

In the opinion of Co-Bond Counsel, under existing law, interest on the 2011 Bonds is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, such interest is included in adjusted current earnings for purposes of the federal alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes). Co-Bond Counsel is also of the opinion that, under existing law, the 2011 Bonds are exempt from personal property taxes in Pennsylvania, and the interest on the 2011 Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. For a more complete discussion, see “TAX MATTERS” herein.



PENNSYLVANIA TURNPIKE COMMISSION

\$126,740,000

TURNPIKE SUBORDINATE REVENUE BONDS, SERIES B OF 2011

and

\$98,910,000

**MOTOR LICENSE FUND-ENHANCED TURNPIKE SUBORDINATE SPECIAL REVENUE BONDS,
SERIES B OF 2011**

Dated: Date of Delivery

Due: See inside cover

The Pennsylvania Turnpike Commission Turnpike Subordinate Revenue Bonds, Series B of 2011 (the “**2011B Subordinate Revenue Bonds**”) and Motor License Fund-Enhanced Turnpike Subordinate Special Revenue Bonds, Series B of 2011 (the “**2011B MLF Special Revenue Bonds**”) and together with the 2011B Subordinate Revenue Bonds, the “**2011 Bonds**”), are being issued pursuant to that certain Subordinate Trust Indenture dated as of April 1, 2008 (the “**Original Subordinate Indenture**”) between the Pennsylvania Turnpike Commission (the “**Commission**”) and TD Bank, National Association, as successor Trustee (the “**Trustee**”), as heretofore amended and supplemented (collectively, the “**Original Indenture**”), and as further supplemented by that certain Supplemental Trust Indenture No. 11 dated as of October 1, 2011 (“**Supplemental Subordinate Indenture No. 11**”) and, collectively with the Original Indenture, the “**Subordinate Indenture**”), all pursuant to, among other things, an Act of the General Assembly of Pennsylvania approved July 18, 2007, P.L. 169, No. 44 (“**Act 44**”) and various other acts of the General Assembly of Pennsylvania.

The 2011 Bonds will be dated the date of original issuance and delivery thereof, will bear interest at the rates shown on the inside front cover, calculated on the basis of a year of 360 days consisting of twelve 30-day months. The inside cover page of this Official Statement contains information concerning the maturity schedules, principal amounts, interest rates, prices and approximate yields of the 2011 Bonds. So long as Cede & Co. is the registered owner of the 2011 Bonds, payments of principal of and interest on the 2011 Bonds will be made directly by the Trustee, as paying agent (“**Paying Agent**”) under the Subordinate Indenture, as described herein. See “DESCRIPTION OF THE 2011 BONDS,” and APPENDIX D – “SECURITIES DEPOSITORY.”

The 2011 Bonds are subject to redemption prior to maturity as described herein.

THE 2011 BONDS ARE LIMITED OBLIGATIONS OF THE COMMISSION, PAYABLE FROM THE REVENUES AND SOURCES SET FORTH IN THE SUBORDINATE INDENTURE, AND SHALL NOT BE DEEMED TO BE A DEBT OF THE COMMONWEALTH OF PENNSYLVANIA (THE “COMMONWEALTH”) OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH. THE COMMONWEALTH IS NOT OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION WHATSOEVER FOR THE PAYMENT OF THE 2011 BONDS OR TO MAKE ANY APPROPRIATION FOR THE PAYMENT OF THE 2011 BONDS. THE COMMISSION HAS NO TAXING POWER.

The 2011B Subordinate Revenue Bonds will be equally and ratably secured, along with other outstanding and additional Subordinate Revenue Bonds (herein defined) and certain other parity obligations, and the 2011B MLF Special Revenue Bonds will be equally and ratably secured, along with other outstanding and additional Special Revenue Bonds (herein defined) and certain other parity obligations, pursuant to the pledge by the Commission of the trust estate under the Subordinate Indenture. The Subordinate Indenture pledges to the Trustee for the benefit of the 2011 Bonds, together with all additional Subordinate Indenture Bonds (herein defined) and parity obligations, Commission Payments (herein defined). Commission Payments are paid from amounts paid from the General Reserve Fund (herein defined) after the payment of all outstanding Senior Indenture Parity Obligations (herein defined) issued under the Senior Indenture (herein defined), and thus the 2011 Bonds are subordinate to the payment of such Senior Indenture Parity Obligations. As more fully described herein, the 2011B MLF Special Revenue Bonds are subordinate to the 2011B Subordinate Revenue Bonds and to all other Subordinate Revenue Bonds issued or to be issued under the Subordinate Indenture. However, under certain circumstances, payments of the 2011B MLF Special Revenue Bonds for which funds are not available in the Commission Payments Fund (herein defined) may be made pursuant to Act 44 from funds transferred to the Trustee from the Commonwealth’s Motor License Fund. The 2011B Subordinate Revenue Bonds are not payable from funds transferred from the Commonwealth’s Motor License Fund.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The 2011 Bonds are being offered when, as and if issued and accepted by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice, to certain legal matters being passed upon by Reed Smith LLP and The Smyler Firm, both of Philadelphia, Pennsylvania, Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Underwriters by Thorp Reed & Armstrong, LLP, Pittsburgh, Pennsylvania, Counsel for the Underwriters. Certain legal matters will be passed upon for the Commission by its Chief Counsel, Doreen A. McCall, Esquire and by Cozen O’Connor, Philadelphia, Pennsylvania, Disclosure Counsel to the Commission. It is anticipated that the 2011 Bonds will be available for delivery in New York, New York on or about October 31, 2011.

Citigroup

Barclays Capital

Loop Capital Markets

Siebert Brandford Shank & Co., L.L.C.

Piper Jaffray & Co.

Raymond James & Associates, Inc.

Wells Fargo Securities

\$126,740,000

TURNPIKE SUBORDINATE REVENUE BONDS, SERIES B OF 2011

\$54,760,000 SERIAL BONDS

<u>Maturity Date (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP**</u>
2012	\$3,105,000	2.000%	0.950%	101.128	709223J28
2013	3,540,000	3.000%	1.350%	103.377	709223J36
2014	30,000	3.000%	1.680%	103.949	709223J44
2014	3,470,000	5.000%	1.680%	109.934	709223L41
2015	1,150,000	3.000%	2.100%	103.503	709223J51
2015	2,385,000	5.000%	2.100%	111.289	709223L58
2016	400,000	4.000%	2.520%	107.018	709223J69
2016	3,150,000	5.000%	2.520%	111.761	709223L66
2017	3,590,000	5.000%	2.800%	112.224	709223J77
2018	395,000	4.000%	3.140%	105.421	709223J85
2018	3,240,000	5.000%	3.140%	111.727	709223L74
2019	165,000	4.000%	3.470%	103.705	709223J93
2019	3,515,000	5.000%	3.470%	110.701	709223L82
2020	3,735,000	4.000%	3.710%	102.216	709223K26
2021	1,955,000	3.500%	3.830%	97.258	709223L90
2021	1,800,000	4.000%	3.830%	101.408	709223K34
2022	2,435,000	3.750%	3.950%	98.216	709223M24
2022	1,335,000	4.000%	3.950%	100.409*	709223K42
2023	3,790,000	4.000%	4.080%	99.239	709223K59
2024	2,210,000	4.000%	4.190%	98.098	709223M32
2024	1,610,000	4.125%	4.190%	99.347	709223K67
2025	1,645,000	4.125%	4.310%	98.059	709223M40
2025	2,210,000	4.250%	4.310%	99.368	709223K75
2026	3,900,000	4.375%	4.430%	99.396	709223K83

\$20,750,000 5.25% Term Bonds due December 1, 2031, Price: 103.075*; Yield: 4.86%; CUSIP: 709223 K91

\$23,665,000 5.00% Term Bonds due December 1, 2036; Price: 100.00; CUSIP: 709223 L33

\$27,565,000 5.25% Term Bonds due December 1, 2041, Price: 101.718*; Yield: 5.03%; CUSIP: 709223 L25

\$98,910,000

MOTOR LICENSE FUND-ENHANCED TURNPIKE SUBORDINATE SPECIAL REVENUE BONDS, SERIES B OF 2011

\$38,290,000 SERIAL BONDS

<u>Maturity Date (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP**</u>
2013	\$ 275,000	4.000%	0.820%	106.554	709223M57
2014	435,000	5.000%	1.150%	111.629	709223M65
2015	595,000	3.000%	1.570%	105.633	709223M73
2016	300,000	3.000%	1.990%	104.859	709223M81
2016	450,000	5.000%	1.990%	114.482	709223Q20
2017	915,000	3.000%	2.270%	104.124	709223M99
2018	1,075,000	5.000%	2.560%	115.713	709223N23
2019	1,265,000	5.000%	2.890%	115.110	709223N31
2020	1,455,000	3.000%	3.160%	98.743	709223N49
2021	1,630,000	5.000%	3.280%	114.662	709223N56
2022	1,835,000	5.000%	3.400%	113.559*	709223N64
2023	2,050,000	5.000%	3.550%	112.197*	709223N72
2024	10,000	3.500%	3.680%	98.141	709223N80
2024	2,265,000	5.000%	3.680%	111.032*	709223Q38
2025	25,000	3.625%	3.800%	98.102	709223N98
2025	2,485,000	5.000%	3.800%	109.970*	709223Q46
2026	2,750,000	5.000%	3.910%	109.007*	709223P21
2027	3,010,000	5.000%	4.010%	108.141*	709223P39
2028	3,270,000	5.000%	4.110%	107.283*	709223P47
2029	3,545,000	5.000%	4.210%	106.433*	709223P54
2030	3,835,000	5.000%	4.270%	105.926*	709223P62
2031	4,140,000	5.000%	4.330%	105.423*	709223P70
2033	675,000	4.375%	4.375%	100.000	709223P96

\$13,690,000 5.00% Term Bonds due December 1, 2034, Price:104.840*; Yield: 4.40%; CUSIP: 709223 Q53

\$46,930,000 5.00% Term Bonds due December 1, 2041, Price:104.343*; Yield: 4.46%; CUSIP: 709223 P88

*Priced to call date December 1, 2021.

**The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Commission or the Underwriters, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refundings or defeasance of such issue or the use of secondary market financial products. None of the Commission or the Underwriters has agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

PENNSYLVANIA TURNPIKE COMMISSION

COMMISSIONERS

WILLIAM K. LIEBERMAN
Chairman

A. MICHAEL PRATT
Vice Chairman

J. WILLIAM LINCOLN
Secretary/Treasurer

PASQUALE T. DEON, SR.
Commissioner

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Commissioner

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Chief Executive Officer

CRAIG R. SHUEY
Chief Operating Officer

NIKOLAUS H. GRIESHABER
Chief Financial Officer

FRANK J. KEMPF, JR.
Chief Engineer

DOREEN A. MCCALL
Chief Counsel

TD BANK, NATIONAL ASSOCIATION
Trustee and Paying Agent

PUBLIC FINANCIAL MANAGEMENT, INC.
Financial Advisor

NO DEALER, BROKER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED BY THE COMMISSION OR THE UNDERWRITERS TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS, OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OR EITHER OF THE FOREGOING. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE 2011 BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE COMMISSION AND OTHER SOURCES WHICH ARE BELIEVED TO BE RELIABLE BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY, AND IS NOT TO BE CONSTRUED AS REPRESENTATIONS BY, THE UNDERWRITERS. THE INFORMATION AND EXPRESSIONS OF OPINION CONTAINED HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN ANY OF THE INFORMATION SET FORTH HEREIN SINCE THE DATE HEREOF.

THE 2011 BONDS ARE NOT AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES LAWS, AND THE SUBORDINATE INDENTURE HAS NOT BEEN AND WILL NOT BE QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, BECAUSE OF AVAILABLE EXEMPTIONS THEREFROM. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY FEDERAL, STATE, MUNICIPAL, OR OTHER GOVERNMENTAL AGENCY WILL PASS UPON THE ACCURACY, COMPLETENESS, OR ADEQUACY OF THIS OFFICIAL STATEMENT.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING FOR INCLUSION IN THIS OFFICIAL STATEMENT: THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2011 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY, OR IMPORTANCE, AND

THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE 2011 BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

**CAUTIONARY STATEMENTS REGARDING
FORWARD-LOOKING STATEMENTS IN
THIS OFFICIAL STATEMENT**

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 27A of the United States Securities Act of 1933, as amended (the "Securities Act"). Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS DEPENDS, AMONG OTHER THINGS, ON KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS TO BE MATERIALLY DIFFERENT FROM ANY ANTICIPATED FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE COMMISSION DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED, OCCUR.

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OFFICIAL STATEMENT

\$126,740,000
PENNSYLVANIA TURNPIKE COMMISSION
TURNPIKE SUBORDINATE REVENUE BONDS, SERIES B OF 2011
and
\$98,910,000
MOTOR LICENSE FUND-ENHANCED TURNPIKE SUBORDINATE SPECIAL
REVENUE BONDS, SERIES B OF 2011

INTRODUCTION

This Official Statement, which includes the cover page, inside front cover page and the appendices hereto, is furnished by the Pennsylvania Turnpike Commission (the "**Commission**") in connection with the issuance of \$126,740,000 aggregate principal amount of Pennsylvania Turnpike Commission Turnpike Subordinate Revenue Bonds, Series B of 2011 (the "**2011B Subordinate Revenue Bonds**"), and \$98,910,000 aggregate principal amount of Pennsylvania Turnpike Commission Motor License Fund-Enhanced Turnpike Subordinate Special Revenue Bonds, Series B of 2011 (the "**2011B MLF Special Revenue Bonds**" and, together with the 2011B Subordinate Revenue Bonds, the "**2011 Bonds**").

All capitalized terms not otherwise defined herein shall have the same meanings ascribed to them in the definitions set forth in either APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE" or APPENDIX F – "SUMMARY OF CERTAIN PROVISIONS OF AND DEFINED TERMS IN THE SENIOR INDENTURE."

