any substantial part of its assets or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by the Commission in good faith, the same shall (A) result in the entry of an order for relief or any such adjudication or appointment, or (B) remain undismitted and undischarged for a period of 60 days;

(d) any proceeding shall be instituted, with the consent or acquiescence of the Commission, for the purpose of effecting a compromise between the Commission and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the Tax Revenues; or

(e) the Commission shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Indenture and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Commission by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the holders of not less than ten percent (10%) in principal amount of the Bonds then outstanding, provided, however, that if the default cannot be remedied within 30 days and the Commission begins to diligently proceed in good faith to remedy said default, then said default shall not be deemed to be a continuing one if and so long as the Commission shall diligently and continuously attempt to prosecute the same to completion.

SECTION 802. Acceleration of Maturities. Upon the happening and continuance of any event of default specified in Section 801(a) of this Article with respect to the Senior Bonds, then and in every such case the Trustee may, and upon the written request of the holders of not less than twenty-five percent (25%) in principal amount of the Senior Bonds then Outstanding shall, by a notice in writing to the Commission, declare the principal of all of the Bonds then outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Bonds or in this Indenture to the contrary notwithstanding; provided, however, that if at any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Indenture, moneys shall have accumulated in the Senior Bonds Sinking Fund sufficient to pay the principal of all matured Senior Bonds and all arrears of interest, if any, upon all the Senior Bonds then outstanding (except the principal of any Senior Bonds not then due by their terms and the interest accrued on such Senior Bonds since the last interest payment date), and the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee, and all other amounts then payable by the Commission hereunder shall have been paid or a sum

sufficient to pay the same shall have been deposited with the appropriate trustee, and every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Senior Bonds or in this Indenture (other than a default in the payment of the principal of such Senior Bonds then due only because of a declaration under this Section) shall have been remedied to the satisfaction of the Trustee, then and in every such case the Trustee may, and upon the written request of the holders of not less than twenty-five percent (25%) in principal amount of the Senior Bonds not then due by their terms and then outstanding shall, by written notice to the Commission, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend or affect any subsequent default or impair any right consequent thereon.

SECTION 803. Enforcement of Remedies. Upon the happening and continuance of any other event of default specified in Section 801 of this Article, then and in every such case the Trustee may proceed, and upon the written request of the holders of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding hereunder (provided that if said event of default pertains only to one series of Bonds, then the written request of the holders of 25% or more of the principal amount of such series of Bonds) shall proceed, subject to the provisions of Section 902 of this Indenture, to protect and enforce its rights and the rights of the Bondholders under the laws of Pennsylvania or under this Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid of execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem reasonable or necessary to protect and enforce such rights.

In the enforcement of any remedy under this Indenture, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Commission for principal, interest or otherwise under any of the provisions of this Indenture or of the Bonds and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds (to the extent that payment of such interest is enforceable under applicable law), together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders and to recover and enforce judgment or decree against the Commission, but solely as provided herein and in such Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (but solely from any moneys available for such purpose) in any manner provided by law, the moneys adjudged or decreed to be payable.

SECTION 804. Application of Funds; Senior Bonds. If at any time the moneys in the Senior Bonds Debt Service Fund or the Senior Bonds Sinking Fund shall not be sufficient to pay the principal of or the interest on the Senior Bonds as the same become due and payable (either by their terms or by acceleration of maturities under the provision of Section 802 of this Article), such moneys, together with any moneys then in the Subordinated Bonds Debt Service Fund and the Subordinated Bonds Sinking Fund and any other moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for

in this Article or otherwise, shall be applied as follows, subject to the payment of amounts owing to the Trustee pursuant to Section 905:

(a) Unless the principal of all the Senior Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied

first: to the payment to the persons entitled thereto of all installments of interest then due, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Senior Bonds;

second: to the payment to the persons entitled thereto of the unpaid principal of any of the Senior Bonds which shall have become due (other than Senior Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest upon such Senior Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full the principal of Senior Bonds due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference.

(b) If the principal of all the Senior Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Senior Bonds, with interest thereon as aforesaid, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Senior Bond over any other Senior Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Senior Bonds.

(c) If the principal of all the Senior Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of Section 802 of this Article, then, subject to the provisions of paragraph (b) of this Section, in the event that the principal of all the Senior Bonds shall later become due or be declared due and payable, the moneys then remaining in and thereafter accruing to the Senior Bonds Sinking Fund shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the



Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future; the deposit of such moneys with the Paying Agents, or otherwise setting aside such moneys, in trust for the proper purpose shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the Commission, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date, and shall not be required to make payment to the holder of any Bond until such Bond shall be surrendered to the Trustee for appropriate endorsement, or for cancellation if fully paid.

SECTION 805. Application of Funds; Subordinated Bonds. If at any time the moneys in the Subordinated Bonds Debt Service Fund or the Subordinated Bonds Sinking Fund shall not be sufficient to pay the principal of or the interest on the Subordinated Bonds as the same become due and payable (either by their terms or by acceleration of maturities under the provision of Section 802 of this Article), such moneys, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied as follows, subject to the provisions of Section 804 hereof and to the payment of amounts owing to the Trustee pursuant to Section 905:

(a) Unless the principal of all the Subordinated Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied

first: to the payment to the persons entitled thereto of all installments of interest then due, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Subordinated Bonds; and

second: to the payment to the persons entitled thereto of the unpaid principal of any of the Subordinated Bonds which shall have become due (other than Subordinated Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates, with interest upon such Subordinated Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full the principal of Subordinated Bonds due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such

principal, ratably according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference.

(b) If the principal of all the Subordinated Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Subordinated Bonds, with interest thereon as aforesaid, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Subordinated Bond over any other Subordinated Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Subordinated Bonds.

(c) If the principal of all the Subordinated Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of Section 802 of this Article, then, subject to the provisions of paragraph (b) of this Section, in the event that the principal of all the Subordinated Bonds shall later become due or be declared due and payable, the moneys then remaining in and thereafter accruing to the Subordinated Bonds Debt Service Reserve Fund and the Subordinated Bonds Sinking Fund shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future; the deposit of such moneys with the Paying Agents, or otherwise setting aside such moneys, in trust for the proper purpose shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the Commission, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date, and shall not be required to make payment to the holder of any Bond until such Bond shall be surrendered to the Trustee for appropriate endorsement, or for cancellation if fully paid.

SECTION 806. Effect of Discontinuance of Proceedings. In case any proceeding taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason, then and in every such case the Commission, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

SECTION 807. Majority of Bondholders May Control Proceedings. Anything in this Indenture to the contrary notwithstanding, the holders of a majority in principal amount the Bonds then outstanding with respect to which the event of default has occurred hereunder shall have the right, subject to the provision of Section 902 of this Indenture, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with or the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction. The Trustee may exercise any right or take any other action deemed proper by the Trustee which is not inconsistent with such direction.

SECTION 808. Restrictions Upon Action by Individual Bondholders. No holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder or for any other remedy hereunder unless such holder previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless also the holders of not less than twenty-five percent (25%) in principal amount of the Bonds then outstanding with respect to which the event of default has occurred shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Indenture or for any other remedy hereunder. It is understood and intended that no one or more holders of the Bonds hereby secured shall have any right in any manner whatever by this or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all holders of such outstanding Bonds.

SECTION 809. Actions by Trustee. All rights of action under this Indenture or under any of the Bonds secured hereby, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds appertaining thereto or the production thereof at the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the holders of such Bonds subject to the provisions of this Indenture.

SECTION 810. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

SECTION 811. No Delay or Omission Construed to Be a Waiver. No delay or Omission of the Trustee or of any holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Article to the Trustee and the holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

The Trustee may, and upon written request of the holders of not less than a majority in principal amount of the Bonds then outstanding with respect to which the event of default has occurred shall, waive any default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Indenture or before the completion of the enforcement of any other remedy under this Indenture, but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

SECTION 812. Notice of Default. The Trustee shall mail to the registered owners of the Bonds then outstanding at their addresses as they appear on the registration books, written notice of the occurrence of any event of default set forth in clause (a) of Section 801 of this Article within thirty (30) days after any such event of default shall have occurred. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail any notice required by this Section.

## ARTICLE IX

### CONCERNING THE TRUSTEE

SECTION 901. Acceptance of Trusts. The Trustee accepts and agrees to execute the trusts imposed upon it by this Indenture, but only upon the terms and conditions set forth in this Article and subject to the provision of this Indenture, to all of which the parties hereto and the respective holders of the Bonds agree.

SECTION 902. Trustee Entitled to Indemnity. The Trustee shall be under no obligation to institute any suit, or to take any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made a defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction, in its sole judgment, against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability; the Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Trustee, without indemnity, and in such case the Commission shall reimburse the Trustee for all costs and expenses, outlays and counsel fees and other reasonable disbursements properly incurred and against all liabilities in connection therewith. If the Commission shall fail to make such reimbursement, the Trustee may reimburse itself from any moneys in its possession under the provisions of this Indenture and shall be entitled to a preference therefor over any of the Bonds outstanding hereunder.

SECTION 903. Limitation on Obligations and Responsibilities of Trustee. The Trustee shall be under no obligation to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made. The Trustee shall have no responsibility in respect of the validity or sufficiency of this Indenture or the due execution or acknowledgment thereof, or in respect of the validity of the Bonds or the due execution thereof.

Upon the occurrence and continuance of an event of default described in Section 801(a), the Trustee shall, and upon the occurrence of a continuance of any other event of default, the Trustee may (and upon the written direction of the Commission or the holders of not less than 25% of the outstanding principal amount of either the Senior Bonds or the Subordinated Bonds, shall) appoint a co-trustee to represent the holders of the Subordinated Bonds.