Purpose

The proceeds of the 2011B Subordinate Revenue Bonds will be used to finance the costs of (i) making payments to the Pennsylvania Department of Transportation ("**PennDOT**") in accordance with Act 44 (as hereinafter defined) to fund certain grants to mass transit agencies, (ii) funding necessary reserves to the extent required for such financing, and (iii) issuing the 2011B Subordinate Revenue Bonds. The proceeds of the 2011B MLF Special Revenue Bonds will be used to finance the costs of (i) making payments to PennDOT in accordance with Act 44 to fund various road, highway, bridge and capital projects, (ii) funding a deposit to the Special Revenue Bonds Funded Debt Service Sub-Account, and (iii) issuing the 2011B MLF Special Revenue Bonds. See "PLAN OF FINANCING" and "ESTIMATED SOURCES AND USES OF FUNDS."

Pennsylvania Turnpike Commission

The Commission is an instrumentality of the Commonwealth of Pennsylvania (the "**Commonwealth**") created by the Enabling Acts (as defined below), with the power to construct, operate, and maintain the System (as defined and described in APPENDIX A) and to perform other functions authorized by Act 44. Its composition, powers, duties, functions, duration and all other attributes are derived from the Enabling Acts, as amended and supplemented from time to

time. Except as provided therein, the Enabling Acts may be modified, suspended, extended or terminated at any time by further legislation.

Subordinate Indenture and Enabling Acts

The 2011 Bonds are being issued pursuant to that certain Subordinate Trust Indenture dated as of April 1, 2008 (the "***Original Subordinate Indenture***") between the Commission and TD Bank, National Association, as successor trustee (the "***Trustee***"), as heretofore amended and supplemented (collectively, the "***Original Indenture***"), and as further supplemented by that certain Supplemental Trust Indenture No. 11 dated as of October 1, 2011 ("***Supplemental Subordinate Indenture No. 11***," and, collectively with the Original Indenture, the "***Subordinate Indenture***"), all pursuant to, and as authorized by, an Act of the General Assembly of Pennsylvania approved July 18, 2007, P.L. 169, No. 44 ("***Act 44***"), and various Acts of the General Assembly approved on several dates, including the Act of May 21, 1937, P.L. 774; the Act of May 24, 1945, P.L. 972; the Act of February 26, 1947, P.L. 17; the Act of May 23, 1951, P.L. 335; the Act of August 14, 1951, P.L. 1232; and the Act of September 30, 1985, P.L. 240, No. 61 ("***Act 61***") to the extent not repealed by Act 44 (collectively, and together with Act 44, the "***Enabling Acts***") and a Resolution adopted by the Commission on September 20, 2011.

2011 Bonds

The 2011 Bonds will bear interest at fixed interest rates and will mature, subject to prior redemption, on the dates and in the amounts set forth on the inside front cover page of this Official Statement. Interest on the 2011 Bonds is payable on each June 1 and December 1, commencing on June 1, 2012 (each an "***Interest Payment Date***"). See "DESCRIPTION OF THE 2011 BONDS".

Redemption

The 2011 Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity under certain circumstances as more fully set forth herein. See "DESCRIPTION OF THE 2011 BONDS – Redemption of 2011 Bonds."

Security

THE 2011 BONDS ARE LIMITED OBLIGATIONS OF THE COMMISSION PAYABLE FROM THE REVENUES AND SOURCES SET FORTH IN THE SUBORDINATE INDENTURE, AND SHALL NOT BE DEEMED TO BE A DEBT OF THE COMMONWEALTH OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE COMMONWEALTH. THE COMMONWEALTH IS NOT OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION WHATSOEVER FOR THE 2011 BONDS OR TO MAKE ANY APPROPRIATION FOR THE PAYMENT OF ANY OF THE 2011 BONDS. THE COMMISSION HAS NO TAXING POWER.

THE PAYMENT OF THE 2011 BONDS AND ALL OTHER SUBORDINATE INDENTURE BONDS IS SUBJECT TO THE PRIOR RIGHT OF PAYMENT OF ALL SENIOR INDENTURE PARITY OBLIGATIONS AND, THEREFORE, THE CASH FLOW OF THE COMMISSION AVAILABLE FOR THE PAYMENT OF THE 2011

BONDS IS SUBORDINATE IN RIGHT OF PAYMENT TO THE PAYMENT OF ALL SUCH SENIOR INDENTURE PARITY OBLIGATIONS.

Security for the 2011B Subordinate Revenue Bonds.

The 2011B Subordinate Revenue Bonds are being issued under the Subordinate Indenture as "Revenue Bonds" (referred to for purposes of this Official Statement as "Subordinate Revenue Bonds") and will be equally and ratably secured, along with each of the series of bonds of the Commission listed below, and along with any additional Subordinate Revenue Bonds issued pursuant to the Subordinate Indenture and certain other obligations incurred as "Revenue Bonds Parity Obligations" under the Subordinate Indenture (referred to for purposes of this Official Statement as "Subordinate Revenue Bonds Parity Obligations"), by a pledge by the Commission of the Trust Estate consisting primarily of Commission Payments (as hereinafter defined) from amounts released from the General Reserve Fund after the payment of all Senior Indenture Parity Obligations (as defined in APPENDIX F) issued under the Amended and Restated Trust Indenture, originally dated as of July 1, 1986 and amended and restated as of March 1, 2001 (as it may be further amended, supplemented or replaced, the "*Senior Indenture*"), between the Commission and U.S. Bank National Association, successor trustee (the "*Senior Trustee*"), relating to the Commission's mainline toll revenue bonds.

<u>Series</u>	<u>Date of Issuance</u>	<u>Original Aggregate Principal Amount</u>	<u>Current Outstanding Principal Amount or Compounded Amount[†]</u>
Turnpike Subordinate Revenue Bonds, Series A of 2008 (the " <i>2008A Bonds</i> ")	April 29, 2008	\$244,855,000	\$234,625,000
Turnpike Subordinate Revenue Bonds, Series B of 2008 (the " <i>2008B Bonds</i> ")	July 30, 2008	\$233,905,000	\$233,905,000
Turnpike Subordinate Revenue Bonds, Sub-Series C-1 of 2008 (the " <i>2008C-1 Bonds</i> ")	October 28, 2008	\$231,335,000	\$225,000,000
Turnpike Subordinate Revenue Bonds, Series A of 2009 (the " <i>2009A Bonds</i> ")	January 22, 2009	\$308,035,000	\$297,985,000
Turnpike Subordinate Revenue Bonds, Series B of 2009 (the " <i>2009B Bonds</i> ")	July 28, 2009	\$856,735,000	\$856,735,000

[†] For capital appreciation bonds, compounded amounts as of May 31, 2011 are included.

<u>Series</u>	<u>Date of Issuance</u>	<u>Original Aggregate Principal Amount</u>	<u>Current Outstanding Principal Amount or Compounded Amount[†]</u>
Turnpike Subordinate Revenue Bonds, Series C of 2009 (the " 2009C Bonds ")	July 28, 2009	\$99,998,204	\$111,999,000
Turnpike Subordinate Revenue Bonds, Series D of 2009 (the " 2009D Bonds ")	October 27, 2009	\$324,745,000	\$324,745,000
Turnpike Subordinate Revenue Bonds, Series E of 2009 (the " 2009E Bonds ")	October 27, 2009	\$200,004,558	\$220,734,329
Turnpike Subordinate Revenue Bonds, Series B of 2010 (the " 2010B Bonds ")	July 28, 2010	\$273,526,108	\$281,885,000
Turnpike Subordinate Revenue Bonds, Series C of 2010 (the " 2010C Bonds ")	October 28, 2010	\$138,915,497	\$141,592,438
Turnpike Subordinate Revenue Bonds, Series A of 2011 (the " 2011A Bonds ")	April 28, 2011	\$135,655,000	\$135,655,000

The 2011B Subordinate Revenue Bonds are Debt Service Reserve Fund Bonds for the purpose of the Subordinate Indenture and, accordingly, are secured by moneys on deposit in the Debt Service Reserve Fund as more fully described in "SECURITY FOR THE 2011 BONDS – Debt Service Reserve Fund."

Security for the 2011B MLF Special Revenue Bonds.

The 2011B MLF Special Revenue Bonds are being issued under the Subordinate Indenture as "Special Revenue Bonds" (the "**Special Revenue Bonds**") which are subordinate to the Senior Indenture Parity Obligations, the 2011B Subordinate Revenue Bonds, and all other Subordinate Revenue Bonds Parity Obligations. Under certain circumstances, payments of the 2011B MLF Special Revenue Bonds for which funds are not available in the Commission Payments Fund may be paid pursuant to Act 44 from funds transferred to the Trustee from the Commonwealth's Motor License Fund. The 2011B MLF Special Revenue Bonds are equally and ratably secured with each of the series of bonds of the Commission listed below, and any additional Special Revenue Bonds and any Special Revenue Bonds Parity Obligations.

[†] For capital appreciation bonds, compounded amounts as of May 31, 2011 are included.

<u>Series</u>	<u>Date of Issuance</u>	<u>Original Aggregate Principal Amount</u>	<u>Current Outstanding Principal Amount or Compounded Amount[†]</u>
Motor License Fund-Enhanced Turnpike Subordinate Special Revenue Bonds, Series A of 2010 (the " 2010A MLF Bonds ")	July 28, 2010	\$187,816,151	\$192,210,394
Motor License Fund-Enhanced Turnpike Subordinate Special Revenue Bonds, Series B of 2010 (the " 2010B MLF Bonds ")	October 28, 2010	\$105,299,433	\$106,851,873
Motor License Fund-Enhanced Turnpike Subordinate Special Revenue Bonds, Series A of 2011 (the " 2011A MLF Bonds ")	April 28, 2011	\$102,620,000	\$102,620,000

See "SECURITY FOR THE 2011 BONDS – Special Revenue Bonds" for a description of the Special Revenue Bonds. See also APPENDIX I – "CERTAIN INFORMATION REGARDING COMMONWEALTH MOTOR LICENSE FUND."

The 2011B MLF Special Revenue Bonds are not secured by the Debt Service Reserve Fund under the Subordinate Indenture.

Recent Toll Increases and Future Toll Increases

The Commission implemented a toll increase in the amount of 25% effective January 4, 2009, a toll increase in the amount of 3% effective January 3, 2010, a toll increase on January 2, 2011, in the amount of 10% for cash customers and 3% for E-ZPass customers and a toll increase in the amount of 10% for cash customers, which will be effective January 1, 2012. There will be no rate increase for E-ZPass customers in 2012. The Commission has also approved certain changes to its commercial discounts effective January 2012. In addition, the Commission also approved toll rate increases that among E-ZPass users and cash customers will average 3% annually for each of the 2013 and 2014 calendar years. Future toll increases will be determined by the Commission, taking into account the amount necessary to meet the then existing debt, capital and operational obligations of the Commission. See APPENDIX A – "THE PENNSYLVANIA TURNPIKE –Revenue Sources of the Commission" and "--Toll Schedule and Rates."

Traffic Study

Attached hereto as APPENDIX H is the Pennsylvania Turnpike 2009 Traffic and Revenue Update Study prepared by Wilbur Smith Associates dated January 6, 2009 (the "**2009**

[†] For capital appreciation bonds, compounded amounts as of May 31, 2011 are included.

Study"), together with "Bring Down" letters from Wilbur Smith Associates dated March 30, 2010 and February 22, 2011 (the "**Bring Down Letters**" and, together with the 2009 Study, the "**Traffic Study**"). The Bring Down Letters incorporate events that have occurred since the 2009 Study, including toll rate increases of 25% in January 2009, 3% in January 2010, 3% (10% for cash customers) in January 2011, and the continuing effects of the economic downturn. The Bring Down Letters do not reflect the Commission's adoption of a 10% toll increase on cash customers effective January 2012. Rather, the Bring Down Letters assume a January 2012 toll increase on all customers of 3%. Total adjusted gross toll revenue is estimated to increase from \$598.9 million in Fiscal Year 2007-08 to \$2.7 billion by Fiscal Year 2035-36, representing 5.6% annualized growth. In Fiscal Year 2010-11 adjusted gross toll revenues increased 6.2% to \$739.7 million reflecting the combined impacts of traffic growth and January 2010 and January 2011 toll increases. However, adjusted gross toll revenues were 0.7% less than the Traffic Study forecasts due to higher fuel prices later in the year and increased customer usage of discounted toll rates offered through E-ZPass. The Bring Down Letters project that Fiscal Year 2011-12 adjusted toll revenues will be \$808.0 million. Actual Fiscal Year 2011-12 adjusted gross revenues through September 2011 are less than forecast due to a combination of the continuing effects of higher fuel prices, a slower than expected economic recovery and weather related impacts. The Commission reports that adjusted gross toll revenues for the four month period ended September 30, 2011 are 4.6% greater than the same period in Fiscal Year 2010-11. See "CERTAIN RISK FACTORS" and APPENDIX H – "TRAFFIC AND REVENUE STUDY." The Traffic Study should be read in its entirety for a full description of the assumptions and methodologies used to develop such forecasts. The Commission believes that it will have sufficient revenue to meet the debt, capital and operational obligations of the Commission in future years.

Recent Developments

Act 44 and Future Legislation

On July 18, 2007, Act 44 was enacted creating a "public-public partnership" between the Commission and the Pennsylvania Department of Transportation ("**PennDOT**") to provide funding for roads, bridges and transit throughout the Commonwealth, thus greatly expanding the Commission's previous focus on operating and improving the Turnpike. The General Assembly enacted Act 44 after considering transportation funding proposals, including the leasing of the Turnpike Mainline to a private party.

As more fully discussed in APPENDIX A, Act 44 obligated the Commission, among other things, to enter into an agreement with PennDOT to effectuate the provisions of Act 44 requiring the Commission to make substantial annual payments to PennDOT to provide funds for various transportation needs in the Commonwealth and granting the Commission the option to lease the Pennsylvania portion of Interstate 80 ("**I-80**") and to convert I-80 to a toll road (the "**Conversion**") subject to certain federal approvals and other conditions. The Commission and PennDOT entered into a Lease and Funding Agreement, dated October 14, 2007 (the "**Funding Agreement**"), pursuant to which the Commission is required to make certain payments to PennDOT in quarterly installments (which payments in Fiscal Year 2009-10 totaled \$900,000,000 and in Fiscal Year 2010-11 totaled \$450,000,000) and the Commission was granted the unilateral option to effectuate the Conversion at any time before the third anniversary of the Funding Agreement, which was October 14, 2010 (the "**Conversion Period**"), subject to

extension as provided in the Funding Agreement. The term of the Funding Agreement is 50 years from its effective date, October 14, 2007.