SECTION 904. Trustee Not Liable for Failure of Commission to Act or for Deposits in Other Banks. The Trustee shall not be liable or responsible because of the failure of the Commission or of any of its employees or agents to make any collections or deposits or to perform any act herein required of them or because of the loss of any moneys arising through the insolvency or the act of default or omission of any other bank or trust company in which such moneys shall have been deposited under the provisions of this Indenture. The Trustee shall not be responsible for the application of any of the proceeds of the Bonds or any other moneys deposited with it and paid out, withdrawn or transferred hereunder, if such application, payment, withdrawal or transfer shall be made in accordance with the provisions of this Indenture. The immunities and exemptions from liability of the Trustee hereunder shall extend to its directors, officers, employees and agents.

SECTION 905. Compensation and Indemnification of Trustee. Subject to the provisions of any contract between the Commission and the Trustee, the Commission shall pay to the Trustee, from time to time within 30 days after receipt of an invoice therefor, reasonable compensation for all services performed by it hereunder and pay or reimburse the Trustee (within 30 days after notice) for all its reasonable expenses, charges and other disbursements, including the costs of the purchase of Bonds and administration fees and the fees and costs of its attorneys, agents and employees incurred in and about the administration and execution of the trusts hereby created and the performance of its powers and duties hereunder, and shall indemnify and save the Trustee and its officers and employees harmless against any liabilities, including all costs, expenses, outlays, counsel fees and other disbursements, which any of them may incur in the exercise and performance of its powers and duties hereunder. If the Commission shall fail to make any payment required by this Section, the Trustee may make such payment from any moneys in its possession under the provisions of this Indenture and shall be entitled to a preference therefor over any of the Bonds outstanding hereunder. Notwithstanding any contrary provision of this Indenture, this Section 905 shall survive the termination of this Indenture.

SECTION 906. Annual Computation by Trustee. On the first day of each fiscal year, the Trustee shall compute the annual Principal and Interest Requirements for the Bonds of each series then outstanding and mail copies of such computation to the Secretary and Treasurer of the Commission, and upon request of the Commission, it shall from time to time compute all such requirements for Bonds to be delivered.

SECTION 907. Trustee May Rely on Certificates. In case at any time it shall be necessary or desirable for the Trustee to make any investigation respecting any fact preparatory to taking or not taking any action or doing or not doing anything as such Trustee, and in any case in which this Indenture provides for permitting or taking any action, the Trustee may rely upon any certificate required or permitted to be filed with it under the provisions of this Indenture, and any such certificate shall be evidence of such fact to protect the Trustee in any action that it may or may not do, in good faith, by reason of the supposed existence of such fact. Except as otherwise provided in this Indenture, any request, notice or other instrument from the Commission to the Trustee shall be deemed to have been signed by the proper party or parties if signed by the Commission Official, and the Trustee may accept a certificate signed by the Secretary, Assistant Secretary, Treasurer or Assistant Treasurer of the Commission as to any action taken by the Commission.

SECTION 908. Notice of Default. Except as otherwise provided in this Indenture, the Trustee shall not be obliged to take notice or be deemed to have notice of any event of default hereunder, unless specifically notified in writing of such event of default by the holders of not less than ten percent (10%) in principal amount of the Bonds hereby secured and then outstanding with respect to which the event of default has occurred.

SECTION 909. Trustee May Deal in Bonds and Take Action as Bondholder. The bank or trust company acting as Trustee under this Indenture, and its directors, officers, employees or agents, may in good faith buy, sell, own, hold and otherwise deal in any of the Bonds issued under and secured by this Indenture, and may join in any action which any Bondholder may be entitled to take with like effect as if such bank or trust company were not the Trustee under this Indenture.

SECTION 910. Trustee Not Responsible for Recitals. The recitals, statements and representations contained herein and in the Bonds (excluding the Trustee's certificate on the Bonds) shall be taken and construed as made by and on the part of the Commission and not by the Trustee, and the Trustee does not assume and shall not be under any responsibility for the correctness of the same.

SECTION 911. Trustee Protected in Relying on Certain Documents. The Trustee shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably believed by it to be in accordance with the terms of this Indenture, or upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, Bond or other paper or document which it shall in good faith believe to be genuine and to have been adopted or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, or upon the written opinion of any attorney, engineer or accountant, and the Trustee shall be under no duty to make any investigation or inquiry as to statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, receivers or employees, and shall be entitled to advice of counsel concerning all matters of law and its duty

hereunder, and the Trustee shall not be answerable for any act or omission of any such attorney, agent or employee selected by it with reasonable care. The Trustee shall not be answerable for the exercise of any discretion or power under this Indenture or for anything whatever in connection with the trust, except only for its own willful misconduct or gross negligence. For purposes of this Indenture, matters shall not be deemed to be known to the Trustee unless they are known to an officer in the Trustee's corporate trust department.

SECTION 912. Resignation of Trustee. The Trustee may resign and thereby become discharged from the trusts hereby created by notice in writing mailed postage prepaid to the Commission, to all registered owners of the Bonds and to the Rating Agency at least thirty (30) days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a new Trustee hereunder, if such new Trustee shall be appointed before the time limited by such notice and shall then accept the trusts hereof.

SECTION 913. Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments writing, signed by the holders of not less than a majority in principal amount of the Bonds hereby secured and then outstanding and filed with the Commission. A photostatic copy of each such instrument shall be delivered promptly by the Commission to the Trustee. The Trustee may also be removed at any time for cause by a resolution of the Commission so long as the Commission is not in default under any provision of this Indenture.

SECTION 914. Appointment of Successor Trustee. If at any time hereafter the Trustee shall resign, be removed, be dissolved or otherwise become incapable of acting, or the bank or trust company acting as Trustee shall be taken over by any governmental official, agency, department or board, the position of Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, the Commission shall appoint a Trustee to fill such vacancy. The Commission shall mail postage-prepaid notice of any such appointment by it to all registered owners of the Bonds and to the Rating Agency.

At any time after any such vacancy shall have occurred, the holders of a majority in principal amount of the Bonds hereby secured and then outstanding, by an instrument or concurrent instruments in writing, signed by such Bondholders or their attorneys in fact thereunto duly authorized and filed with the Commission, may appoint a successor Trustee, which shall supersede any Trustee theretofore appointed by the Commission. Photostatic copies of each such instrument shall be delivered promptly by the Commission to the predecessor Trustee and to the Trustee so appointed by the Bondholders.

If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section, the holder of any Bond outstanding hereunder or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any Trustee hereafter appointed shall be a bank or trust company duly organized and doing business under the laws of the United States of America or the Commonwealth of Pennsylvania and having an office in the Commonwealth of Pennsylvania, authorized under such laws to exercise corporate trust powers and subject to examination by federal or state authority, of good standing, and having a combined capital and surplus aggregating not less than Two Hundred Million Dollars (\$200,000,000).

SECTION 915. Vesting of Trusts in Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, and also to the Commission, an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, shall become fully vested with all the rights, immunities, power and trusts, and subject to all the duties and obligations, of its predecessor; but such predecessor shall, nevertheless, on the written request of its successor or of the Commission, and upon payment of the expenses, charges and other disbursements of such predecessor which are payable pursuant to the provisions of Section 905 of this Article, execute and deliver an instrument transferring to such successor Trustee all the rights, immunities, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all property and moneys held by it hereunder to its successor. Should any instrument in writing from the Commission be required by any successor Trustee for more fully and certainly vesting in such Trustee the rights, immunities, powers and trusts hereby vested or intended to be vested in the predecessor Trustee, any such instrument in writing shall and will, on request, be executed, acknowledged and delivered by the Commission.

Notwithstanding any of the foregoing provisions of this Article, any bank or trust company having power to perform the duties and execute the trusts of this Indenture and otherwise qualified to act as Trustee hereunder with or into which the bank or trust company acting as Trustee may be merged or consolidated; or to which the assets and business of such bank or trust company may be sold, shall be deemed the successor of the Trustee.

SECTION 916. Paying Agents and Authenticating Agents. The Commission may appoint one or more Paying Agents and Authenticating Agents to act as agent of the Trustee in performing any of the duties and obligations imposed under this Indenture or any Supplemental Indenture, and separate appointments may be made for the Bonds of each series. The Trustee may be appointed to serve in any such capacity.

Each Paying Agent and Authenticating Agent shall signify its acceptance of the duties and obligations imposed upon it by this Indenture or any Supplemental Indenture by executing and delivering to the Commission and to the Trustee a written acceptance thereof.



## ARTICLE X

### EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOF OF OWNERSHIP OF BONDS

SECTION 1001. Execution of Instruments by Bondholders. Any request, direction, consent or other instrument in writing required by this Indenture to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the verification of any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him, or by an affidavit of a witness to such execution.

(b) The ownership of registered Bonds shall be proved by the registration books kept under the provisions of Section 205 of this Indenture.

But nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which to it may seem sufficient. Any request or consent of the holder of any Bond shall bind every future holder of the same Bond in respect of anything done by the Trustee in pursuance of such request or consent.

## ARTICLE XI

### SUPPLEMENTAL INDENTURES

SECTION 1101. Supplemental Indentures by Commission and Trustee. The Commission and the Trustee may, from time to time and at any time, enter into such indentures or agreements supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental indentures or agreements shall thereafter form a part hereof),

(a) to cure any ambiguity or formal defect or omission in this Indenture or in any Supplemental Indenture, including without limitation defects which would, if not cured, cause the interest on any series of Bonds to be included in gross income for federal income tax purposes when such interest is not to be so includable,

(b) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders or the Trustee,

- (c) to issue Additional Bonds pursuant to Article II hereof,
- (d) to obtain, maintain or upgrade the then-current rating of the Bonds or to obtain a Credit Facility; provided, however, no amendment with respect to obtaining a Credit Facility shall grant to the provider of the Credit Facility a lien with respect to the Trust Estate superior to that of any Bondholder,
- (e) to create a common Subordinated Bonds Debt Service Reserve Fund for all Subordinated Bonds; provided, however, that any provider of a surety bond, insurance policy or letter of credit for all or a portion of the Subordinated Bonds Debt Service Reserve Fund shall have consented to such amendments, or
- (f) to make any other amendment which does not materially adversely affect the rights of the Trustee or of the Bondholders.