The Federal Highway Administration's ("**FHWA**") approval of the tolling of I-80 was required in order for the Conversion to occur. On April 6, 2010, the FHWA denied the Commission's application to toll I-80. The Commission has not appealed the FHWA's decision and did not extend the Conversion Period during the notice period under the Funding Agreement or give notice of Conversion. See APPENDIX A for further discussion.

Act 44 provides that under certain circumstances, payments to PennDOT decrease to \$450,000,000 annually for the remaining term of the Funding Agreement. It has been the Commission's position that the reduced annual payment of \$450,000,000 was effective beginning with Fiscal Year 2010-11. PennDOT disputed this position arguing that the reduction to \$450,000,000 did not occur until Fiscal Year 2011-12. The dispute has been settled in favor of the Commission's position. See APPENDIX A – "THE PENNSYLVANIA TURNPIKE – The Pennsylvania Turnpike – Act 44" for a further discussion of the dispute and its resolution.

Recent Correspondence from the Internal Revenue Service

On September 27, 2010, the Commission received correspondence from the Internal Revenue Service (the "**IRS**") notifying the Commission of an examination of the Commission's \$275,000,000 Turnpike Revenue Bonds, Series A of 2009 (Federally Taxable-Issuer Subsidy-Build America Bonds), which were issued under the Senior Indenture, and requesting certain documents and information. Following its response to such request, the Commission received further correspondence from the IRS that such examination was closed with no change in the allowability of the refundable credits to the Commission with respect to such bonds.

Additional Indebtedness

The Commission is planning to issue additional indebtedness under the Subordinate Indenture in the spring of 2012 and thereafter to make additional required payments to PennDOT under the Funding Agreement. See also "THE PENNSYLVANIA TURNPIKE – Revenue Sources of the Commission -- Future Financing Considerations" in APPENDIX A and "SUBORDINATE INDENTURE – Additional Subordinate Indenture Bonds" in APPENDIX C.

Act 44 Financial Plan

In accordance with Act 44, the Commission is required to provide a financial plan (the "**Financial Plan**") to the Secretary of the Budget of the Commonwealth no later than June 1 of each year. The Financial Plan must describe the Commission's proposed operating and capital expenditures, borrowings, liquidity and other financial management covenants and policies, estimated toll rates and all other revenues and expenditures for the ensuing Fiscal Year. The Financial Plan must also show that the operation of the System can reasonably be anticipated to result in the Commission's ability to meet its payment obligations to PennDOT pursuant to the Funding Agreement and Act 44. It does not, however, address the funding needs for the Mon/Fayette or Southern Beltway projects (see "CAPITAL IMPROVEMENTS – Mon/Fayette Expressway and Southern Beltway" in APPENDIX A hereto).

The Commission submitted its Financial Plan for Fiscal Year 2011-12 on June 1, 2011 and a Financial Plan Amendment on August 4, 2011, incorporating the Commission's adoption of an amendment to its Ten Year Capital Plan (together the "Financial Plan"). The amendment to the Capital Plan, which was approved by the Commission on June 21, 2011, provides an additional \$1.74 billion in capital spending over the original Capital Plan for a total \$6.4 billion. This increased commitment allows the Commission to accelerate a number of capital improvements and to pursue new initiatives to maintain and improve the System. The Commission's Financial Plan for Fiscal Year 2011-12 indicates that in Fiscal Year 2010-11 it was able to meet all of its financial covenants and Act 44 obligations and was able to progress with its capital plan. Given the slow recovery of the economy, the Commission plans to continue the cost containment and efficiency measures it implemented within the past few years. These measures, together with future toll increases, are expected to allow the Commission to meet its financial covenants, Act 44 obligations, and capital needs during Fiscal Year 2011-12.

The Financial Plan concludes that the Commission will continue to meet all of its indenture covenants and all of its other obligations through the 2056-57 Fiscal Year. However, as a forward-looking report, the Financial Plan makes certain assumptions, including future toll increases, to reach its conclusion that the financial covenants, Act 44 obligations and capital needs will be met beyond Fiscal Year 2011-12. Key among these assumptions is the Commission's ability to raise all tolls throughout the System. The Financial Plan reflects the expected full year effects of the January 2011 toll increase and the expected partial year impacts of the January 2012 toll increase. The Financial Plan does not assume any tolling of I-80 and assumes a reduced level of funding obligations required by Act 44. No assurances can be made by the Commission with respect to the assumptions made or conclusions reached in the Financial Plan. A complete copy of the Financial Plan can be obtained by contacting the Commission. See APPENDIX A – "THE PENNSYLVANIA TURNPIKE – Act 44" for more detail.

Availability of Documents

Copies of the Subordinate Indenture and the Senior Indenture are available for inspection at the offices of the Commission and, following the delivery of the 2011 Bonds, will be on file at the offices of the Trustee.

DESCRIPTION OF THE 2011 BONDS

General

The 2011 Bonds are being issued by the Commission pursuant to the Enabling Acts and the Subordinate Indenture and will be dated the date of their issuance and delivery. The 2011B Subordinate Revenue Bonds and the 2011B MLF Special Revenue Bonds will be issued in the principal amounts, bearing interest at the rates, paying interest on the dates, and maturing (subject to the rights of prior redemption described below) on the dates, all as shown on the inside cover page of this Official Statement.

Interest on the 2011 Bonds will accrue from their date of delivery and will be payable semi-annually to maturity (or earlier redemption) on June 1 and December 1, commencing on June 1, 2012 (each an "*Interest Payment Date*").

The 2011 Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof. As provided in the Subordinate Indenture, the principal or redemption price of the 2011 Bonds is payable at the designated trust office of the Trustee located in Philadelphia, Pennsylvania. Interest on the 2011 Bonds, shall be paid to the person whose name appears on the bond registration books of the Trustee as the holder thereof as of the close of business on the Record Date for each Interest Payment Date. Payment of the interest on the 2011 Bonds shall be made by check mailed by first class mail to such holder at its address as it appears on such registration books or, upon the written request of any holder of at least \$1,000,000 in aggregate principal amount of 2011 Bonds, submitted to the Trustee no later than ten Business Days prior to the Record Date, by wire transfer in immediately available funds to an account within the United States designated by such holder. If the Commission defaults in the payment of interest due on any Interest Payment Date, Defaulted Interest will be payable to the person in whose name such 2011 Bond is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest as described below. Such notice of the Special Record Date will be mailed to the persons in whose names the 2011 Bonds are registered at the close of business on the 10th day preceding the date of mailing.

Upon original issuance, the 2011 Bonds will be registered in the name of and held by Cede & Co., as registered holder and nominee for DTC. The 2011 Bonds initially will be issued as one fully registered certificate for each Series, maturity and interest rate. Purchases of the 2011 Bonds will initially be made in book-entry form. See APPENDIX D – "SECURITIES DEPOSITORY" herein. As long as the 2011 Bonds are registered in the name of DTC or its nominee, Cede & Co., payments of the principal of, redemption premium, if any, and interest on the 2011 Bonds will be paid directly to Cede & Co. by wire transfer by TD Bank, National Association, Philadelphia, Pennsylvania, as Paying Agent (the "***Paying Agent***"), on each Interest Payment Date. While the book-entry only system is in effect, transfers and exchanges of the 2011 Bonds will be effected through DTC's book-entry system.

DTC may determine to discontinue providing its service with respect to the 2011 Bonds at any time by giving notice to the Commission and discharging its responsibilities with respect thereto under applicable law or the Commission may determine to discontinue the system of book-entry-only transfers through DTC (or a successor securities depository). Under such circumstances, 2011 Bonds will be authenticated and delivered as provided in the Subordinate Indenture to the Beneficial Owners of the 2011 Bonds, who shall then become the registered owners thereof.

Defaulted Interest with respect to any 2011 Bond shall cease to be payable to the Owner of such 2011 Bond on the relevant Record Date and shall be payable to the Owner in whose name such 2011 Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest. The Commission shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each 2011 Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment; money deposited with the Trustee shall be held in trust for the benefit of the Owners of the 2011 Bonds entitled to such Defaulted Interest. Following receipt of such funds the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which

shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Commission of such Special Record Date and, in the name and at the expense of the Commission, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Owner of a 2011 Bond entitled to such notice at the address of such owner as it appears on the Bond Register not less than 10 days prior to such Special Record Date.

THE 2011 BONDS ARE NOT SUBJECT TO ACCELERATION UPON THE OCCURRENCE OF AN EVENT OF DEFAULT.

Registration, Transfer and Exchange

The Trustee shall act as initial registrar for the 2011 Bonds (the "**2011 Bond Registrar**") and in such capacity shall maintain a register (the "**Bond Register**") for the registration and transfer of 2011 Bonds. Upon surrender of any 2011 Bonds at the designated office of the Trustee, as the 2011 Bond Registrar, together with an assignment duly executed by the current holder of such 2011 Bonds or such holder's duly authorized attorney or legal representative in such form as shall be satisfactory to the Trustee, such 2011 Bonds may, at the option of the holder, be exchanged for an equal aggregate principal amount of 2011 Bonds of the same Series, of the same maturity, of Authorized Denominations and bearing interest at the same rate and in the same form as the 2011 Bonds surrendered for exchange, registered in the name or names designated on the assignment; provided the Trustee is not required to exchange or register the transfer of 2011 Bonds after the giving of notice calling such 2011 Bond for redemption, in whole or in part. The Commission shall execute and the Trustee shall authenticate any 2011 Bonds whose execution and authentication is necessary to provide for exchange of 2011 Bonds and the Commission may rely on a representation from the Trustee that such execution is required.

The Trustee may make a charge to any 2011 Bondholder requesting such exchange or registration in the amount of any tax or other governmental charge required to be paid with respect thereto and the Commission may charge such amount as it deems appropriate for each new 2011 Bond delivered upon such exchange or transfer, which charge or charges shall be paid before any new 2011 Bond shall be delivered.

Prior to due presentment for registration of transfer of any 2011 Bond, the Trustee shall treat the Person shown on the 2011 Bond Register as owning a 2011 Bond as the 2011 Bondholder and the Person exclusively entitled to payment of principal thereof, redemption premium, if any, and interest thereon and, except as otherwise expressly provided herein, the exercise of all other rights and powers of the owner thereof, and neither the Commission, the Trustee nor any agent of the Commission or the Trustee shall be affected by notice to the contrary.

The Trustee shall not be required to (i) transfer or exchange any 2011 Bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of such 2011 Bond and ending at the close of business on the day of such mailing, or (ii) transfer or exchange any 2011 Bond so selected for redemption in whole or in part, or during

a period beginning at the opening of business on any Record Date for such 2011 Bond and ending at the close of business on the relevant Interest Payment Date therefor.

The Subordinate Indenture, and all provisions thereof, are incorporated by reference in the text of the 2011 Bonds, and the 2011 Bonds provide that each registered owner, Beneficial Owner, Participant or Indirect Participant (as such terms are defined in APPENDIX D hereto) by acceptance of a 2011 Bond (including receipt of a book-entry credit evidencing an interest therein) assents to all of such provisions as an explicit and material portion of the consideration running to the Commission to induce it to issue such 2011 Bond.

Redemption of 2011 Bonds

The 2011 Bonds are subject to optional redemption and mandatory sinking fund redemption as set forth below.

Optional Redemption of 2011B Subordinate Revenue Bonds.

The 2011B Subordinate Revenue Bonds are subject to redemption prior to maturity at the option of the Commission at any time on or after December 1, 2021, as a whole or in part, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date.

Optional Redemption of 2011B MLF Special Revenue Bonds.

The 2011B MLF Special Revenue Bonds are subject to redemption prior to maturity at the option of the Commission at any time on and after December 1, 2021, as a whole or in part at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date.

Mandatory Redemption

Mandatory Sinking Fund Redemption of 2011B Subordinate Revenue Bonds. The 2011B Subordinate Revenue Bonds maturing on December 1 of the years 2031, 2036 and 2041 shall be subject to mandatory sinking fund redemption prior to maturity by the Commission in part on December 1 of the respective years and in the principal amounts each year set forth in the tables below, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date:

2011B Revenue Bonds maturing December 1, 2031

<u>Year</u>	<u>Amount</u>
2027	\$3,950,000
2028	4,045,000
2029	4,145,000
2030	4,250,000
2031*	4,360,000

2011B Revenue Bonds maturing December 1, 2036

<u>Year</u>	<u>Amount</u>
2032	\$4,485,000
2033	4,600,000
2034	4,725,000
2035	4,855,000
2036*	5,000,000

2011B Revenue Bonds maturing December 1, 2041

<u>Year</u>	<u>Amount</u>
2037	\$5,150,000
2038	5,320,000
2039	5,500,000
2040	5,695,000
2041*	5,900,000

* Final Maturity

Mandatory Sinking Fund Redemption of 2011B MLF Special Revenue Bonds. The 2011B MLF Special Revenue Bonds maturing on December 1 of the years 2034 and 2041 shall be subject to mandatory sinking fund redemption prior to maturity by the Commission in part on December 1 of the respective years and in the principal amounts each year as set forth in the table below, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date:

2011B MLF Special Revenue Bonds maturing December 1, 2034

<u>Year</u>	<u>Amount</u>
2032	\$4,455,000
2033	4,110,000
2034*	5,125,000

2011B MLF Special Revenue Bonds maturing December 1, 2041

<u>Year</u>	<u>Amount</u>
2035	\$5,485,000
2036	5,860,000
2037	6,255,000
2038	6,665,000
2039	7,100,000
2040	7,545,000
2041*	8,020,000

*Final Maturity

Selection of 2011 Bonds to be Redeemed

Except as to any mandatory sinking fund redemption of 2011 Bonds as described above, any partial redemption of the 2011 Bonds may be in any order of maturity and in any principal amount within a series, maturity and interest rate as designated by the Commission and in the case of any 2011 Bonds subject to mandatory redemption, the Commission shall be entitled to designate whether such payments shall be credited against principal amounts due at maturity or against particular scheduled mandatory redemption obligations with respect to such 2011 Bonds. The particular 2011 Bonds to be redeemed within a series, maturity and interest rate will be determined by the Trustee by lot.