SECTION 1102. Modification of Indenture With Consent of Holders of a Majority of Bonds. Subject to the terms and provisions contained in this Section, and not otherwise, the holders of not less than a majority (more than fifty percent (50%)) in aggregate principal amount of the Senior Bonds then outstanding and the holders of not less than a majority in aggregate amount of the Subordinated Bonds then outstanding shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the Commission and the Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary or desirable by the Commission for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any Supplemental Indenture; provided, however, that nothing herein contained shall permit, or be construed as permitting, (a) an extension of the maturity of the principal of or the interest on any Bond issued hereunder, or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of revenues ranking prior to or (except as to Additional Bonds to the extent otherwise provided in this Indenture) on a parity with the lien or pledge created by this Indenture, or (d) a preference or priority of any Senior Bond or Senior Bonds over any other Senior Bond or Bonds, or any Subordinated Bond or Bonds over any other Subordinated Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture. Nothing contained in this Section 1102, however, shall be construed as making necessary the approval by Bondholders of the execution of any Supplemental Indenture or agreement as authorized in Section 1101 of this Article.

If at any time the Commission shall request the Trustee to enter into any Supplemental Indenture for any of the purposes of this Section, the Trustee shall, at the expense of the Commission, cause notice of the proposed execution of such supplemental indenture to be mailed, postage prepaid, to all registered owners of Bonds then outstanding at their addresses as they appear on the registration books and to all other Bondholders who shall have filed their names and addresses with the Trustee for such purpose. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the principal corporate trust office of the Trustee for inspection by all Bondholders. The Trustee

shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail the notice required by this Section, and any such failure shall not affect the validity of such Supplemental Indenture when consented to and approved as provided in this Section.

Whenever, at any time within one year after the date of the first publication of such notice, the Commission shall deliver to the Trustee an instrument or instruments purporting to be executed by the holders of not less than a majority in aggregate principal amount of the Senior Bonds and Subordinated Bonds then Outstanding, which instrument or instruments shall refer to the proposed supplemental indenture described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice as on file with the Trustee, thereupon, but not otherwise, the Trustee may execute such Supplemental Indenture in substantially such form, without liability or responsibility to any holder of any Bond, whether or not such holder shall have consented thereto.

If the holders of not less than a majority in aggregate principal amount of the Senior Bonds outstanding and the holders of not less than a majority in aggregate principal amount of the Subordinated Bonds then outstanding at the time of the execution of such Supplemental Indenture shall have consented to and approved the execution thereof as herein provided, no holder of any Bond shall have any right to object to the execution of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Commission from executing the same or from taking any action pursuant to the provisions thereof.

Upon the execution of any Supplemental Indenture pursuant to the provisions of this Section, this Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Commission, the Trustee and all holders of Bonds then outstanding shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

SECTION 1103. Trustee Joining in Supplemental Indenture. The Trustee is authorized to join with the Commission in the execution of any such Supplemental Indenture and to make the further agreements and stipulations which may be contained therein. Any Supplemental Indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Indenture, and all of the terms and conditions contained in such Supplemental Indenture as to any provision authorized be contained therein shall be and shall be deemed to be part or the terms and conditions of this Indenture for any and all purposes. In case of the execution and delivery of any Supplemental Indenture, express reference may be made thereto in the text of any Bonds issued thereafter, if deemed necessary or desirable by the Trustee.

SECTION 1104. Responsibilities of Trustee Under this Article. In each and every case provided for in this Article, the Trustee shall be entitled to exercise its discretion in determining whether or not any proposed Supplemental Indenture, or any term or provision therein contained, is proper or desirable, having in view the purposes of such instrument, the needs of the

Commission, and the rights and interests of the Bondholder, and the Trustee shall not be under any responsibility or liability to the Commission or to any Bondholder or to anyone whomsoever for its refusal in good faith to enter into any such Supplemental Indenture if such indenture is deemed by the Trustee to be contrary to the provisions of this Article. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it, who may be counsel for the Commission, as conclusive evidence that any such proposed supplemental indenture does or does not comply with the provisions of this Indenture, and that it is or is not proper for the Trustee, under the provisions of this Article, to join in the execution of such Supplemental Indenture.

## ARTICLE XII

### DEFEASANCE

SECTION 1201. Release of Indenture. If, when the Bonds secured hereby shall have become due and payable in accordance with their terms or otherwise as provided in this Indenture or shall have been duly called for redemption or irrevocable instructions to call the Bonds for redemption shall have been given by the Commission to the Trustee, the whole amount of the principal and interest and the premium, if any, so due and payable upon all of the Bonds then outstanding shall be paid or there shall have been deposited with the Trustee or the Paying Agents an amount, evidenced by moneys, Government Obligations, Certificates of Deposit (such Certificates to be fully secured as to both principal and interest by Government Obligations) or Defeased Tax-Exempt Securities (that are either noncallable prior to the date needed to satisfy the requirements hereof or with respect to which the holder has the rights to demand the purchase of such obligations on the date needed to satisfy the requirements hereof), certified by an independent public accounting firm of national reputation to be of such maturities and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (likewise to be held in trust and committed, except as hereinafter provided), to be sufficient for the payment, at their maturities or redemption dates, of all principal, premium, if any, and interest on the Bonds to the date of maturity or redemption, as the case may be, and provision shall also be made for paying all other sums payable hereunder by the Commission, then and in that case the right, title and interest of the Trustee shall thereupon cease, determine and become void, and the Trustee in such case, on demand of the Commission, and upon receipt of an Opinion of Counsel stating in substance that all conditions precedent provided for in the Indenture relating to defeasance have been satisfied, shall release this Indenture and shall execute such documents to evidence such release as may be reasonably required by the Commission, and shall turn over to the Commission or to such officer, board or body as may then be entitled by law to receive the same any surplus in any account in the Senior Bonds Sinking Fund and the Subordinated Bonds Sinking Fund and all balances remaining in any other funds or accounts other than moneys, held in the Series 1998 Rebate Fund or any other Rebate Fund created under this Indenture or any supplemental indenture and other moneys held for redemption or payment of Bonds; otherwise this Indenture shall be, continue and remain in full force and effect.

SECTION 1202. Provision for Payment of Bonds. If the Commission deposits with the Trustee moneys, Government Obligations, Certificates of Deposit (if fully secured as to both principal and interest by Government Obligations) or Defeased Tax-Exempt Securities sufficient to pay the principal or redemption price of any particular Bond or Bonds becoming due, either at maturity or by call for redemption or otherwise, together with all interest accruing thereon to the date of maturity or redemption, interest on such Bond or Bonds shall cease to accrue on the date of maturity or redemption and all liability of the Commission with respect to such Bond or Bonds shall cease. Thereafter, such Bond or Bonds shall be deemed not to be outstanding hereunder and the holder or holders of such Bond or Bonds shall be restricted exclusively to the funds so deposited for any claim of whatever nature with respect to such Bond or Bonds, and the Trustee shall hold such funds in trust for such holder or holders.

### ARTICLE XIII

#### PROVISIONS RELATING TO THE SERIES 1998 BOND INSURER

SECTION 1301. Consent of Series 1998 Bond Insurer. So long as any of the Series 1998 Bonds insured by the Series 1998 Bond Insurer remain outstanding and the Series 1998 Bond Insurer is not in default of any payment required to be made under the Series 1998 Bond Insurance Policy issued with respect thereto, the Series 1998 Bond Insurer shall have the right to consent to the following events and actions and such events and actions shall not be effective without such consent. Any consent required must be in writing and delivered to the Trustee to be effective.

The consent of the Series 1998 Bond Insurer shall be required (as described in the preceding paragraph) for any and all of the following:

(a) (i) execution and delivery of any supplemental Indenture or any amendment, supplement or change to or modification of the Indenture, (ii) removal of the Trustee or Paying Agent and selection and appointment of any successor trustee or paying agent, and (iii) initiation or approval of any action not described in (i) or (ii) above which requires Bondholder consent.

(b) Any reorganization or liquidation plan with respect to the Commission. In the event of any reorganization or liquidation, the Series 1998 Bond Insurer shall have the right to vote on behalf of all registered owners of Series 1998 Bonds.

(c) Anything in this Indenture to the contrary notwithstanding, upon the occurrence and continuance of an event of default as defined herein, Series 1998 Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Bondholders or the Trustee for the benefit of the Bondholders under this Indenture, including, without limitation: (i) the right to accelerate the principal of the Bonds as described in this Indenture, and (ii) the right to annul any declaration of acceleration, and the Series 1998 Bond Insurer shall also be entitled to approve all waivers of events of default.

SECTION 1302. Right to Direct Proceedings. Anything in this Indenture to the contrary notwithstanding, upon the occurrence and continuance of an event of default as defined herein, the Series 1998 Bond Insurer shall be entitled, subject to provisions of Section 902 of this Indenture, by an instrument in writing to control and direct the enforcement of all rights and remedies granted to the holders of the Series 1998 Bonds or the Trustee for the benefit of the holders of the Series 1998 Bonds under this Indenture, including without limitation (i) the right to accelerate the principal of the Series 1998 Bonds as described in this Indenture, and (ii) the right to annul any declaration of acceleration with respect to the Series 1998 Bonds, and the Series 1998 Bond Insurer shall also be entitled to approve all waivers of any events of default with respect to the Series 1998 Bonds.