The portion of any 2011 Bond to be redeemed shall be an Authorized Denomination or any multiple thereof and in selecting 2011 Bonds for redemption, each 2011 Bond shall be considered as representing that number of 2011 Bonds which is obtained by dividing the principal amount of such 2011 Bond by the minimum Authorized Denomination. If a portion of a 2011 Bond shall be called for redemption, a new 2011 Bond of the same Series and maturity in principal amount equal to the unredeemed portion thereof shall be issued to the bondholder thereof upon the surrender of such 2011 Bond. If for any reason the principal amount of 2011 Bonds called for redemption would result in a redemption of 2011 Bonds less than the Authorized Denomination, the Trustee, to the extent possible within the principal amount of such bonds to be redeemed, is authorized to adjust the selection of 2011 Bonds for such purpose in order to minimize any such redemption. Notwithstanding the foregoing, the Securities Depository shall select the 2011 Bonds for redemption within particular maturities according to its stated procedures.

Notice of Redemption. The Trustee, at the expense of the Commission, shall send notice of any redemption, identifying the 2011 Bonds to be redeemed, the redemption date and the method and place of payment and the information set forth in the following paragraph, by first class mail to each holder of a 2011 Bond called for redemption to the holder's address listed on the 2011 Bond Register. Such notice shall be sent by the Trustee by first class mail between 30 and 60 days prior to the scheduled redemption date. While the 2011 Bonds are in the book-entry-only system, the Trustee is only required to provide notice to the Securities Depository pursuant to the Letter of Representations.

In addition to the foregoing, the redemption notice shall contain with respect to each 2011 Bond being redeemed, (1) the CUSIP number, (2) the date of issue, (3) the interest rate, (4) the maturity date, and (5) any other descriptive information determined by the Trustee to be needed to identify the 2011 Bonds. If a redemption is a Conditional Redemption (as hereinafter defined), the notice shall so state. The Trustee also shall send each notice of redemption to (i) any Rating Agency then rating the 2011 Bonds to be redeemed; (ii) all of the registered clearing agencies known to the Trustee to be in the business of holding substantial amounts of bonds of a type similar to the 2011 Bonds; (iii) the Municipal Securities Rulemaking Board Electronic Municipal Market Access website and any similar entities which are required recipients by reason of continuing disclosure undertakings or regulatory requirements, such services to be identified by the Trustee, and (iv) one or more other national information services that disseminate notices of redemption of bonds such as the 2011 Bonds, such services to be identified by the Trustee.

In the case of an optional redemption of 2011 Bonds, the notice may state (1) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the redemption date, or (2) that the Commission retains the right to rescind such notice at any time prior to the scheduled redemption date if the Commission delivers a certificate of a Commission Official to the Trustee instructing the Trustee to rescind the redemption notice (in either case, a "***Conditional Redemption***"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded.

Purchase of 2011 Bonds at Any Time. The Trustee, upon the written request of the Commission, shall purchase 2011 Bonds as specified by the Commission in the open market at a price not exceeding the price specified by the Commission. Such purchase of 2011 Bonds shall be made with funds available under the Subordinate Indenture or provided by the Commission in such written request. Upon purchase by the Trustee, such 2011 Bonds shall be treated as delivered for cancellation under the terms of the Subordinate Indenture. Nothing in the Subordinate Indenture shall prevent the Commission from purchasing 2011 Bonds on the open market without the involvement of the Trustee and delivering such 2011 Bonds to the Trustee for cancellation under the Subordinate Indenture. 2011 Bonds purchased by the Commission and delivered to the Trustee under the terms of the Subordinate Indenture which are subject to a mandatory sinking fund redemption schedule may be credited against future mandatory sinking fund redemption payments. The principal amounts of 2011 Bonds to be redeemed by optional redemption may be reduced by the principal amount of 2011 Bonds purchased by the Commission and delivered to the Trustee for cancellation at least 15 days prior to the last date on which notice of redemption can be mailed.

PLAN OF FINANCING

The 2011B Subordinate Revenue Bonds are being issued to provide funds to finance the costs of (i) making payments to PennDOT in accordance with Act 44 to fund certain grants to mass transit agencies, (ii) funding necessary reserves to the extent required for such financing and (iii) issuing the 2011B Subordinate Revenue Bonds.

The 2011B MLF Special Revenue Bonds are being issued to provide funds to finance the costs of (i) making payments to PennDOT in accordance with Act 44 to fund various road, highway, bridge and capital projects, (ii) funding a deposit to the Special Revenue Bonds Funded Debt Service Sub-Account, and (iii) issuing the 2011B MLF Special Revenue Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

	2011B Subordinate Revenue <u>Bonds</u>	2011B MLF Special Revenue <u>Bonds</u>	<u>Total</u>
Sources:			
Par Amount	\$126,740,000	\$98,910,000	\$225,650,000
Net Original Issue Premium	<u>3,408,310</u>	<u>5,907,660</u>	<u>9,315,970</u>
TOTAL SOURCES	<u>\$130,148,310</u>	<u>\$104,817,660</u>	<u>\$243,965,970</u>
Uses:			
Act 44 Payment	\$125,000,000	\$100,000,000	\$225,000,000
Debt Service Reserve Fund Deposit relating to 2011B Subordinate Revenue Bonds	4,212,961		4,212,961
Special Revenue Bonds Funded Debt Service Sub-Account Deposit		4,048,043	4,048,043
Cost of Issuance ¹	<u>935,349</u>	<u>769,617</u>	<u>1,704,966</u>
TOTAL USES	<u>\$130,148,310</u>	<u>\$104,817,660</u>	<u>\$234,965,970</u>

¹ Includes underwriters' discount, fees and expenses of co-bond counsel, disclosure counsel and counsel to the underwriters, rating agency fees, printing expenses, fees and expenses of the financial advisor, trustee fees, and other miscellaneous costs and expenses.

SECURITY FOR THE 2011 BONDS

2011B Subordinate Revenue Bonds – General

The 2011B Subordinate Revenue Bonds are limited obligations of the Commission. The 2011B Subordinate Revenue Bonds will be secured, along with the Commission's Outstanding Subordinate Revenue Bonds Parity Obligations under the Subordinate Indenture, except as otherwise noted below, by the pledge by the Commission to the Trustee of (1) the Commission Payments (as described below), (2) all monies deposited into accounts or funds (other than the Rebate Fund), created by the Subordinate Indenture and held by or on behalf of the Trustee, (3) any insurance proceeds and other moneys required to be deposited therein, (4) all payments received by the Commission pursuant to Parity Swap Agreements, and (5) all investment earnings on all moneys held in accounts and funds established by the Subordinate Indenture (collectively, the "*Trust Estate*"); provided, that the Motor License Repayment Fund and earnings thereon are pledged to the Trustee solely for the purposes set forth in the Subordinate Indenture, and that the Special Revenue Bonds Receipts Account and the Special Revenue Bonds Funded Debt Service Sub-Account and earnings thereon are pledged solely for the benefit of holders of Special Revenue Bonds and Special Revenue Bonds Parity Obligations. "*Commission Payments*" consist of certain payments made by the Commission from funds on deposit in the General Reserve Fund established under the Senior Indenture. The Subordinate Indenture does not create a lien on the General Reserve Fund. Under the Senior Indenture, holders of the Senior Indenture Parity Obligations are granted a lien on the Tolls, certain other revenues and funds established under the Senior Indenture, including the General Reserve Fund, and pledged by the Commission as part of the Senior Trust Estate (as defined in APPENDIX F). The Subordinate Indenture does not create any lien on Tolls, other revenues and funds established under the Senior Indenture. See "SECURITY FOR THE 2011 BONDS – Commission Payments" below.

The Subordinate Indenture further provides that the Commission may not issue Additional Subordinate Indenture Bonds nor incur other Parity Obligations except upon satisfaction of various requirements as expressly provided in the Subordinate Indenture. See "SUBORDINATE INDENTURE –ADDITIONAL SUBORDINATE INDENTURE BONDS" and "--APPROVED AND PARITY SWAP OBLIGATIONS" in APPENDIX C.

The 2011B Subordinate Revenue Bonds are Debt Service Reserve Fund Bonds for the purpose of the Subordinate Indenture and, accordingly, are secured by moneys on deposit in the Debt Service Reserve Fund.

Upon the issuance of the 2011B Subordinate Revenue Bonds and the deposit of a portion of the proceeds thereof to the Debt Service Reserve Fund, the money on deposit in such Fund will equal the Debt Service Reserve Fund Requirement with respect to all outstanding Debt Service Reserve Fund Bonds, including the 2011B Subordinate Revenue Bonds.

2011B MLF Special Revenue Bonds – General

The 2011B MLF Special Revenue Bonds are limited obligations of the Commission and are secured, along with all Special Revenue Bonds and other Special Revenue Bonds Parity Obligations, by the Trust Estate under the Subordinate Indenture (other than the Motor License Repayment Fund, the Revenue Bonds Account and the Debt Service Reserve Fund and earnings thereon), but are junior and subordinate in right of payment to the 2011B Subordinate Revenue

Bonds and all other Subordinate Revenue Bonds issued or to be issued under the Subordinate Indenture and Subordinate Revenue Bonds Parity Obligations in that Commission Payments must be applied to all such obligations before being used to pay the 2011B MLF Special Revenue Bonds. If Commission Payments are not sufficient to make payments with respect to the Special Revenue Bonds, however, then Act 44 directs the Treasurer of the Commonwealth to transfer certain funds from the Commonwealth's Motor License Fund to the Trustee to fund such payments. See "Special Revenue Bonds" and "MOTOR LICENSE FUND" below and APPENDIX I – "CERTAIN INFORMATION REGARDING COMMONWEALTH MOTOR LICENSE FUND."

The 2011B MLF Special Revenue Bonds are the fourth series of "Special Revenue Bonds" to be issued under the Subordinate Indenture. The 2011B MLF Special Revenue Bonds are not "Debt Service Reserve Fund Bonds" under the Subordinate Indenture and, therefore, the 2011B MLF Special Revenue Bonds are not secured by the Debt Service Reserve Fund created under the Subordinate Indenture.

The 2011B MLF Special Revenue Bonds, and all other outstanding Special Revenue Bonds, are secured by the Special Revenue Bonds Receipts Account and by the Special Revenue Bonds Funded Debt Service Sub-Account created within the Debt Service Fund under the Subordinate Indenture. See "SECURITY FOR THE 2011 BONDS – Special Revenue Bonds" and "SECURITY FOR THE 2011 BONDS – Debt Service Fund" herein.

Limitation

TOLL REVENUES, OIL FRANCHISE TAX REVENUES, AND REGISTRATION FEE REVENUES (EXCEPT FOR DEPOSITS MADE BY THE COMMONWEALTH TO THE SPECIAL REVENUE BONDS RECEIPTS ACCOUNT, WHICH ACCOUNT DOES NOT SECURE THE 2011B SUBORDINATE REVENUE BONDS), AS WELL AS OTHER SOURCES OF THE COMMISSION'S REVENUES ARE NOT PLEDGED UNDER THE SUBORDINATE INDENTURE AS PART OF THE TRUST ESTATE. THE TRUST ESTATE IS LIMITED TO FUNDS AVAILABLE AND TRANSFERRED TO THE TRUSTEE FROM THE GENERAL RESERVE FUND UNDER THE SENIOR INDENTURE AND CERTAIN OTHER AMOUNTS ON DEPOSIT WITH THE TRUSTEE. THE SUBORDINATE INDENTURE DOES NOT CREATE A LIEN UPON THE MOTOR LICENSE FUND OR UPON ANY ACCOUNT THEREIN. THE TRUST ESTATE AS DEFINED IN THE SUBORDINATE INDENTURE ALSO EXCLUDES ALL MONIES HELD IN THE REBATE FUND ESTABLISHED UNDER THE SUBORDINATE INDENTURE.

THE 2011 BONDS ARE LIMITED OBLIGATIONS OF THE COMMISSION AND SHALL NOT BE DEEMED TO BE A DEBT OF THE COMMONWEALTH OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE COMMONWEALTH. THE COMMONWEALTH IS NOT OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION WHATSOEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THE PAYMENT OF ANY OF THE 2011 BONDS. THE COMMISSION HAS NO TAXING POWER.

Senior Revenue Bonds and Other Senior Parity Obligations

The Commission has previously issued Senior Revenue Bonds under the Senior Indenture, \$2,896,210,000 of which are currently outstanding. In December 2011, the Commission expects to issue additional Senior Revenue Bonds for refunding purposes. Under the terms of the Senior Indenture the Commission may issue additional Senior Revenue Bonds. THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON ALL SUCH SENIOR REVENUE BONDS WILL BE PAID PRIOR TO THE PAYMENT OF COMMISSION PAYMENTS WITH RESPECT TO THE SUBORDINATE INDENTURE BONDS, INCLUDING THE 2011 BONDS, EXCEPT TO THE EXTENT ANY SPECIAL REVENUE BONDS ARE PAID FROM AMOUNTS TRANSFERRED TO THE TRUSTEE FROM THE MOTOR LICENSE FUND. See "Commission Payments" below.

In addition to the Outstanding Senior Revenue Bonds, the Commission has entered into various interest rate exchange agreements with an outstanding notional amount of \$1,567,837,000 that constitute Senior Indenture Parity Swap Agreements (as defined in APPENDIX F) under the Senior Indenture. Under the terms of the Senior Indenture, amounts payable under Senior Indenture Parity Swap Agreements, including certain termination payments, are secured on a parity with the Senior Revenue Bonds by the Senior Trust Estate. Under the terms of the Senior Indenture the Commission may enter into additional Senior Indenture Parity Swap Agreements. ALL AMOUNTS PAYABLE UNDER ALL SUCH SENIOR PARITY SWAP AGREEMENTS, INCLUDING CERTAIN TERMINATION PAYMENTS, WILL BE PAID PRIOR TO THE PAYMENT OF COMMISSION PAYMENTS WITH RESPECT TO THE SUBORDINATE INDENTURE BONDS, INCLUDING THE 2011 BONDS, EXCEPT TO THE EXTENT ANY SPECIAL REVENUE BONDS ARE PAID FROM AMOUNTS TRANSFERRED TO THE TRUSTEE FROM THE MOTOR LICENSE FUND. See "Commission Payments" below, and "THE PENNSYLVANIA TURNPIKE – Financial Policies and Guidelines" in APPENDIX A.

Subordinate Revenue Bonds

After the issuance of the 2011 Bonds, Subordinate Revenue Bonds in the principal amount[†] of \$3,191,600,767 will be outstanding under the Subordinate Indenture. Upon the fulfillment of conditions set forth in the Subordinate Indenture, the Commission may issue additional Subordinate Revenue Bonds under the terms of the Subordinate Indenture which will have an equal claim to the Trust Estate with the 2011B Subordinate Revenue Bonds. However, all such additional Subordinate Revenue Bonds issued under the terms of the Subordinate Indenture shall be subordinate to the payment of all Senior Indenture Parity Obligations issued pursuant to the Senior Indenture. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE."

Special Revenue Bonds

Under Act 44, the Commission is authorized to issue Special Revenue Bonds (as defined in §9511.2 of Act 44) up to an aggregate principal amount of \$5 billion (not to exceed \$600 million per year), exclusive of original issue discount, for the purpose of paying bond-

[†] For capital appreciation bonds, compounded amounts as of May 31, 2011 are included.

related expenses and costs of PennDOT (specifically, highway, bridge and other capital projects). After the issuance of the 2011 Bonds, Special Revenue Bonds in the aggregate principal amount[†] of \$500,592,267 will be outstanding under the Subordinate Indenture. Special Revenue Bonds are subordinate to Subordinate Revenue Bonds (including the 2011B Subordinate Revenue Bonds) with respect to the Trust Estate, except with respect to the Special Revenue Bonds Receipts Account and the Special Revenue Bonds Funded Debt Service Sub-Account. The Commission may also issue additional Special Revenue Bonds under the Subordinate Indenture, which additional Special Revenue Bonds would be subordinate to the Subordinate Revenue Bonds but on parity with the 2011B MLF Special Revenue Bonds and other Special Revenue Bonds Parity Obligations. In the event the Commission does not make a required deposit for debt service on Special Revenue Bonds with the Trustee, such deposit is to be made from funds available for such purpose on deposit in the Commonwealth's Motor License Fund. The Commonwealth has no obligation to provide any funds, other than available funds on deposit in the Motor License Fund, for the payment of any Special Revenue Bonds. See "THE PENNSYLVANIA TURNPIKE – Act 44 – *Statutory Limitations on the Incurrence of Special Revenue Bonds*" in APPENDIX A for a more detailed discussion of Special Revenue Bonds and the Commission's reimbursement obligations related to withdrawals from the Motor License Fund.

In connection with the issuance by the Commission of the 2010A MLF Bonds, a Memorandum of Agreement (the "**Memorandum of Agreement**") was executed by PennDOT, the Office of the Budget of the Commonwealth and the State Treasurer of the Commonwealth. In the Memorandum of Agreement, the State Treasurer agreed to create a separate account, designated the "**PTC Special Revenue Bonds Account**", within the Motor License Fund and to use its best efforts to maintain in such account an amount equal to the then maximum annual debt service on all outstanding Special Revenue Bonds (the "**Account Requirement**"). Although funds in such account are not pledged to the Trustee, the State Treasurer agrees in the Memorandum of Agreement not to use such account for any other purpose if other funds are available in the Motor License Fund. The Subordinate Indenture requires the Trustee to provide immediate notice to PennDOT, with a copy to the State Treasurer, of any failure by the Commission to make a required monthly deposit into the Commission Payments Fund with respect to the Special Revenue Bonds (a "**Required Monthly Deposit**") in full when due under the Subordinate Indenture. The Memorandum of Agreement provides that before the end of the second business day following the day PennDOT receives such notice from the Trustee that the Commission has failed to timely make a Required Monthly Deposit and stating the amount of the shortfall, PennDOT shall prepare and deliver to the Pennsylvania Department of Transportation Comptroller in the Office of the Budget (the "**Comptroller**") a notice stating in what amount a payment shall be made to the Trustee on behalf of the Commission, which amount shall be equal to the amount of such shortfall. Before the end of the second business day following the Comptroller's receipt of the notice from PennDOT, the Comptroller shall prepare a pay dated voucher transmittal in the amount of the shortfall and deliver the voucher transmittal to the State Treasurer for payment. Before the end of the fourth business day following the State Treasurer's receipt of the voucher transmittal from the Comptroller, the State Treasurer shall cause a wire transfer in the amount of the shortfall to be made to the Trustee from funds on deposit to the credit of the Motor License Fund, excluding the PTC Special Revenue Bonds Account. If funds are not available in the Motor License Fund to pay the Trustee, funds on deposit in the PTC

[†] For capital appreciation bonds, compounded amounts as of May 31, 2011 are included.

Special Revenue Bonds Account shall be utilized. If the balance in the PTC Special Revenue Bonds Account is reduced below the Account Requirement, the State Treasurer agrees to cause the first monies available from designated sources in the Motor License Fund to be deposited in such Account in order to restore the balance therein to the Account Requirement in the order of priority described in the Memorandum of Agreement (first, from the Liquid Fuels and Fuels Tax, second, from the Oil Company Franchise Tax, and third, from various vehicle registration fees and other miscellaneous fees and income).

In Act 44, the Commonwealth has pledged to each entity that acquires a Special Revenue Bond issued by the Commission that the Commonwealth will not limit or alter the rights vested in the Commission or the Trustee for the Special Revenue Bonds to the appropriation and distribution of the money in the Motor License Fund for the Special Revenue Bonds as described in Act 44. ***The appropriation of money in the Commonwealth's Motor License Fund in respect of Special Revenue Bonds issued by the Commission under Act 44 is continuing and non-lapsing.***

The Commission covenants under the Subordinate Indenture, as required by Act 44, that (i) it will not issue Special Revenue Bonds in an aggregate amount exceeding \$5,000,000,000, unless otherwise authorized by Act of the Pennsylvania General Assembly; and (ii) it will not issue Special Revenue Bonds in an amount exceeding \$600,000,000 in any calendar year unless otherwise authorized by Act of the Pennsylvania General Assembly.

In the event of an amendment to Act 44 or enactment of other legislation providing that the Motor License Fund will become the primary payment source for debt service on the Special Revenue Bonds, the Commission may elect to substitute the Motor License Fund for the Commission Payments as the primary source of payment of debt service on the Special Revenue Bonds; provided, however, that the Commission may make such election only if it (i) obtains confirmation from the Rating Agencies that such change will not adversely affect the ratings on the Special Revenue Bonds and on the Subordinate Revenue Bonds that remain outstanding after such change, and (ii) causes to be delivered an opinion of Bond Counsel that such change will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Special Revenue Bonds.

The Commission covenants under the Subordinate Indenture that it will seek to enforce the covenants of the Commonwealth in Act 44 with respect to the Special Revenue Bonds and the Commonwealth's Motor License Fund. 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 Special Revenue 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 covenants of the Commonwealth in Act 44.

The Commission covenants under the Subordinate Indenture that it will seek to continue the Commonwealth's Motor License Fund in full force and effect without change which would materially adversely affect the Special Revenue Bonds. The Commission shall take such action as may be desirable or necessary to prevent or remedy the occurrence of any such change by petitioning the Governor and the General Assembly and taking appropriate legal action.

Parity Swap Agreements

In addition to additional Subordinate Revenue Bonds and Special Revenue Bonds, the Commission is authorized under the terms of the Subordinate Indenture to enter into various interest rate exchange agreements that will constitute Parity Swap Agreements under the Subordinate Indenture. The Commission has not entered into any such Parity Swap Agreements under the Subordinate Indenture. Under the terms of the Subordinate Indenture, amounts payable under Parity Swap Agreements entered into by the Commission, including certain termination payments, may be secured on a parity with Subordinate Revenue Bonds, including the 2011B Subordinate Revenue Bonds, and Special Revenue Bonds, including the 2011B MLF Special Revenue Bonds, in the Trust Estate. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE."

Obligations Secured by Other Revenue Sources

The Commission has previously issued Oil Franchise Tax Revenue Senior Bonds, \$465,365,885 aggregate principal amount[†] of which are currently outstanding, Oil Franchise Tax Subordinate Bonds, \$335,445,000 aggregate principal amount of which are currently outstanding, and Registration Fee Revenue Bonds, \$430,045,000 of which are currently outstanding. The Commission has entered into various interest rate exchange agreements with respect to certain Oil Franchise Tax Revenue Bonds and Registration Fee Revenue Bonds with an aggregate outstanding notional amount of \$551,425,000. Neither the Oil Franchise Tax Revenue Bonds nor the Registration Fee Revenue Bonds are secured by or have any interest in the Trust Estate under the Subordinate Indenture. Furthermore, neither the Oil Franchise Tax Revenues nor the Registration Fee Revenues are pledged to secure the 2011 Bonds or the Senior Indenture Parity Obligations.

Rate Covenant

The Commission has agreed in the Subordinate Indenture that it will at all times establish and maintain schedules of Tolls for traffic over the System so that the Net Revenues of the System in each Fiscal Year will at all times be at least sufficient to provide funds in an amount not less than the sum required by the Senior Indenture and, in addition, so that the amount paid into the General Reserve Fund of the Senior Indenture in each Fiscal Year and for each Commission Payment, will at all times (after deducting any liquidity reserve or other required holdback or deposit then in effect, whether by contract or other management policy or procedure) be at least sufficient to provide funds in an amount not less than (i) 115% of the Annual Debt Service for such Fiscal Year on account of all Outstanding Subordinate Revenue Bonds and Subordinate Revenue Bonds Parity Obligations, plus (ii) 100% of the Annual Debt Service for such Fiscal Year on account of all Outstanding Special Revenue Bonds, Special Revenue Bonds Parity Obligations and Subordinated Indebtedness, plus (iii) any payment by the Commission required by the Subordinate Indenture for restoring any deficiency in the Debt Service Reserve Fund within an eighteen (18) month period (the "**Rate Covenant**").

The amounts of the Commission Payments made from the Senior Trustee to the Trustee are based on the coverage levels established by the Rate Covenant described above; therefore, in

[†] For capital appreciation bonds, compounded amounts as of May 31, 2011 are included.

each year the Commission has covenanted to transfer Commission Payments in an amount equal to the sum of (i) 115% of the Annual Debt Service for such Fiscal Year on account of all Outstanding Subordinate Revenue Bonds and Subordinate Revenue Bonds Parity Obligations, plus (ii) 100% of the Annual Debt Service for such Fiscal Year on account of all Outstanding Special Revenue Bonds, Special Revenue Bonds Parity Obligations and other Subordinated Indebtedness, plus (iii) any payment by the Commission required by the Subordinate Indenture for restoring any deficiency in the Debt Service Reserve Fund within an eighteen (18) month period. Notwithstanding the provisions of the Rate Covenant, however, any balance in the General Reserve Fund which a Commission Official determines to be in excess of the amount required to be reserved therein for future transfers to the Senior Indenture Debt Service Fund (as herein defined) is available to make Commission Payments to the Trustee for the payment of Debt Service on Outstanding Subordinate Revenue Bonds and Subordinate Revenue Bonds Parity Obligations as well as Outstanding Special Revenue Bonds, Special Revenue Bonds Parity Obligations and other Subordinated Indebtedness. See "SECURITY FOR THE 2011 BONDS – Certain Provisions of the Senior Indenture", "SECURITY FOR THE 2011 BONDS – Commission Payments" and APPENDIX A – "THE PENNSYLVANIA TURNPIKE – Act 44 -- *Act 44 Payments to PennDOT for Roads, Bridges and Transit*".

The Commission's failure to meet the Rate Covenant shall not constitute an Event of Default under the Subordinate Indenture if (i) no Event of Default under the Subordinate Indenture occurred in debt service payments as a result of such failure and (ii) the Commission promptly after determining that the Rate Covenant was not met retains a Consultant to make written recommendations as to appropriate revisions to the schedules of Tolls necessary or appropriate to meet the Rate Covenant and advises the Trustee in writing of such retention. Anything in the Subordinate Indenture to the contrary notwithstanding, if the Commission shall comply with the recommendations of the Consultant in respect of Tolls to the extent permitted by law, it will not constitute an Event of Default under the provisions of the Subordinate Indenture if the Commission fails to meet the Rate Covenant during the succeeding Fiscal Year as long as no Event of Default under the Subordinate Indenture has occurred in debt service payments. If the Commission does not comply with the recommendations of the Consultant in respect of Tolls, the Trustee may, and upon the request of the holders of not less than 25% in Principal Amount of the Subordinate Indenture Bonds of any Class then outstanding and upon being indemnified to its satisfaction shall, institute and prosecute in a court of competent jurisdiction any appropriate action to compel the Commission to revise the schedules of Tolls. The Commission covenants that it will adopt and charge Tolls in compliance with any final order or decree entered in any such proceeding.

In the event that the Consultant shall fail to file with the Commission such recommendations in writing within sixty (60) days after such retention, the Trustee may designate and appoint a different Consultant to make recommendations as to an adjustment of the schedules of Tolls, which recommendations shall be reported in writing to the Commission and to the Trustee within sixty (60) days after such retention. Such written report shall for all purposes be considered to be the equivalent of and substitute for the recommendations of the Consultant retained by the Commission.

In preparing its recommendations, the Consultant may rely upon written estimates of Revenues prepared by the other Consultants of the Commission. Copies of such written estimates signed by such Consultants shall be attached to such recommendations. The

Commission covenants that promptly after receipt of such recommendations and the adoption of any revised schedules of Tolls, certified copies thereof will be filed with the Trustee.

The ability of the Commission to collect Tolls in an amount sufficient to comply with the Rate Covenant could be adversely affected by many factors, some of which are beyond the Commission's control. See "CERTAIN RISK FACTORS" and APPENDIX A – "THE PENNSYLVANIA TURNPIKE – Toll Schedule and Rates".