In addition, upon the occurrence of an event of default hereunder, the Trustee may with the consent of the Series 1998 Bond Insurer, and shall at the written direction of Series 1998 Bond Insurer (or the percentage of the holders of the Series 1998 Bonds specified in Section 802 with the written consent of the Series 1998 Bond Insurer), by written notice to the Commission and the Series 1998 Bond Insurer, declare the principal of the Series 1998 Bonds to be immediately due and payable, whereupon that portion of the principal of the Series 1998 Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in this Indenture or in the Series 1998 Bonds to the contrary notwithstanding.

The foregoing provisions shall apply only if the Series 1998 Bond Insurer is not in default under the Series 1998 Bond Insurance Policy.

SECTION 1303. Notices to Series 1998 Bond Insurer.

(a) For so long as the Series 1998 Bond Insurance Policy is in effect, the Commission shall furnish to the Series 1998 Bond Insurer (i) as soon as practicable after the filing thereof, a copy of any financial statements of the Commission and a copy of any audit and annual report of the Commission; (ii) a copy of any notice to be given to the registered owners of the Series 1998 Bonds, including without limitation notice of any redemption or of defeasance of Series 1998 Bonds and any certificate rendered pursuant to this Indenture relating to the security for the Series 1998 Bonds; and (iii) such additional information as the Series 1998 Bond Insurer may reasonably request.

(b) The Trustee shall notify the Series 1998 Bond Insurer of any failure of the Commission known to the Trustee to provide relevant notices, certificates or other documents.

(c) The Commission shall permit the Series 1998 Bond Insurer to discuss the affairs, finances and accounts of the Commission or any information the Series 1998 Bond Insurer may reasonably request regarding the security for the Series 1998 Bonds with appropriate officers of the Commission. The Trustee or the Commission will permit the Series 1998 Bond Insurer to make copies of all books and records relating to the Series 1998 Bonds at any reasonable time.

(d) Upon an event of default under this Indenture, the Series 1998 Bond Insurer shall have the right to direct an accounting at the Commission's expense, and the Commission's failure to comply with such direction within 30 days after receipt of written notice of the direction from the Series 1998 Bond Insurer shall be deemed a default hereunder; provided, however, that if compliance with such direction cannot occur within such period, then such period shall be extended so long as compliance has begun within such period and is being diligently pursued by the Commission, but only if such extension would not materially adversely affect the interests of any registered owner of the Series 1998 Bonds.

(e) Notwithstanding any other provision of the Indenture, the Trustee or the Commission shall, at such time as it has knowledge of same, notify the Series 1998 Bond Insurer if at any time there are insufficient moneys to make any principal and/or interest payments on the Bonds when required and upon the occurrence of any event of default hereunder.

All notices required to be given to the Series 1998 Bond Insurer under this Indenture shall be addressed to AMBAC Assurance Corporation, Attention: Surveillance Department, One State Street Plaza, New York, New York 10004, or such other address as shall be given in writing by the Series 1998 Bond Insurer to the Trustee and the Commission.

SECTION 1304. Payment Procedure Pursuant to the Series 1998 Bond Insurance Policy. So long as the Series 1998 Bond Insurance Policy shall be in full force and effect with respect to the Series 1998 Bonds, and so long as the 1994 Series Bond Insurer has not failed to make a required payment under the Series 1998 Bond Insurance Policy, the Commission, the Trustee and the Paying Agent agree to comply with the following provisions:

(a) At least one (1) day prior to all Interest Payment Dates, the Trustee or Paying Agent, as appropriate, will determine whether there will be sufficient funds in the funds and accounts to pay the principal of or interest on the Series 1998 Bonds on such Interest Payment Date. If the Trustee or Paying Agent, as appropriate, determines that there will be insufficient funds in such funds or accounts, the Trustee or Paying Agent, as appropriate, shall so notify the Series 1998 Bond Insurer. Such notice shall specify the amount of the anticipated deficiency, the Series 1998 Bonds to which such deficiency is applicable and whether such Series 1998 Bonds will be deficient as to principal or interest or as to both. If the Trustee or Paying Agent, as appropriate, has notified the Series 1998 Bond Insurer at least one (1) day prior to an Interest Payment Date, the Series 1998 Bond Insurer will make payments of principal and interest due on the Series 1998 Bonds on or before the first day next following the date on which the 1994 Series Bond Insurer shall have received notice of nonpayment from the Trustee or Paying Agent, as appropriate.

(b) After notice has been given to the Series 1998 Bond Insurer as provided in (a) above, the Trustee shall or shall cause the Paying Agent to make available to the Series 1998 Bond Insurer and, at the Series 1998 Bond Insurer's direction, to the United States Trust Company of New York, as insurance trustee for the Series 1998 Bond Insurer or

any successor insurance trustee (the "Insurance Trustee"), the registration books of the Commission maintained by the Paying Agent, and all records relating to the Funds and Accounts maintained under this Indenture.

(c) the Trustee shall cause the Paying Agent to provide the Series 1998 Bond Insurer and the Insurance Trustee with a list of registered owners of Series 1998 Bonds entitled to receive principal or interest payments from the Series 1998 Bond Insurer under the terms of the 1994 Series A Insurance Policy, and to make arrangements with the Insurance Trustee (i) to mail checks or drafts to the registered owners of Series 1998 Bonds entitled to receive full or partial interest payments from the Series 1998 Bond Insurer, and (ii) to pay principal upon Series 1998 Bonds surrendered to the Insurance Trustee by the registered owners of Series 1998 Bonds entitled to receive full or partial principal payments from the Series 1998 Bond Insurer.

(d) At the time it provides notice to the Series 1998 Bond Insurer pursuant to (a) above, the Trustee shall notify, or shall cause the Paying Agent to notify, all registered owners of Series 1998 Bonds entitled to receive the payment of principal or interest thereon from the Series 1998 Bond Insurer (i) as to the fact of such entitlement, (ii) that the Series 1998 Bond Insurer will remit to them all or a part of the interest payments next coming due upon proof of Bondholder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered owner's right to payment, (iii) that should they be entitled to receive full payment of principal from the Series 1998 Bond Insurer, they must surrender their Series 1998 Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Series 1998 Bonds to be registered in the name of the Series 1998 Bond Insurer) for payment to the Insurance Trustee, and not the Trustee or Paying Agent, and (iv) that should they be entitled to receive partial payment of principal from the Series 1998 Bond Insurer, they must surrender their Bonds for payment thereon first to the Trustee, who shall note on such Bonds the portion of the principal paid by the Trustee, and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(e) In the event that the Trustee has notice that any payment of principal or interest on a Series 1998 Bond which has become due for payment and which is made to a Bondholder by or on behalf of the Commission has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, then at the time the Series 1998 Bond Insurer is notified pursuant to (a) above, the Trustee shall or shall cause the Paying Agent to notify all registered owners that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from the Series 1998 Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee shall furnish or shall cause the Paying Agent to furnish to the Series 1998 Bond Insurer its records evidencing the payments of principal of and interest on the



Series 1998 Bonds which have been made by the Trustee or Paying Agent and subsequently recovered from registered owners and the dates on which such payments were made.

(f) In addition to those rights granted to the Series 1998 Bond Insurer under this Indenture, the Series 1998 Bond Insurer shall, to the extent it makes payment of principal of or interest on Series 1998 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Series 1998 Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past-due interest, the Trustee shall cause the Paying Agent to note the Series 1998 Bond Insurer's rights as subrogee on the registration books of the Commission maintained by the Paying Agent, upon receipt from the Series 1998 Bond Insurer of proof of the payment of interest thereon to the registered owners of the Series 1998 Bonds, and (ii) in the case of subrogation as to claims for past-due principal, the Trustee shall cause the Paying Agent to note the Series 1998 Bond Insurer's rights as subrogee on the registration books of the Commission maintained by the Paying Agent, upon surrender of the Series 1998 Bonds by the registered owners thereof, together with proof of the payment of principal thereof.

SECTION 1305. Provisions Relating to the Trustee. The following provisions shall apply so long as the Series 1998 Bond Insurer is not in default for failure to make any required payment under the Series 1998 Bond Insurance Policy:

(a) The Trustee or the Paying Agent may be removed at any time, at the request of the Series 1998 Bond Insurer, for any breach of the trusts set forth herein, provided that if any Bonds other than the Series 1998 Bonds are then outstanding, the provisions of Section 913 of this Indenture regarding the percentage of Bondholders required to remove the Trustee or Paying Agent shall apply, in which event the Series 1998 Bond Insurer shall be deemed to be the holder of all Series 1998 Bonds insured by it for purposes of such provision.

(b) The Series 1998 Bond Insurer shall receive prior written notice of any resignation of the Trustee or the Paying Agent.

(c) Any successor Trustee appointed pursuant to Section 914 of this Indenture shall be a trust company or bank in good standing located in or incorporated under the laws of the Commonwealth, duly authorized to execute trust powers and subject to examination by federal or state authorities, and having a reported capital and surplus not less than \$75 million and acceptable to the Series 1998 Bond Insurer. Any successor Paying Agent appointed pursuant to this Indenture shall not be appointed unless such appointment is approved by the Series 1998 Bond Insurer in writing.

(d) Notwithstanding any other provision of this Indenture, in determining whether the rights of the Bond holders will be adversely affected by any action taken pursuant to the terms and provisions of this Indenture, the Trustee or Paying Agent, as appropriate, shall consider the effect on the holders of the Series 1998 Bonds as if, the Series 1998 Bond Insurance Policy did not secure such Bonds.

(e) Notwithstanding any other provision of this Indenture, no removal, resignation or termination of the Trustee or Paying Agent shall take effect until a successor, acceptable to the Series 1998 Bond Insurer, has been appointed pursuant to the provisions of this Indenture.

#### ARTICLE XIV

#### MISCELLANEOUS PROVISIONS

SECTION 1401. Subordination Anything in this Indenture to the contrary notwithstanding, the Subordinated Bonds shall be subordinated and junior in lien position and right of payment to the extent and in the manner hereinafter set forth, to all principal of, premium, if any, and interest on the Senior Bonds.

(a) No payment on account of principal of and premium, if any, or interest on such Subordinated Bonds shall be made from the Tax Revenues or any amounts in the Subordinated Bonds Debt Service Fund or Subordinated Bonds Sinking Fund, nor shall any Tax Revenues be applied to the purchase or other acquisition or retirement of such Subordinated Bonds, unless full payment of amounts due and payable on or prior to such payment date, whether at maturity, by acceleration or otherwise, for principal of and premium, if any, and interest on all Senior Bonds has been made or duly provided for in accordance with the terms of this Indenture. Notwithstanding the foregoing, no payment on account of principal of and premium, if any, or interest on such Subordinated Bonds shall be made from the Tax Revenues, nor shall any Tax Revenues be applied to the purchase or other acquisition or retirement of such Subordinated Bonds if, at the time of such payment or application or immediately after giving effect thereto, there shall exist a default in the payment of principal of, and premium, if any, or interest on any Senior Bonds.

(b) (i) Upon any dissolution or winding up or total or partial liquidation, reorganization or arrangement of the Commission, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceedings, all principal of, premium, if any, and interest due or to become due upon all Senior Bonds shall first be paid in full, or payment thereof provided for in accordance with the terms of the Senior Bonds, and any deficiency in any fund created under the Indenture has been satisfied, before any payment from the Tax Revenues is made on account of the Subordinated Bonds.

(ii) In the event that, notwithstanding the foregoing provisions, any holder of Subordinated Bonds shall have received any payment or distribution of Tax Revenues or any amounts in the Subordinated Bonds Debt Service Fund or the Subordinated Bonds Sinking Fund, including any such payment or distribution which may be payable or deliverable by reason of the payment of the Subordinated Bonds (a "Distribution"), if there exists a default in the payment of principal of, premium, if any, or interest on any Senior Bonds at the time of the Distribution then and in such event such Distribution shall be received and held in trust for the holders of the Senior Bonds and shall be paid over or delivered forthwith to the Trustee for the benefit of the

holders of the Senior Bonds to the extent necessary to pay all such Senior Bonds in full after giving effect to any payment or distribution made to the holders of such Senior Bonds concurrently with the Distribution made to such holder of Subordinated Bonds.

(c) The provisions of (a) and (b) above are solely for the purpose of defining the relative rights of the Senior Bonds and the holders of Subordinated Bonds, and nothing herein shall impair, as between the Commission and the holders of the Subordinated Bonds, the obligation of the Commission, which is unconditional and absolute, subject to the provisions of Section 701 hereof to pay to the holders thereof the principal thereof and premium, if any, and interest thereon in accordance with its terms, nor shall anything therein prevent the holders of the Subordinated Bonds from exercising all remedies otherwise permitted by applicable law or upon default thereunder, subject to the rights under (a) and (b) above of the Senior Bonds, as the case may be, to receive cash, property or securities otherwise payable or deliverable to the holders of the Subordinated Bonds.

SECTION 1402. Successorship of Commission. In the event of the dissolution of the Commission, all of the covenants, stipulations, obligations and agreements contained in this Indenture by or on behalf of or for the benefit of the Commission shall bind or inure to the benefit of the successor or successors of the Commission from time to time and any officer, board, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law, and the word "Commission" as used in this Indenture shall include such successor or successors.

SECTION 1403. Successorship of Paying Agent. Any commercial bank, national banking association or trust company with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Indenture. If the position of any Paying Agent shall become vacant for any reason the Commission shall, within thirty (30) days thereafter, appoint a commercial bank, national banking association or trust company, as Paying Agent to fill such vacancy; provided, however, that if the Commission shall fail to appoint such Paying Agent within said period, the Trustee shall make such appointment.

SECTION 1404. Manner of Giving Notice, etc. Any notice, demand, direction, request or other instrument authorized or required by this Indenture to be given to or filed with the Commission or the Trustee shall be deemed to have been sufficiently given or filed for all purposes of this Indenture if and when sent by registered mail, return receipt requested:

to the Commission, if addressed to Pennsylvania Turnpike Commission, Harrisburg, Pennsylvania; to the Trustee, if addressed to National City Bank of Pennsylvania, National City Center, 20 Stanwix Street, Pittsburgh, Pennsylvania 15222-4802, Attention: Corporate Trust Administration, or to any successor Trustee, if addressed to it at its principal office;

until notice of another address shall be given in the manner herein provided, and thereafter to such other address.

All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession, subject at all reasonable times to the inspection of the Commission, any Bondholder, and the agents and representatives thereof.

SECTION 1405. Parties and Bondholders Alone Have Rights Under Indenture. Except as herein otherwise expressly provided, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person, firm or corporation other than the parties hereto, the Paying Agent, the [Bond Insurer] (to the extent provided in the next sentence) and the holders of the Bonds issued under and secured by this Indenture any right, remedy or claim, legal or equitable, under or by reason of this Indenture or any provision hereof, this Indenture and all its provisions being intended to be and being for the sole and exclusive benefit of the parties hereto, the holders from time to time of the Bonds issued hereunder, the Paying Agent (if any) [and the Bond Insurer (to the extent provided in the next sentence).] [Notwithstanding the foregoing, so long as the Bond Insurance Policy is in effect, the Bond Insurer is hereby explicitly recognized as a third-party beneficiary hereunder, to the extent that this Indenture confers upon or gives or grants to the Bond Insurer any right, remedy or claim under or by reason of this Indenture, and the Bond Insurer may enforce any such right, remedy or claim confirmed, given or granted to it hereunder.]

SECTION 1406. Credit of Commission and of Commonwealth Not Pledged. Nothing in the Bonds or in this Indenture shall be construed as pledging the faith and credit of the Commission or the Commonwealth of Pennsylvania or to create any debt against the Commonwealth, but such Bonds and the interest thereon shall be payable solely from the funds herein provided therefor.

SECTION 1407. Effect of Partial Invalidity. In case any one or more of the provisions of this Indenture or of the Bonds issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Indenture or of said Bonds, but this Indenture and said Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in the Bonds or in this Indenture shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Commission to the full extent permitted by law.

SECTION 1408. Effect of Covenants, etc. All covenants, stipulations, obligations and agreements of the Commission contained in this Indenture shall be deemed to be covenants, stipulations, obligations and agreements of the Commonwealth to the full extent authorized by the Enabling Acts and permitted by the Constitution of Pennsylvania. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, agent or employee of the Commission in his individual capacity, and neither the members of the Commission nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. This Indenture is executed with the intent that the laws of the Commonwealth of Pennsylvania shall govern its construction.

SECTION 1409. Multiple Counterparts. This Indenture may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original; and such counterparts shall constitute but one and the same instrument.


SECTION 1410. Headings, etc., Not Part of Indenture. Any headings preceding the texts of the several articles hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect.

SECTION 1411. Bond Insurer or Bank as Owner. For purposes of instituting proceedings and directing proceedings under Article VIII, giving any direction or instruction to the Trustee under Article VIII, or taking any action to remove or replace the Trustee under Section 913, each Bond Insurer and each Bank which insures or assures the payment of principal and interest with respect to any Bonds when due shall be deemed to be the sole Owner of such Bonds (to the exclusion of the registered owners thereof), provided that it is not in default under its bond insurance policy or Credit Facility, as the case may be.

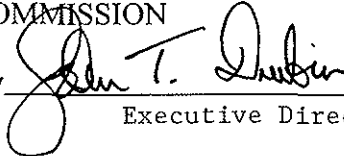
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IN WITNESS WHEREOF, and intending to be legally bound hereby, the Pennsylvania Turnpike Commission has caused this Indenture to be executed by its Chairman or Vice Chairman and its official seal to be impressed hereon and attested by its Secretary and Treasurer or Assistant Secretary and Treasurer, and National City Bank of Pennsylvania has caused this Indenture to be executed in its behalf by its Authorized Officer and its corporate seal to be impressed hereon and attested by its Secretary or an Assistant Secretary, all as of the day and year first above written.