The Commission has agreed in the Senior Indenture that Tolls will be classified in a reasonable way to cover all traffic, so that the Tolls may be uniform in application to all traffic falling within any reasonable class regardless of the status or character of any person, firm or corporation participating in the traffic; provided, however, that the foregoing shall not be interpreted to restrict the Commission's right, in its discretion in connection with its management of the System, to establish and maintain flexible Toll schedules including, but not limited to, provisions for utilizing or otherwise taking into account, peak and nonpeak pricing, introductory pricing, weight, method of payment, frequency, carpooling, electronic Tolls or other new Toll collection technologies, traffic management systems, and similar classifications. The Commission has agreed that it shall not grant free passage or reduced Tolls within a class, except in the limited manner permitted by the Senior Indenture, which includes, among others, for operational or safety reasons including, but not limited to, reasons arising out of a work stoppage, work slowdown or work action, and for use by the Army, Air Force, Navy, Coast Guard, Marine Corps or National Guard or any branch thereof in time of war or other emergency.

In the event the Commission did not meet the Rate Covenant for the preceding Fiscal Year, any classification resulting in a reduced Toll or new classification shall be subject to a Consultant approving the same before it is implemented. In all events, the Commission shall not make a change in classification or any new classification which would cause the Commission to fail to meet the Rate Covenant.

The Commission's covenant as to uniformity of Tolls (pursuant to the Senior Indenture) shall not be construed as requiring that Tolls for any given class of traffic be identical in amount throughout the entire System for trips of approximately identical lengths. The Commission may fix and place in effect schedules of Tolls for any given class of traffic wherein the Tolls charged for travel on a given section of the System shall be different from the Tolls charged on another section of the System notwithstanding the fact that both of said sections may be of identical or approximately identical length.

Certain Provisions of the Senior Indenture

THIS DISCUSSION DESCRIBES CERTAIN PROVISIONS OF THE SENIOR INDENTURE:

In addition to any other funds created by an indenture supplemental to the Senior Indenture, the following funds and accounts exist under the Senior Indenture: (a) Construction Fund, (b) Revenue Fund (herein, the "*Senior Indenture Revenue Fund*"), (c) Debt Service Fund (herein, the "*Senior Indenture Debt Service Fund*"), (d) Debt Service Reserve Fund (herein, the "*Senior Indenture Debt Service Reserve Fund*"), (e) Reserve Maintenance Fund (herein, the "*Senior Indenture Reserve Maintenance Fund*"), (f) General Reserve Fund, (g) Rebate Fund

(herein, the "*Senior Indenture Rebate Fund*"), and (h) Operating Account (herein, the "*Senior Indenture Operating Account*").

The Commission covenants that all Revenues (as defined in APPENDIX F) will be deposited daily, as far as practicable, with the Senior Trustee or in the name of the Senior Trustee with a depositary or depositaries of the Senior Trustee, to the credit of the Senior Indenture Revenue Fund.

Except as otherwise provided in the Senior Indenture, transfers from the Senior Indenture Revenue Fund shall be made to the following funds and in the following order of priority: (i) Senior Indenture Rebate Fund, (ii) Senior Indenture Operating Account, (iii) Senior Indenture Debt Service Fund, (iv) Senior Indenture Reserve Maintenance Fund, (v) Senior Indenture Debt Service Reserve Fund, and (vi) General Reserve Fund (after retaining in the Senior Indenture Revenue Fund such funds identified by the Commission for future transfers to the Senior Indenture Debt Service Fund established under the Senior Indenture). The Senior Trustee shall transfer from the Senior Indenture Revenue Fund on or before the last Business Day of each year (or more frequently if requested by a Commission Official) to the credit of the General Reserve Fund any funds which a Commission Official determines to be in excess of the amount required to be reserved therein for future transfers to the Senior Indenture Debt Service Fund.

Moneys in the General Reserve Fund may be expended by the Commission to restore deficiencies in any funds or accounts created under the Senior Indenture and, absent any such deficiency, for any of the following purposes, with no one item having priority over any of the others:

- (a) To purchase or redeem Senior Revenue Bonds;
- (b) To secure and pay the principal or redemption price of and interest on any Senior Indenture Subordinated Indebtedness (as defined in APPENDIX F);
- (c) To make payments into the Construction Fund established under the Senior Indenture;
- (d) To fund improvements, extensions and replacements of the System; or
- (e) To further any corporate purpose.

The Senior Trustee is authorized under the Senior Indenture to apply monies on deposit in the General Reserve Fund for any of such purposes upon receipt of a requisition signed by a Commission Official.

Under the terms of the Subordinate Indenture, the Commission covenants to instruct the Senior Trustee to pay to the Trustee out of the General Reserve Fund established under the Senior Indenture such amounts as are required by the Subordinate Indenture or by a indenture supplemental to the Subordinate Indenture to pay, at the times specified, debt service on all outstanding Subordinate Indenture Bonds (including the 2011 Bonds) and all Parity Obligations issued under the Subordinate Indenture. See "SECURITY FOR THE 2011 BONDS – Commission Payments".

The following chart sets forth the balances held in the General Reserve Fund as of the fiscal year end dates set forth below.

**General Reserve Fund Balances
as of May 31**

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$151,065,585	\$105,381,591	\$70,623,218	\$60,392,331	\$83,452,977

Balances in the General Reserve Fund may be applied in the future for capital expenditures of the Commission and for other general corporate purposes, including making Commission Payments as described below.

The Senior Indenture contains a Rate Covenant, as described in APPENDIX F.

Commission Payments

Pursuant to the terms of the Subordinate Indenture, the Commission covenants, after payment of all required debt service on all Senior Indenture Parity Obligations issued under the Senior Indenture and subject to the provisions of the Senior Indenture, to pay to the Trustee, and to instruct the Senior Indenture Trustee to pay to the Trustee, out of the General Reserve Fund established under the Senior Indenture such amounts as are required by the Subordinate Indenture or by a supplemental indenture to the Subordinate Indenture to pay, at the times specified, required payments with respect to all bonds issued under the Subordinate Indenture, a supplemental indenture to the Subordinate Indenture and all Parity Obligations thereunder. Such payments out of the General Reserve Fund shall only take on the character of being "Commission Payments", as described below, upon their transmittal to the Trustee and nothing in the Subordinate Indenture shall be construed to create any lien on any amount while held in the General Reserve Fund.

Accordingly, the Commission shall instruct, or furnish a debt service schedule to, the Senior Trustee providing for the payment to the Trustee out of funds held in the General Reserve Fund monies to pay such amounts as are required by the Subordinate Indenture with respect to the outstanding bonds issued under the Subordinate Indenture, Parity Obligations thereunder and all other payments required thereunder at such times on such terms as are set forth in the Subordinate Indenture (collectively, the "***Commission Payments***").

In addition to other payments and General Reserve Fund withdrawals required under the Subordinate Indenture, the Commission shall withdraw, or arrange for the withdrawal, from the General Reserve Fund and deposit to the Commission Payments Fund the amounts hereinafter specified which shall be applied by the Trustee for the purposes for which the same shall be deposited:

- (a) On or before the first Business Day of each calendar month commencing on the first Business Day of the sixth month prior to the next succeeding Interest Payment Date, an amount which equals the amount necessary to pay, and for the purpose of

paying, one-sixth (1/6) of 115% of the interest due on any Fixed Rate Bonds or the monthly interest due on any Variable Rate Bonds, issued as Subordinate Revenue Bonds (including the 2011B Subordinate Revenue Bonds), on the next succeeding Interest Payment Date, such amount to be calculated based on the applicable Assumed Variable Rate for such Variable Rate Bonds, including any amount due to the Bond Insurer in respect thereto (or, in the case of the period from the date of issuance of such Fixed Rate Bonds or Variable Rate Bonds to the first Interest Payment Date for the applicable Fixed Rate Bonds or Variable Rate Bonds, a monthly amount equal to 115% of the interest amount owed on such first Interest Payment Date (to be calculated based on the applicable Assumed Variable Rate for such Variable Rate Bonds) divided by the number of months from the date of issuance of such Fixed Rate Bond or Variable Rate Bond to such first Interest Payment Date), which amount shall be deposited promptly in the Commission Payments Fund;

(b) On or before the first Business Day of each calendar month commencing on the first Business Day of the twelfth month prior to the next succeeding principal payment date, an amount which equals one-twelfth (1/12) of the amount necessary to pay and for the purpose of paying, 115% of the principal amount (or Compounded Amount, if applicable) of any Fixed Rate Bonds or Variable Rate Bonds issued as Subordinate Revenue Bonds (including the 2011B Subordinate Revenue Bonds) maturing on the next succeeding maturity date (or, in the case of the period from the date of issuance of such Fixed Rate Bonds or Variable Rate Bonds to the first date on which principal (or Compounded Amount, if applicable) is due on such Fixed Rate Bonds or Variable Rate Bonds, a monthly amount equal to 115% of the principal amount (or Compounded Amount, if applicable) owed on such first principal maturity date divided by the number of months from the date of issuance of such Fixed Rate Bond or Variable Rate Bond to such first principal maturity date), which amount shall be deposited promptly in the Commission Payments Fund;

(c) On or before the first Business Day of each calendar month commencing on the first Business Day of the twelfth month prior to the next succeeding mandatory sinking fund installment date, an amount which equals one-twelfth (1/12) of the amount necessary to pay, and for the purpose of paying, 115% of the principal amount of any mandatory sinking fund installment of Fixed Rate Bonds or Variable Rate Bonds issued as Subordinate Revenue Bonds (including the 2011B Subordinate Revenue Bonds) payable on the next succeeding mandatory sinking fund installment date, which amount shall be deposited promptly in the Commission Payments Fund;

(d) On or before the 10th calendar day of each calendar month commencing on the 10th calendar day of the sixth month prior to the next succeeding Interest Payment Date, but not before the payments required by clauses (a) through (c) above, an amount which equals the amount necessary to pay, and for the purpose of paying, one-sixth (1/6) of 100% of the interest due on any Fixed Rate Bonds or the monthly interest due on any Variable Rate Bonds, issued as Special Revenue Bonds (including the 2011B MLF Special Revenue Bonds), on the next succeeding Interest Payment Date, such amount to be calculated based on the applicable Assumed Variable Rate for such Variable Rate Bonds, including any amount due to the Bond Insurer in respect thereto (or, in the case of the period from the date of issuance of such Fixed Rate Bonds or Variable Rate Bonds to

the first Interest Payment Date for the applicable Fixed Rate Bonds or Variable Rate Bonds, a monthly amount equal to 100% of the interest amount owed on such first Interest Payment Date (to be calculated at the applicable Assumed Variable Rate for such Variable Rate Bonds) divided by the number of months from the date of issuance of such Fixed Rate Bond or Variable Rate Bond to such first Interest Payment Date), which amount shall be deposited promptly in the Commission Payments Fund;

(e) On or before the 10th calendar day of each calendar month commencing on the 10th calendar day of the twelfth month prior to the next succeeding principal payment date, but not before the payments required by clauses (a) through (d) above, an amount which equals one-twelfth (1/12) of the amount necessary to pay, and for the purpose of paying, 100% of the principal amount of any Fixed Rate Bonds or Variable Rate Bonds issued as Special Revenue Bonds (including the 2011B MLF Special Revenue Bonds) maturing on the next succeeding maturity date (or, in the case of the period from the date of issuance of such Fixed Rate Bonds or Variable Rate Bonds to the first date on which principal is due on such Fixed Rate Bonds or Variable Rate Bonds, a monthly amount equal to 100% of the principal amount owed on such first principal maturity date divided by the number of months from the date of issuance of such Fixed Rate Bond or Variable Rate Bond to such first principal maturity date), which amount shall be deposited promptly in the Commission Payments Fund; and

(f) On or before the 10th calendar day of each calendar month commencing on the 10th calendar day of the twelfth month prior to the next succeeding mandatory sinking fund installment date, but not before the payments required by clauses (a) through (e) above, an amount which equals one-twelfth (1/12) of the amount necessary to pay, and for the purpose of paying, 100% of the principal amount of any mandatory sinking fund installment of Fixed Rate Bonds or Variable Rate Bonds issued as Special Revenue Bonds (including the 2011B MLF Special Revenue Bonds) payable on the next succeeding mandatory sinking fund installment date, which amount shall be deposited promptly in the Commission Payments Fund.

Commission Payments Fund

All Commission Payments will be deposited 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 Commission Payments Fund created under the Subordinate Indenture (the "***Commission Payments Fund***"). The monies in the Commission Payments Fund are to be held by the Trustee in trust and applied in accordance with the Subordinate Indenture.

Except as otherwise provided in the Subordinate Indenture, transfers from the Commission Payments Fund shall be made to the following funds and in the following order of priority:

- (a) Rebate Fund;
- (b) Administrative Expenses Fund;
- (c) Revenue Bonds Account of the Debt Service Fund;
- (d) Special Revenue Bonds Account of the Debt Service Fund;
- (e) Debt Service Reserve Fund, if applicable;
- (f) Motor License Fund Repayment Fund; and
- (g) Residual Fund.

Administrative Expenses Fund

An Administrative Expenses Fund is created pursuant to the Subordinate Indenture. The Trustee shall deposit into the Administrative Expenses Fund from the Commission Payments Fund such amounts as are needed for the payment of Administrative Expenses. In the event of a deficiency in the Rebate Fund, arbitrage rebate, yield reduction or similar payments may be made from amounts in the Administrative Expenses Fund with respect to Subordinate Indenture Bonds. Funds on deposit in the Administrative Expenses Fund may also be used for the payment of annual trustee fees, facility fees, remarketing fees and initial swap payments incurred in connection with the issuance, and performance, of Subordinate Indenture Bonds from time to time.

Debt Service Fund

A Debt Service Fund is created pursuant to the Subordinate Indenture, and within the Debt Service Fund there are established two separate accounts known as the "**Revenue Bonds Account**" and the "**Special Revenue Bonds Account**". Each such Account shall have an "**Interest Sub-Account**" and "**Principal Sub-Account**" for each series or sub-series of tax-exempt and taxable Subordinate Indenture Bonds of such class issued pursuant to the Subordinate Indenture. The Trustee shall make deposits, on the dates required for such deposits, from the Commission Payments Fund into the Revenue Bonds Account and the Special Revenue Bonds Account of the Debt Service Fund of such required amounts to the appropriate sub-accounts. There is also created under the Subordinate Indenture a Special Revenue Bonds Receipts Account. Any payments by the Commonwealth out of the Commonwealth's Motor License Fund pursuant to Act 44 with respect to any Special Revenue Bonds shall be deposited into the Special Revenue Bonds Receipts Account solely for payment by the Trustee of principal and interest on Special Revenue Bonds.

There is further created under the Subordinate Indenture a "**Special Revenue Bonds Funded Debt Service Sub-Account**" of the Special Revenue Bonds Account of the Debt Service Fund. In the event of any failure by PennDOT or the Treasurer of the Commonwealth to deposit funds transferred from the Motor License Fund into the Special Revenue Bonds Receipts Account for the payment of any interest or principal due on Special Revenue Bonds, then the Trustee shall withdraw such amounts from the Special Revenue Bonds Funded Debt Service Sub-Account and transfer the monies to the Special Revenue Bonds Interest Sub-Account or the

Principal Sub-Account, as appropriate, on the applicable Interest Payment Date, principal payment date or mandatory sinking fund installment date. If monies are received from the Motor License Fund subsequent to payments being made from the Special Revenue Bonds Funded Debt Service Sub-Account, then such Motor License Fund monies shall be transferred from the Special Revenue Bonds Receipts Account to the Special Revenue Bonds Funded Debt Service Sub-Account to restore any deficiency thereunder.

The Special Revenue Bonds Funded Debt Service Sub-Account and the Special Revenue Bonds Receipts Account secure Special Revenue Bonds on a parity basis.

On the date of issuance of any series or sub-series of Special Revenue Bonds, the Commission shall deposit, or cause to be deposited, into the Special Revenue Bonds Funded Debt Service Sub-Account, an amount which, together with funds on deposit therein, shall be equal to one-half Maximum Annual Debt Service on all Outstanding Special Revenue Bonds, including those Special Revenue Bonds being issued at the time of the deposit. Such amount shall be the "***Special Revenue Bonds Funded Debt Service Sub-Account Requirement.***" The Commission has no obligation to maintain the balance in the Special Revenue Bonds Funded Debt Service Sub-Account equal to the Special Revenue Bonds Funded Debt Service Sub-Account Requirement nor to replenish any funds withdrawn from the Special Revenue Bonds Funded Debt Service Sub-Account from any funds of the Commission, including Commission Payments. Funds on deposit in the Special Revenue Bonds Receipts Account, to the extent not required to make a deposit to the debt service sub-accounts, shall be transferred to the Special Revenue Bonds Funded Debt Service Sub-Account to restore deficiencies therein.

The Trustee and the Commission may create such additional accounts and sub-accounts in the Debt Service Fund as they deem necessary or appropriate, including, but not limited to, (a) an account into which drawings on a Credit Facility are to be deposited and from which principal (including redemption price) and Purchase Price of and interest on the series of Subordinate Indenture Bonds secured by such Credit Facility are to be paid (and upon such payment, amounts on deposit in the Principal and Interest Accounts for such Subordinate Indenture Bonds shall be used to repay the provider of the Credit Facility for such payments), and (b) an account into which payments by the Commission to any Parity Swap Counterparty are to be deposited and from which payments to such Parity Swap Counterparty are to be paid.

The moneys in the Interest and Principal Sub-Accounts shall be held by the Trustee in trust for the benefit of the applicable series of Subordinate Indenture Bonds, to the extent the foregoing are payable from such accounts, and, to said extent and pending application, shall be subject to a lien and charge in favor of the Owners of the applicable series of Subordinate Indenture Bonds until paid out or transferred as hereinafter provided. There shall be withdrawn from the Interest Account (and any available capitalized interest) and the Principal Account from time to time and set aside or deposited with the Trustee sufficient money for paying the interest on and the principal of (or Compounded Amount, if applicable) and premium on the Subordinate Indenture Bonds as the same shall become due, except to the extent such interest, principal (or Compounded Amount, if applicable) or other amounts are payable from a fund or account other than the Debt Service Fund as provided in any applicable supplemental indenture.

For any Debt Service Reserve Fund Bonds, if at the time the Trustee is required 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 on deposit in the Debt Service Reserve Fund and transfer the same to the appropriate account of the Debt Service Fund. See "SECURITY FOR THE 2011 BONDS – Special Revenue Bonds" above, for a discussion of the procedures to be followed by the Trustee in the event that there are insufficient funds available to the Trustee to make the required payments or deposits associated with the Special Revenue Bonds.

Debt Service Reserve Fund

A Debt Service Reserve Fund has been established under the Subordinate Indenture to provide additional security for Debt Service Reserve Fund Bonds. The Debt Service Reserve Fund secures Debt Service Reserve Fund Bonds on a parity basis. The 2011B Subordinate Revenue Bonds are Debt Service Reserve Fund Bonds for the purpose of the Subordinate Indenture and, accordingly, are secured by moneys on deposit in the Debt Service Reserve Fund. On the date of the issuance of the 2011 Bonds an amount from the proceeds of the 2011B Subordinate Revenue Bonds will be deposited to the Debt Service Reserve Fund. Such amount, together with the existing balance in the Debt Service Reserve Fund, will be sufficient to fulfill the Debt Service Reserve Fund Requirement of the Subordinate Indenture with respect to the 2011B Subordinate Revenue Bonds and all other outstanding Debt Service Reserve Fund Bonds. Upon issuance of the 2011 Bonds, there will be \$3,191,600,767[†] of outstanding Debt Service Reserve Fund Bonds under the Subordinate Indenture. **The 2010A MLF Bonds, 2010B MLF Bonds, 2011A MLF Bonds, and the 2011B MLF Special Revenue Bonds are not Debt Service Reserve Fund Bonds under the Subordinate Indenture.**

The Subordinate Indenture requires that the balance in the Debt Service Reserve Fund be maintained at the "***Debt Service Reserve Requirement***," which is an amount equal to the lesser of (i) Maximum Annual Debt Service on account of all Debt Service Reserve Fund Bonds, (ii) ten percent (10%) of the aggregate Outstanding principal amount of all Debt Service Reserve Fund Bonds, or (iii) 125% of average Annual Debt Service for all Debt Service Reserve Fund Bonds for each Fiscal Year for the remaining life of such Bonds, provided in any case that such amount does not exceed what is permitted by the Code. Debt Service Reserve Fund Bonds include Long-Term Indebtedness specified by the Commission in the Subordinate Indenture or applicable supplemental indenture as being secured by the Debt Service Reserve Fund. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE – Debt Service Reserve Fund" for information with respect to the Debt Service Reserve Fund under the Subordinate Indenture.

In each Fiscal Year, after first having made the deposits required to the Debt Service Fund, the Commission shall pay out of the General Reserve Fund into the Commission Payments Fund and the Trustee shall transfer from the Commission Payments Fund on or before the last day of each month to the credit of the Debt Service Reserve Fund (a) the amount, if any, required to make the amount on deposit in the Debt Service Reserve Fund equal to the Debt Service Reserve Requirement, which restoration, as implied by the Rate Covenant, is intended to occur within eighteen (18) months; and (b) the amount set forth in the applicable supplemental indenture if an amount different from the Debt Service Reserve Requirement is required.

[†] For capital appreciation bonds, compounded amounts as of May 31, 2011 are included.

Subject to the preceding paragraph, to the extent accounts are created in the Debt Service Reserve Fund for Debt Service Reserve Fund Bonds, the funds and DSRF Security, as hereinafter defined, held therein shall be available to make payments required under the Subordinate Indenture for the benefit of all Debt Service Reserve Fund Bonds.

Moneys held in the Debt Service Reserve Fund shall be used for the purpose of paying interest on, and maturing principal (or Compounded Amount, if applicable) and mandatory sinking fund redemption price of, Debt Service Reserve Fund Bonds whenever and to the extent that the moneys held for the credit of the Debt Service Fund shall be insufficient for such purpose. If at any time the moneys and the principal amount of any DSRF Security held in the Debt Service Reserve Fund shall exceed the Debt Service Reserve Requirement, the Commission shall direct whether such excess moneys shall be transferred by the Trustee to the credit of the Commission Payments Fund or used to reduce the principal amount of any DSRF Security.

In the event the Trustee shall be required to withdraw funds from the Debt Service Reserve Fund to restore a deficiency in the Debt Service Fund arising with respect to Debt Service Reserve Fund Bonds, the funds shall be allocated, subject to the provisions of the Subordinate Indenture, pro rata among such bonds.

In lieu of the deposit of moneys into the Debt Service Reserve Fund, the Commission may cause to be provided a surety bond, an insurance policy, a letter of credit or similar financial instrument satisfactory to the Rating Agency (as evidenced by a letter from the Rating Agency confirming that such surety bond, insurance policy, letter of credit or similar financial instrument will not result in the rating on any outstanding Debt Service Reserve Fund Bonds being downgraded) (each, a "**DSRF Security**") payable to the Trustee in an amount equal to the difference between the Debt Service Reserve Requirement and the amounts then on deposit in the Debt Service Reserve Fund. The DSRF Security shall be payable (upon the giving of notice as required thereunder) on any Interest Payment Date on which moneys will be required to be withdrawn from the Debt Service Reserve Fund and applied to the payment of the principal of (or Compounded Amount, if applicable) or interest on any Subordinate Indenture Bonds to the extent that such withdrawals cannot be made by amounts on deposit in the Debt Service Reserve Fund.

If a disbursement is made pursuant to a DSRF Security, the Commission shall be obligated either (a) to reinstate the maximum limits of such DSRF Security or (b) to deposit into the Debt Service Reserve Fund, funds in the amount of the disbursement made under such DSRF Security, or a combination of such alternatives, as shall provide that the amount credited to the Debt Service Reserve Fund equals the Debt Service Reserve Requirement within a time period of eighteen (18) months.

If the DSRF Security shall cease to have a rating described in the second preceding paragraph, the Commission shall use reasonable efforts to replace such DSRF Security with one having the required rating, but shall not be obligated to pay, or commit to pay, increased fees, expenses or interest in connection with such replacement or to deposit revenues in the Debt Service Reserve Fund in lieu of replacing such DSRF Security with another.

Motor License Fund Repayment Fund

Under the terms of the Subordinate Indenture, there is created a Motor License Fund Repayment Fund. Based on such time schedule as agreed to by the Commission and PennDOT and furnished to the Trustee, the Trustee shall deposit into the Motor License Fund Repayment Fund from the Commission Payments Fund and the Residual Fund such amounts as are necessary and available to repay to the Commonwealth's Motor License Fund any debt service payments with respect to any Special Revenue Bonds which are made out of such Motor License Fund. The failure to make any such payments shall not be an Event of Default under the Subordinate Indenture.

Residual Fund

A Residual Fund is created under the Subordinate Indenture. After making all payments required under the Subordinate Indenture, the Trustee shall at least annually deposit into the Residual Fund out of the Commission Payments Fund such amounts from the Commission Payments Fund as are in excess of current debt service and other required payments and deposits pursuant to the Subordinate Indenture.

Moneys in the Residual Fund may be expended by the Commission to restore deficiencies in any funds or accounts created under the Subordinate Indenture (including without limitation the Revenue Bonds Principal and Interest Sub-Accounts) and, absent any such deficiency, for any of the following purposes, with no one item having priority over any of the others:

- (a) To purchase or redeem Subordinate Indenture Bonds;
- (b) To secure and pay the principal or redemption price of and interest on any Parity Obligations; or
- (c) To further any corporate purpose.

Pursuant to the written request of the Commission, the Trustee shall transfer to the General Reserve Fund of the Senior Indenture any balance in the Residual Fund not required to restore any deficiency in a fund or account established thereunder.

MOTOR LICENSE FUND

The Commonwealth's Motor License Fund is a constitutionally-established special revenue fund consisting of monies received from liquid fuels taxes, oil company franchise taxes, fuels tax, motor carriers road tax, licenses and fees on motor vehicles, aviation fuel tax revenues, federal aid for highway and aviation purposes, contributions from local subdivisions for highway projects, and other miscellaneous highway revenues.

The Motor License Fund provides for highway and bridge improvement, design, maintenance and purchase of rights-of-way, as well as aviation activities and PennDOT licensing

and safety activities. It also finances State Police highway patrol operations and pays subsidies to local subdivisions for construction and maintenance of roads.

The Pennsylvania Constitution requires that: "[a]ll proceeds from gasoline and other motor fuel excise taxes, motor registration fees and license taxes, operators' fees and other excise taxes imposed on products used in motor transportation after providing therefrom for (a) cost of administration and collection, (b) payment of obligations incurred in the construction and reconstruction of public highways and bridges shall be appropriated by the General Assembly to agencies of the state or political subdivisions thereof, and used solely for construction, reconstruction, maintenance and repair of and safety of public highways and bridges...." The Motor License Fund was created to accommodate this constitutional requirement. The major tax sources for the Motor License Fund are the liquid fuels taxes and the oil company franchise tax.

Act 44 provides a specific order of priority of three categories of revenue sources composed of taxes and fees that the State Treasurer is to use in making payments in respect of Special Revenue Bonds. The first category is the permanent state tax of 12 cents a gallon or fractional part thereof upon all liquid fuels and fuels used or sold by distributors with the Commonwealth. The second category includes the oil company franchise tax of 60 mills on all liquid fuels and fuels; 74% of an additional tax of 55 mills on all liquid fuels and fuels; and 88% of an additional tax of 38.5 mills on all liquid fuels and fuels. The third category includes funds deposited into the Motor License Fund from annual registration fees imposed on various types of vehicles operating in Pennsylvania, net of the \$28,000,000 appropriated to the Commission from the proceeds of the annual vehicle registration fees.

In 2010, there were 9.4 million registered motor vehicles within the Commonwealth, and total Motor License Fund revenues available under Act 44 exceeded \$2.298 billion.

See APPENDIX I hereto for additional financial information concerning the Motor License Fund.

AUDITED FINANCIAL STATEMENTS

The financial statements of the Commission for the years ended May 31, 2011 and May 31, 2010 are set forth in APPENDIX B – "AUDITED FINANCIAL STATEMENTS: 2011 and 2010" certified by Zelenkofske Axelrod, LLC, in its capacity as Independent Auditor. The Commission has not asked Zelenkofske Axelrod, LLC, to perform any additional review procedures in connection with this Official Statement.