ATTEST:

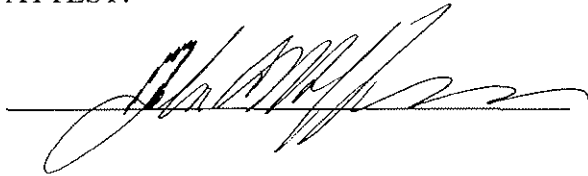
  
\_\_\_\_\_  
Secretary-Treasurer

PENNSYLVANIA TURNPIKE  
COMMISSION

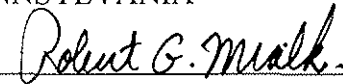
By   
\_\_\_\_\_  
Executive Director

(Seal)

ATTEST:

  
\_\_\_\_\_

NATIONAL CITY BANK OF  
PENNSYLVANIA

By   
\_\_\_\_\_  
Authorized Officer

(Seal)

EXHIBIT A

[Form of 1998 Series A Senior Bond]

No.	Dated Date:
Registered Owners:	Interest Rate:
Principal Amount:	Maturity Date:
	CUSIP No:

PENNSYLVANIA TURNPIKE COMMISSION  
OIL FRANCHISE TAX SENIOR REVENUE BOND  
SERIES A OF 1998

Pennsylvania Turnpike Commission (the "Commission"), an instrumentality of the Commonwealth of Pennsylvania (the "Commonwealth"), for value received, hereby promises to pay to registered owner hereof, or registered assigns, on the maturity date shown hereon, the principal amount shown hereon, unless redeemed prior thereto as hereinafter provided, upon presentation and surrender hereof at the principal corporate trust office of National City Bank of Pennsylvania, Pittsburgh, Pennsylvania, as trustee (the "Trustee") under the Trust Indenture (the "Indenture") by and between the Commission and the Trustee, dated as of August 1, 1998, and to pay by check or draft drawn on Dauphin Deposit Bank and Trust Company (the "Paying Agent"), interest on such principal sum, at the interest rate stated hereon, from the June 1 or December 1 (each hereinafter referred to as an "Interest Payment Date") next preceding the date hereof unless (i) this Bond shall be authenticated after a Record Date (hereinafter defined) and on or before the next succeeding Interest Payment Date, in which case this Bond shall bear interest from such next succeeding Interest Payment Date, or (ii) this Bond shall be authenticated on or before December 1, 1998, in which case this Bond shall bear interest from August 1, 1998, payable December 1, 1998, and semiannually on each Interest Payment Date thereafter until the obligation with respect to the payment of such principal shall be discharged, but only in the case of interest due at or before maturity, to the person in whose name this Bond shall be registered at the close of business on the Record Date for such interest, which shall be the fifteenth day of the calendar month immediately preceding such Interest Payment Date. Any interest not paid on an Interest Payment Date shall be paid to the persons in whose names the Bonds are registered as of a Special Record Date established by the Trustee, notice of which shall have been mailed not less than 5 days prior to such date to the persons in whose names the Bonds are registered at the close of business on the third day prior to such mailing. At the request of any registered owner of at least \$1,000,000 aggregate principal amount of Bonds, interest on this Bond shall be payable by wire transfer within the continental United States to a designated bank account of such owner or in such other fashion as is agreed upon in writing between the owner and the Paying Agent, provision for which must have been received no later than one Business Day prior to the Record Date.

REFERENCE IS MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE SIDE HEREOF, WHICH PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH IN FULL ON THE FACE SIDE OF THIS BOND AT THIS PLACE.

**THE BONDS ARE LIMITED OBLIGATIONS OF THE COMMISSION PAYABLE SOLELY FROM THAT PORTION OF THE OIL FRANCHISE TAX (AS DEFINED HEREINAFTER) PAID TO THE COMMISSION OR THE TRUSTEE AND CERTAIN FUNDS HELD UNDER THE INDENTURE AND THE EARNINGS THEREON. THE BONDS SHALL NOT BE DEEMED TO BE A DEBT OF THE COMMONWEALTH AND SHALL NOT BE AN OBLIGATION OF THE COMMISSION PAYABLE FROM ANY SOURCE EXCEPT THAT PORTION OF THE OIL FRANCHISE TAX PAID TO THE COMMISSION OR THE TRUSTEE BY THE COMMONWEALTH AND CERTAIN FUNDS HELD UNDER THE INDENTURE AND THE EARNINGS THEREON.**

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon shall have been signed by the Bond Registrar or its Agent.

IN WITNESS WHEREOF, the Pennsylvania Turnpike Commission has caused this Bond to be executed in its name by the facsimile signatures of the Governor of the Commonwealth and the Chairman of said Commission, and a facsimile of the official seal of said Commission to be affixed hereto and attested by the manual signature of the Secretary and Treasurer of said Commission.

---

Governor,  
Commonwealth of Pennsylvania

ATTEST:

---

Chairman,  
Pennsylvania Turnpike Commission

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Secretary and Treasurer,  
Pennsylvania Turnpike Commission

(SEAL)





[REVERSE SIDE OF BOND]

This Bond is one of a duly authorized issue of bonds of the Commission designated "Pennsylvania Turnpike Commission Oil Franchise Tax Senior Revenue Bonds, Series A of 1998" (the "Bonds"), issued in the aggregate principal amount of \$310,475,000 under and pursuant to an Act of the General Assembly of the Commonwealth of Pennsylvania approved September 30, 1985, P.L. 240, No. 61, as amended and supplemented, (the "Enabling Acts") under and pursuant to resolutions of the Commission and under and pursuant to the Indenture, for the purpose of (i) advance refunding the Commission's Oil Franchise Tax Revenue Bonds, Series A of 1994; and (ii) the payment of the costs of issuance of the Bonds. An executed counterpart of the Indenture is on file at the office of the Commission and at the principal corporate trust offices of the Trustee and the Paying Agent. Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of the Bonds, the collection and disposition of Tax Revenues, the funds charged with and pledged to the payment of the interest on, the principal of and the premium, if any, on the Bonds, the nature and extent of the security, the terms and conditions on which the Bonds are issued, the rights, duties and obligations of the Commission and the Trustee and the rights of the owners of the Bonds and [Bond Insurer (as hereinafter defined).] By the acceptance of this Bond, the registered owner hereof and, if a book-entry system is being used for the Bonds, any participant in the owner and any person claiming a beneficial interest under or through such owner or participant assents to all of the provisions of the Indenture.

Whenever the due date for payment of interest or principal of the Bonds (as hereinabove defined) or the date fixed for redemption of any Bond shall be a Saturday, a Sunday, a legal holiday or a day on which the Trustee or the Paying Agent is authorized by law to close, then payment of such interest, principal or redemption price need not be made on such date, but may be made on the next succeeding day which is not a Saturday, a Sunday, a legal holiday, or a day on which the Trustee or the Paying Agent is authorized by law to close, with the same force and effect as if made on the due date for payment of principal, interest or redemption price, and no interest shall accrue thereon for any period after such due date. Principal of, premium, if any, and interest on this Bond are payable only from moneys deposited or to be deposited under the Indenture, in such coin or currency of the United States of America as at the time and place of payment is legal tender for payment of public and private debts.

Simultaneous herewith, the Commission is issuing \$228,405,000 aggregate amount of its Oil Franchise Tax Subordinated Revenue Bonds, Series B of 1998. The Indenture provides for the issuance, under the conditions, limitations and restrictions therein set forth, of Additional Senior Bonds, and Additional Subordinated Bonds (each as described in the Indenture) for the purposes set forth therein.

The Bonds are equally and ratably secured by a pledge by the Commission of the Trust Estate (as defined in the Indenture), including the Tax Revenues (as defined in the Indenture), which term includes that portion of the oil company franchise tax (the "Oil Franchise Tax") collected by the Commonwealth and paid to the Trustee, and any other receipts, revenues and

other moneys received by the Trustee from the Commonwealth in substitution and/or replacement thereof. Any Additional Senior Bonds issued under the Indenture will be equally and ratably secured under the Indenture with the Bonds.

In the event the Tax Revenues are insufficient to pay the principal of and interest on the Bonds and all Additional Senior Bonds issued under the Indenture or any indenture supplemental thereto, the Commission covenants pursuant to the Indenture to petition the General Assembly of the Commonwealth of Pennsylvania to increase the Tax Revenues allocated to it. The General Assembly has no obligation to take such action, however. In the statute establishing the oil company franchise tax, however, the following pledge is made, which the Commission covenants to seek to enforce under the Indenture:

The Commonwealth does hereby pledge to and agree with any person, firm or corporation acquiring any bonds to be issued by the Pennsylvania Turnpike Commission and secured in whole or in part by a pledge of the portion of the tax known as the "oil company franchise tax for the highway maintenance and construction" which is imposed by Section 9502(a)(2) and distributed in the manner indicated in that section, including 14% for toll roads designated under the Turnpike Organization, Extension and Toll Road Conversion Act, that the Commonwealth will not limit or alter the rights vested in the Pennsylvania Turnpike Commission to the appropriation and distribution of such tax revenues.

Municipal Bond Insurance Policy No. 15486BE (the "Policy") with respect to payments due for principal of and interest on this Bond has been issued by Ambac Assurance Corporation ("Ambac Assurance"). The Policy has been delivered to the United States Trust Company of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from Ambac Assurance or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation of Ambac Assurance as more fully set forth in the Policy.

The Bonds are issuable in the form of registered bonds in denominations of \$5,000 each or any integral multiple thereof. Subject to the conditions and upon payment of the charges, if any, provided in the Indenture, this Bond, upon surrender hereof at the principal corporate trust office of the Bond Registrar, with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Bonds of any other authorized denomination of the same maturity.

## OPTIONAL REDEMPTION

The Bonds, other than the Bonds maturing on December 1, 2027, are subject to redemption prior to maturity at the option of the Commission on or after December 1, 2008, in whole or in part at any time, in any order of maturity as selected by the Commission, at the redemption prices (expressed as percentages of the principal amount of Bonds or portions thereof to be redeemed) together with accrued interest to the date fixed for redemption, as follows:

<u>Period</u> (Both dates inclusive)	<u>Redemption</u> <u>Prices</u>
December 1, 2008 to November 30, 2009	101.0%
December 1, 2009 to November 30, 2010	100.5
December 1, 2010 and thereafter	100.0

The Bonds maturing on December 1, 2027 are subject to redemption prior to maturity, at the option of the Commission at any time, as a whole or in part by lot, on and after December 1, 2008, upon payment of the principal amount thereof, together with accrued interest to the date fixed for redemption.

## SINKING FUND REDEMPTION

The Bonds maturing on December 1, 2023 are subject to mandatory redemption in part prior to maturity on December 1 of each of the years 2019 through 2022 from the 1998 Series A Bonds Sinking Fund Account established under the Indenture (the "Sinking Fund") upon payment of 100% of the principal amount thereof plus accrued interest to the redemption date. The Bonds maturing on December 1, 2027 are subject to mandatory redemption in part prior to maturity on December 1, of each of the years 2024 through 2026 from the Sinking Fund upon payment of 100% of the principal amount thereof plus accrued interest to the redemption date. The following table sets forth the Sinking Fund Requirements for the Bonds subject to mandatory redemption from the Sinking Fund:

Redemption Date (December 1)	Bonds Due December 1, 2023	Redemption Date (December 1)	Bonds Due December 1, 2027
2019	\$ 13,210,000	2024	\$16,940,000
2020	13,885,000	2025	17,765,000
2021	14,595,000	2026	18,625,000
2022	15,345,000	2027*	19,535,000
2023*	16,135,000		

\* Final Maturity

If less than all of the Bonds which are restated to mature on the same date shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Trustee in such manner as the Trustee in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or any integral multiple thereof, and that, in selecting portions of Bonds for redemption, the Trustee shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount thereof by \$5,000.

In the event of any such redemption, either in whole or in part, notice of such redemption shall be mailed via first class mail, postage prepaid, at least thirty (30) days prior to the redemption date to the registered owners of any Bonds or portions of Bonds to be redeemed at their registered addresses and to the rating agencies then rating the Bonds and The Bond Buyer or their respective successors, if any, in the manner and under the terms and conditions provided in the Indenture. Such mailing shall not be a condition precedent to such redemption, and failure to mail any such notice shall not affect the validity of the proceedings for the redemption of Bonds. The Bonds or portions thereof so called for redemption shall become due and payable at the applicable redemption price herein provided, and from and after the date so fixed for redemption, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and become payable.

The owner of this Bond by the acceptance hereof specifically agrees that the Trustee shall be under no obligation to take any action with respect to any event of default occurring under the terms of this Bond or the Indenture, other than to give notice of certain defaults as provided in the Indenture, unless requested so to do in writing by the owners of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding under the Indenture with respect to which the event of default has occurred and upon receipt of satisfactory indemnity as provided in the Indenture.

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

Upon the occurrence of an event of default, and on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all Bonds then outstanding under the Indenture may become or may be declared due and payable before the stated maturities thereof, together with the interest accrued thereon.

Modifications or alterations of the Indenture or of any indenture supplemental thereto may be made by the Commission and the Trustee only to the extent and in the circumstances permitted by the Indenture.

All acts, conditions and things required by the constitution and statutes of the Commonwealth and the rules and regulations of the Commission to happen, exist and be performed precedent to and in the issuance of this Bond and the execution of the Indenture have happened, exist and have been performed as so required.

[MUNICIPAL BOND INSURANCE POLICY]

[FORM OF OPINION OF BOND COUNSEL]

[FORM OF ASSIGNMENT]

EXHIBIT B

[Form of 1998 Series B Subordinated Bond]

No.	Dated Date:
Registered Owners:	Interest Rate:
Principal Amount:	Maturity Date:
	CUSIP No:

PENNSYLVANIA TURNPIKE COMMISSION  
OIL FRANCHISE TAX SUBORDINATED REVENUE BOND  
SERIES B OF 1998

Pennsylvania Turnpike Commission (the "Commission"), an instrumentality of the Commonwealth of Pennsylvania (the "Commonwealth"), for value received, hereby promises to pay to registered owner hereof, or registered assigns, on the maturity date shown hereon, the principal amount shown hereon, unless redeemed prior thereto as hereinafter provided, upon presentation and surrender hereof at the principal corporate trust office of National City Bank of Pennsylvania, Pittsburgh, Pennsylvania, as trustee (the "Trustee") under the Trust Indenture (the "Indenture") by and between the Commission and the Trustee, dated as of August 1, 1998, and to pay by check or draft drawn on Dauphin Deposit Bank and Trust Company (the "Paying Agent"), interest on such principal sum, at the interest rate stated hereon, from the June 1 or December 1 (each hereinafter referred to as an "Interest Payment Date") next preceding the date hereof unless (i) this Bond shall be authenticated after a Record Date (hereinafter defined) and on or before the next succeeding Interest Payment Date, in which case this Bond shall bear interest from such next succeeding Interest Payment Date, or (ii) this Bond shall be authenticated on or before December 1, 1998, in which case this Bond shall bear interest from August 1, 1998, payable December 1, 1998, and semiannually on each Interest Payment Date thereafter until the obligation with respect to the payment of such principal shall be discharged, but only in the case of interest due at or before maturity, to the person in whose name this Bond shall be registered at the close of business on the Record Date for such interest, which shall be the fifteenth day of the calendar month immediately preceding such Interest Payment Date. Any interest not paid on an Interest Payment Date shall be paid to the persons in whose names the Bonds are registered as of a Special Record Date established by the Trustee, notice of which shall have been mailed not less than 5 days prior to such date to the persons in whose names the Bonds are registered at the close of business on the third day prior to such mailing. At the request of any registered owner of at least \$1,000,000 aggregate principal amount of Bonds, interest on this Bond shall be payable by wire transfer within the continental United States to a designated bank account of such owner or in such other fashion as is agreed upon in writing between the owner and the Paying Agent, provision for which must have been received no later than one Business Day prior to the Record Date.

REFERENCE IS MADE TO THE FURTHER PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE SIDE HEREOF, WHICH PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH IN FULL ON THE FACE SIDE OF THIS BOND AT THIS PLACE.

**THE BONDS ARE LIMITED OBLIGATIONS OF THE COMMISSION PAYABLE SOLELY FROM THAT PORTION OF THE OIL FRANCHISE TAX (AS DEFINED HEREINAFTER) PAID TO THE COMMISSION OR THE TRUSTEE AND CERTAIN FUNDS HELD UNDER THE INDENTURE AND THE EARNINGS THEREON. THE BONDS SHALL NOT BE DEEMED TO BE A DEBT OF THE COMMONWEALTH AND SHALL NOT BE AN OBLIGATION OF THE COMMISSION PAYABLE FROM ANY SOURCE EXCEPT THAT PORTION OF THE OIL FRANCHISE TAX PAID TO THE COMMISSION OR THE TRUSTEE BY THE COMMONWEALTH AND CERTAIN FUNDS HELD UNDER THE INDENTURE AND THE EARNINGS THEREON.**

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon shall have been signed by the Bond Registrar or its Agent.

IN WITNESS WHEREOF, the Pennsylvania Turnpike Commission has caused this Bond to be executed in its name by the facsimile signatures of the Governor of the Commonwealth and the Chairman of said Commission, and a facsimile of the official seal of said Commission to be affixed hereto and attested by the manual signature of the Secretary and Treasurer of said Commission.

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Governor,  
Commonwealth of Pennsylvania

ATTEST:

---

Chairman,  
Pennsylvania Turnpike Commission

---

Secretary and Treasurer,  
Pennsylvania Turnpike Commission

(SEAL)



CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Indenture. The text of opinion printed on the reverse hereof is the text of opinion of Bond Counsel, Buchanan Ingersoll Professional Corporation of Pittsburgh, Pennsylvania, dated and delivered on the date of original delivery of and payment for the Bonds, an executed counterpart of which is on file with the Trustee and the Bond Registrar.

Authenticating Agent

Authenticating Agent

or

By \_\_\_\_\_  
Authorized Signatory  
of Authenticating Agent

By \_\_\_\_\_  
Authorized Signatory  
of Authenticating Agent

Date of Authentication: \_\_\_\_\_

[REVERSE SIDE OF BOND]

This Bond is one of a duly authorized issue of bonds of the Commission designated "Pennsylvania Turnpike Commission Oil Franchise Tax Subordinated Revenue Bonds, Series B of 1998" (the "Bonds"), issued in the aggregate principal amount of \$228,405,000 under and pursuant to an Act of the General Assembly of the Commonwealth of Pennsylvania approved September 30, 1985, P.L. 240, No. 61, as amended and supplemented, (the "Enabling Acts") under and pursuant to resolutions of the Commission and under and pursuant to the Indenture, for the purpose of (i) financing such capital expenditures permitted under the Enabling Acts as the Commission deems appropriate; (ii) the funding of the Subordinated Bonds Debt Service Reserve Fund; and (iii) the payment of the costs of issuance of the Bonds. An executed counterpart of the Indenture is on file at the office of the Commission and at the principal corporate trust offices of the Trustee and the Paying Agent. Reference is hereby made to the Indenture for the provisions, among others, with respect to the custody and application of the proceeds of the Bonds, the collection and disposition of Tax Revenues, the funds charged with and pledged to the payment of the interest on, the principal of and the premium, if any, on the Bonds, the nature and extent of the security, the terms and conditions on which the Bonds are issued, the rights, duties and obligations of the Commission and the Trustee and the rights of the owners of the Bonds [and Bond Insurer (as hereinafter defined)]. By the acceptance of this Bond, the registered owner hereof and, if a book-entry system is being used for the Bonds, any participant in the owner and any person claiming a beneficial interest under or through such owner or participant assents to all of the provisions of the Indenture.

Whenever the due date for payment of interest or principal of the Bonds (as hereinabove defined) or the date fixed for redemption of any Bond shall be a Saturday, a Sunday, a legal holiday or a day on which the Trustee or the Paying Agent is authorized by law to close, then payment of such interest, principal or redemption price need not be made on such date, but may be made on the next succeeding day which is not a Saturday, a Sunday, a legal holiday, or a day on which the Trustee or the Paying Agent is authorized by law to close, with the same force and effect as if made on the due date for payment of principal, interest or redemption price, and no interest shall accrue thereon for any period after such due date. Principal of, premium, if any, and interest on this Bond are payable only from moneys deposited or to be deposited under the Indenture, in such coin or currency of the United States of America as at the time and place of payment is legal tender for payment of public and private debts.

Simultaneously herewith, the Commission is issuing its \$310,475,000 aggregate principal amount of Oil Franchise Senior Revenue Bonds, Series A of 1998. The Indenture provides for the issuance, under the conditions, limitations and restrictions therein set forth, of Additional Senior Bonds, and Additional Subordinated Bonds (each as described in the Indenture) for the purposes set forth therein.

The Bonds are equally and ratably secured by a pledge by the Commission of the Trust Estate (as defined in the Indenture), including the Tax Revenues (as defined in the Indenture), which term includes that portion of the oil company franchise tax (the "Oil Franchise Tax")

collected by the Commonwealth and paid to the Trustee, and any other receipts, revenues and other moneys received by the Trustee from the Commonwealth in substitution and/or replacement thereof. Any Additional Subordinated Bonds issued under the Indenture will be equally and ratably secured under the Indenture with the Bonds.

In the event the Tax Revenues are insufficient to pay the principal of and interest on the Bonds and all Additional Senior Bonds issued under the Indenture or any indenture supplemental thereto, the Commission covenants pursuant to the Indenture to petition the General Assembly of the Commonwealth of Pennsylvania to increase the Tax Revenues allocated to it. The General Assembly has no obligation to take such action, however. In the statute establishing the oil company franchise tax, however, the following pledge is made, which the Commission covenants to seek to enforce under the Indenture:

The Commonwealth does hereby pledge to and agree with any person, firm or corporation acquiring any bonds to be issued by the Pennsylvania Turnpike Commission and secured in whole or in part by a pledge of the portion of the tax known as the "oil company franchise tax for the highway maintenance and construction" which is imposed by Section 9502(a)(2) and distributed in the manner indicated in that section, including 14% for toll roads designated under the Turnpike Organization, Extension and Toll Road Conversion Act, that the Commonwealth will not limit or alter the rights vested in the Pennsylvania Turnpike Commission to the appropriation and distribution of such tax revenues.

Municipal Bond Insurance Policy No. 15490BE (the "Policy") with respect to payments due for principal of and interest on this Bond has been issued by Ambac Assurance Corporation ("Ambac Assurance"). The Policy has been delivered to the United States Trust Company of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from Ambac Assurance or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation of Ambac Assurance as more fully set forth in the Policy.

The Bonds are issuable in the form of registered bonds in denominations of \$5,000 each or any integral multiple thereof. Subject to the conditions and upon payment of the charges, if any, provided in the Indenture, this Bond, upon surrender hereof at the principal corporate trust office of the Bond Registrar, with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his attorney duly authorized in writing, may,

at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Bonds of any other authorized denomination of the same maturity.

#### OPTIONAL REDEMPTION

The Bonds, other than the Bonds maturing on December 1, 2027, are subject to redemption prior to maturity at the option of the Commission on or after December 1, 2008, in whole or in part at any time, in any order of maturity as selected by the Commission, at the redemption prices (expressed as percentages of the principal amount of Bonds or portions thereof to be redeemed) together with accrued interest to the date fixed for redemption, as follows:

<u>Period</u> (Both dates inclusive)	<u>Redemption</u> <u>Prices</u>
December 1, 2008 to November 30, 2009	101.0%
December 1, 2009 to November 30, 2010	100.5
December 1, 2010 and thereafter	100.0

The Bonds maturing on December 1, 2027 are subject to redemption prior to maturity, at the option of the Commission, at any time, as a whole or in part by lot, on and after December 1, 2008, upon payment of the principal amount thereof, together with accrued interest to the date fixed for redemption.

## SINKING FUND REDEMPTION

The Bonds maturing on December 1, 2023 are subject to mandatory redemption in part prior to maturity on December 1 of the years 2019 through 2022 from the 1998 Series B Bonds Sinking Fund Account established under the Indenture (the "Sinking Fund") upon payment of 100% of the principal amount thereof plus accrued interest to the redemption date. The Bonds maturing on December 1, 2027 are subject to mandatory redemption in part prior to maturity on December 1 of each of the years 2024 through 2026, from the Sinking Fund upon payment of 100% of the principal amount thereof plus accrued interest to the redemption date. The following table sets forth the Sinking Fund Requirements for the Bonds subject to mandatory redemption from the Sinking Fund:

Redemption Date (December 1)	Bonds Due December 1, <u>2023</u>	Redemption Date (December 1)	Bonds Due December 1, <u>2027</u>
2019	\$ 9,760,000	2024	\$12,520,000
2020	10,265,000	2025	13,130,000
2021	10,795,000	2026	13,770,000
2022	11,345,000	2027*	14,440,000
2023*	11,925,000		

\* Final Maturity

If less than all of the Bonds which are restated to mature on the same date shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Trustee in such manner as the Trustee in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or any integral multiple thereof, and that, in selecting portions of Bonds for redemption, the Trustee shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount thereof by \$5,000.

In the event of any such redemption, either in whole or in part, notice of such redemption shall be mailed via first class mail, postage prepaid, at least thirty (30) days prior to the redemption date to the registered owners of any Bonds or portions of Bonds to be redeemed at their registered addresses and to the rating agencies then rating the Bonds and The Bond Buyer or their respective successors, if any, in the manner and under the terms and conditions provided in the Indenture. Such mailing shall not be a condition precedent to such redemption, and failure to mail any such notice shall not affect the validity of the proceedings for the redemption of Bonds. The Bonds or portions thereof so called for redemption shall become due and payable at the applicable redemption price herein provided, and from and after the date so fixed for redemption, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and become payable.

The owner of this Bond by the acceptance hereof specifically agrees that the Trustee shall be under no obligation to take any action with respect to any event of default occurring under the terms of this Bond or the Indenture, other than to give notice of certain defaults as provided in the Indenture, unless requested so to do in writing by the owners of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding under the Indenture with respect to which the event of default has occurred and upon receipt of satisfactory indemnity as provided in the Indenture.

The owner of this Bond shall have no right to enforce the provisions of the Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

Upon the occurrence of an event of default, and on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all Bonds then outstanding under the Indenture may become or may be declared due and payable before the stated maturities thereof, together with the interest accrued thereon.

Modifications or alterations of the Indenture or of any indenture supplemental thereto may be made by the Commission and the Trustee only to the extent and in the circumstances permitted by the Indenture.

All acts, conditions and things required by the constitution and statutes of the Commonwealth and the rules and regulations of the Commission to happen, exist and be performed precedent to and in the issuance of this Bond and the execution of the Indenture have happened, exist and have been performed as so required.

[MUNICIPAL BOND INSURANCE POLICY]

[FORM OF OPINION OF BOND COUNSEL]

[FORM OF ASSIGNMENT]

EXHIBIT C

PENNSYLVANIA TURNPIKE COMMISSION  
OIL FRANCHISE TAX REVENUE BONDS

CONSTRUCTION FUND REQUISITION

Date \_\_\_\_\_ Total Prior Requisitions: \_\_\_\_\_  
Requisition No. \_\_\_\_\_ Total This Requisition: \_\_\_\_\_

National City Bank of Pennsylvania, as Trustee  
under the Trust Indenture dated as of August 1, 1998  
with the Pennsylvania Turnpike Commission

Ladies and Gentlemen:

Pursuant to the provisions of Section 405 of the above-mentioned Indenture, you are hereby requested to make from the Construction Fund the payments listed on Schedule I attached hereto, to the persons, in the amounts and for the purpose (in reasonable detail) stated thereon.

As an authorized officer of the Commission, I hereby approve such payments and certify as follows:

1. The obligations in the stated amounts have been incurred by the Commission and each item thereof is a proper charge against the Construction Fund and has not been paid (or has been paid by the Commission if it is seeking reimbursement for such expense).
2. There has not been filed with or served upon the Commission notice of any lien, right to lien, or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to any of the persons, firms or corporations named on Schedule I hereto which has not been released or will not be released simultaneously with the payment of such obligation.
3. This requisition contains no item representing payment on account of any retained percentages which the Commission is at the date of such certificate entitled to retain.
4. No part of any of the listed items has been included in any previous requisition.
5. **[If the requisition contains any item for the payment of the purchase price or cost of any lands, rights, easements, franchises or interests in or relating to lands:]** Such lands, rights, easements, franchises or interests are being acquired in furtherance of the acquisition of the right-of-way for the Project or in furtherance of the construction or operation of the Project.

PENNSYLVANIA TURNPIKE COMMISSION

By: \_\_\_\_\_

Title: \_\_\_\_\_



SCHEDULE I

Payee

Description

Amount

EXHIBIT D

PENNSYLVANIA TURNPIKE COMMISSION  
OIL FRANCHISE TAX REVENUE BONDS

OIL FRANCHISE TAX GENERAL FUND REQUISITION

Date \_\_\_\_\_ Total Prior Requisitions: \_\_\_\_\_  
Requisition No. \_\_\_\_\_ Total This Requisition: \_\_\_\_\_

National City Bank of Pennsylvania, as Trustee  
under the Trust Indenture dated as of August 1, 1998  
with the Pennsylvania Turnpike Commission

Ladies and Gentlemen:

Pursuant to the provisions of Section 508 of the above-mentioned Indenture, you are hereby requested to make from the Oil Franchise Tax General Fund the payments listed on Schedule I attached hereto, to the persons, in the amounts and for the purpose (in reasonable detail) stated thereon.

As an authorized officer of the Commission, I hereby approve such payments and certify that such payments are permitted under Section 508 of the Indenture.

PENNSYLVANIA TURNPIKE COMMISSION

By: \_\_\_\_\_  
Title: \_\_\_\_\_

SCHEDULE I

Payee

Description

Amount