CERTAIN RISK FACTORS

Many factors could affect the sufficiency of the Trust Estate to meet debt service payments on the 2011 Bonds, and the sufficiency of the Motor License Fund to make payments required with respect to the 2011B MLF Special Revenue Bonds, some of which are discussed below. Potential investors must carefully consider the following factors in order to understand the structure and characteristics of the 2011 Bonds and the potential merits and risks of an

investment in the 2011 Bonds. Potential investors must review and be familiar with variety of risk factors in deciding whether to purchase any 2011 Bond.

The following risk factors are among those which should be considered by a potential investor:

**Commission Revenues
may decline**

The actual amount of future toll revenues collected by the Commission depends upon a number of factors, including rates established by the Commission and the level and composition of traffic on the System. Many of these factors are beyond the control of the Commission. The Commission is obligated under the terms of the Funding Agreement, Act 44, the Senior Indenture and the Subordinate Indenture to fix and revise tolls at levels that will generate revenues (together with other available moneys) sufficient to pay all of its obligations under the Funding Agreement, to construct and maintain the System and to pay debt service obligations and other amounts payable to PennDOT or the Commonwealth. However, the amount of traffic on the System cannot be predicted with certainty and may decline due to general economic conditions, diversion of some traffic to alternative non-toll routes to avoid the toll rate increases and other factors. There is insufficient data to assess these risk factors fully. However, based on historical variations in such factors and the recent toll increases, the Commission reasonably expects to have sufficient revenues to meet its payment obligations, including payment obligations with respect to the 2011 Bonds.

In addition, as set forth in the Traffic Study, there is considerable uncertainty inherent in future traffic and revenue forecasts for any toll facility, and differences between forecasted and actual results (which may be material) may occur due to events and circumstances beyond the control of the forecasters, including without limitation economic conditions and other factors. While future traffic volume and revenues cannot be predicted with certainty, the Commission reasonably expects that it will have sufficient revenue to meet the then existing debt and operational obligations of the Commission. See APPENDIX H – "TRAFFIC AND REVENUE STUDY."

<p>Investors in the 2011 Bonds bear greater risk of non-payment because the priority of payment of interest and principal on the 2011 Bonds is subordinate to the Senior Indenture Parity Obligations under the Senior Indenture; the 2011B MLF Special Revenue Bonds are subordinate to the 2011B Subordinate Revenue Bonds</p>	<p>The 2011 Bonds are subordinate in right of payment from the General Reserve Fund to the payment of all Senior Indenture Parity Obligations under the Senior Indenture. The 2011 Bonds are not secured by the General Reserve Fund established under the Senior Indenture. In addition, it is probable that additional Senior Revenue Bonds and other senior obligations may be issued in the future by the Commission under the Senior Indenture, which would increase the amount of Senior Indenture Parity Obligations to which the payment on the 2011 Bonds are subordinated, thus increasing the risk of nonpayment to the 2011 Bondholders.</p> <p>In addition, as described herein, the payment of debt service on the 2011B MLF Special Revenue Bonds is junior in right of payment to the payment of debt service on the 2011B Subordinate Revenue Bonds and all other Subordinate Revenue Bonds issued or to be issued under the Subordinate Indenture.</p>
<p>The Trust Estate will have limited assets from which to make payments on the 2011 Bonds, which may result in losses</p>	<p>The Trust Estate will not include significant assets. The Trust Estate consists primarily of an obligation of the Commission to make periodic payments from funds available in the General Reserve Fund after satisfaction of Senior Indenture Parity Obligations and the maintenance of any reserve fund established under the Senior Indenture. Consequently, holders of the 2011 Bonds must rely upon the obligation of the Commission to make such payments from the General Reserve Fund and to set Tolls at sufficient levels to generate the necessary excess cash in the General Reserve Fund for such payments.</p>
<p>If the Commission experiences financial problems, delays in payment or losses on the 2011 Bonds may result</p>	<p>Adverse changes in the Commission's financial condition could result in a failure to make its payments, or a delay in payments, to the Trustee with respect to the 2011 Bonds. In addition to a potential decline in revenues, the Commission's financial condition could be adversely affected by a number of factors including, but not limited to:</p> <ul style="list-style-type: none"> • Increased and/or unanticipated costs of operation of the System; • Decreased toll revenues due to declines in usage or otherwise; • Work stoppage, slowdown or action by unionized employees; • Complete or partial destruction or temporary closure of the System due to events beyond the control of the Commission;

	<ul style="list-style-type: none"> • Increased unfunded healthcare and other non-pension post-employment benefits; • Increased pension costs; and • Increased fuel costs.
The Commission's financial condition may be adversely affected as a consequence of adverse changes in the financial condition of third-party financial institutions	<p>Adverse changes in the financial condition of certain third-party financial institutions may adversely affect the Commission's financial position. Different types of investment and contractual arrangements may create exposure for the Commission to such institutions including:</p> <ul style="list-style-type: none"> • Risk to the Commission's investment portfolio due to defaults or changes in market valuation of the debt securities of such institutions; • Counterparty risk related to swaps used by the Commission to hedge its cost of funds; and • Risk of rating changes of the Commission's credit enhancers or liquidity providers which may adversely affect the interest costs on the Commission's variable rate debt or which may render such variable rate debt unmarketable.
The 2011 Bonds may be repaid early due to the exercise of the redemption option. If this happens, yield may be affected and Bondholders will bear reinvestment risk	<p>The 2011 Bonds may be redeemed prior to their final maturity if the Commission exercises its option to redeem the 2011 Bonds. Bondholders bear the risk that monies received upon such redemption cannot be reinvested in comparable securities or at comparable yields.</p>
Certain legislative actions may result in adverse changes to the Commission or Act 44	<p>From time to time legislation is introduced in the Pennsylvania General Assembly which may affect the Commission and therefore may affect certain of the assumptions made in this Official Statement. See APPENDIX A – "THE PENNSYLVANIA TURNPIKE -- Recent Developments and Future Legislation". The Commission cannot predict if any of such bills or other legislation will be enacted into law, or how any such legislation may affect the Commission's ability to timely pay the 2011 Bonds.</p>

Certain actions can be taken without Bondholder approval	<p>The transaction documents provide that certain actions may be taken based upon receipt by the Trustee of confirmation from each of the Rating Agencies then rating the 2011 Bonds that the then current ratings assigned by such Rating Agencies will not be impaired by those actions. To the extent those actions are taken after issuance of the 2011 Bonds, investors in the 2011 Bonds will be depending on the evaluation by the Rating Agencies of those actions and the impact of those actions on credit quality.</p>
Bankruptcy risk; Lien position	<p>The rights and remedies of Bondholders could be limited by the provisions of the Federal Bankruptcy Code, as now or hereafter enacted (the "<i>Bankruptcy Code</i>"), or by other laws or legal or equitable principles which may affect the enforcement of creditors' rights. Chapter 9 of the Bankruptcy Code permits, under prescribed circumstances, a political subdivision or public agency or instrumentality of a state, such as the Commission, to commence a voluntary bankruptcy proceeding and to file a plan of adjustment in the repayment of its debts, if such entity is generally not paying its debts as they become due (unless such debts are the subject of a bona fide dispute), or is unable to pay its debts as they become due. Under the Bankruptcy Code, an involuntary petition cannot be filed against a political subdivision, public agency or instrumentality of a state.</p> <p>In order to proceed under Chapter 9 of the Bankruptcy Code, state law must authorize the political subdivision, public agency or instrumentality to file a petition under the Bankruptcy Code. THE ENABLING ACTS DO NOT CURRENTLY AUTHORIZE THE COMMISSION TO FILE A PETITION UNDER THE BANKRUPTCY CODE.</p> <p>Payment of the 2011 Bonds is not secured by a lien on any funds on deposit in the General Reserve Fund established under the Senior Indenture or on any toll revenues collected by the Commission. The 2011 Bonds are secured solely by the Commission Payments and funds held under the Subordinate Indenture (excluding the Rebate Fund and as otherwise described herein). Only the Special Revenue Bonds are entitled to payments from the Motor License Fund. In the event of insolvency of the Commission, any claim of the Bondholders, to the extent not satisfied from the Trust Estate, would be a general unsecured claim.</p>

Uncertainty as to available remedies	The remedies available to owners of the 2011 Bonds upon an Event of Default under the Subordinate Indenture or other documents described herein are in many respects dependent upon regulatory and judicial actions which often are subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies specified by the Subordinate Indenture and such other documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the issuance of the 2011 Bonds will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally. Payment of principal of and interest on the 2011 Bonds may not be accelerated upon the occurrence of an Event of Default under the Subordinate Indenture.
The 2011 Bonds are not subject to acceleration	Payment of principal of and interest on the 2011 Bonds may not be accelerated upon the occurrence of an Event of Default under the Subordinate Indenture.
The Motor License Fund may be used for other purposes	The obligation of the Commonwealth to make payments from the Motor License Fund in respect of the 2011B MLF Special Revenue Bonds is limited to certain available amounts in the Motor License Fund. Amounts in the Motor License Fund are not pledged to the holders of the 2011B MLF Special Revenue Bonds and may be expended by the Commonwealth for other purposes or loaned to the Commonwealth's General Fund. Accordingly, the availability of funds in the Motor License Fund to make payments with respect to the 2011B MLF Special Revenue Bonds is not guaranteed by the Commonwealth.

CONTINUING DISCLOSURE

The Commission will enter into a Continuing Disclosure Agreement for the benefit of the registered owners from time to time of the 2011 Bonds (the "***Disclosure Undertaking***").

Pursuant to the Disclosure Undertaking, the Commission will provide to the Municipal Securities Rulemaking Board (the "***MSRB***") Electronic Municipal Market Access System ("***EMMA***") within 180 days of the end of each fiscal year of the Commission commencing with the fiscal year ended May 31, 2012, annual financial information, consisting of financial and operating data of the type set forth in this Official Statement in Tables I, II and III of APPENDIX A — "THE PENNSYLVANIA TURNPIKE" and in APPENDIX B – "AUDITED FINANCIAL STATEMENTS: 2011 AND 2010," as well as a summary of any material legislative or regulatory developments affecting Act 44. In the event that audited financial statements are not available within 180 days of the close of the applicable fiscal year, the Annual

Financial Information will contain unaudited financial statements and the audited financial statements will be provided for filing when available.

The Disclosure Undertaking will also provide that the Commission will file, in a timely manner, not in excess of 10 business days after the occurrence, to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the 2011 Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of a proposed or final determination of taxability, Notices of Proposed Issue (IRS For 5701-TEB) or other material notices or determinations with respect to the tax status of the 2011 Bonds, or other material events affecting the tax-exempt status of the 2011 Bonds;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Commission;
- (13) The consummation of a merger, consolidation, or acquisition involving the Commission or the sale of all or substantially all of the assets of the Commission, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

In addition, the Commission shall give notice in a timely manner to EMMA of any failure to provide such annual financial information on or before the date specified for such filing.

The Commission may amend the Disclosure Undertaking and waive any of the provisions thereof, but no such amendment or waiver shall be executed and effective unless (i) the amendment or waiver is made in connection with a change in legal requirements, change in law or change in the identity, nature or status of the Commission or the governmental operations conducted by the Commission; (ii) the Disclosure Undertaking, as modified by the amendment or waiver, would have been the written undertaking contemplated by Rule 15c2-12 at the time of original issuance of the 2011 Bonds, taking into account any amendments or interpretations of Rule 15c2-12; and (iii) the amendment or waiver does not materially impair the interests of the registered owners of the 2011 Bonds. Evidence of compliance with the foregoing conditions shall be satisfied by delivery to the Commission of an opinion of counsel having recognized skill and experience in the issuance of municipal securities and federal securities law to the effect that the amendment or waiver satisfies the conditions set forth in the preceding sentence. Notice of

any amendment or waiver shall be filed by the Commission with EMMA and shall be sent to the registered owners of the 2011 Bonds.

The Disclosure Undertaking will recite that it is entered into for the benefit of the registered owners from time to time of the 2011 Bonds. For the purposes of the Disclosure Undertaking, for so long as the 2011 Bonds are registered in the name of DTC or its nominee, "**registered owner**" shall mean and include the holder of a book-entry credit evidencing an interest in the 2011 Bonds. Holders of book-entry credits may file their names and addresses with the Commission for the purposes of receiving notices or giving direction under the Disclosure Undertaking.

A default under the Disclosure Undertaking shall not be deemed to be a default under the 2011 Bonds or the Subordinate Indenture, and the sole remedy to enforce the provisions of the Disclosure Undertaking shall be the right of any registered owner, by mandamus, suit, action or proceeding at law or in equity, to compel the Commission to perform the provisions and covenants contained in the Disclosure Undertaking.

The Disclosure Undertaking will terminate (1) upon payment or provision for payment in full of the 2011 Bonds, (2) upon repeal or rescission of Section (b)(5) of Rule 15c2-12, or (3) upon a final determination that Section (b)(5) of Rule 15c2-12 is invalid or unenforceable. A copy of the Disclosure Undertaking is on file at the principal office of the Commission.

The Commission has complied with all of its continuing disclosure requirements pursuant to Rule 15c2-12 with respect to its other series of bonds.

RELATIONSHIPS OF CERTAIN PARTIES

Cozen O'Connor, which is serving as Disclosure Counsel in this transaction, Reed Smith LLP, which is serving as Co-Bond Counsel in this transaction, and Thorp Reed & Armstrong, LLP, which is serving as Underwriters' Counsel in this transaction, also provide other legal services to the Commission. Public Financial Management, Inc., the Financial Advisor, and its affiliate PFM Asset Management, LLC are engaged to provide other services to the Commission.

UNDERWRITING

The 2011 Bonds are being purchased by the Underwriters listed on the cover page (the "**Underwriters**") for whom Citigroup Global Markets Inc. is acting as the Representative. The Underwriters have agreed to purchase (a) the 2011B Subordinate Revenue Bonds at a price of \$129,583,556.98, which is equal to the par amount of the 2011B Subordinate Revenue Bonds, plus net original issue premium of \$3,408,310.50, less underwriters' discount of \$564,753.52, and (b) the 2011B MLF Special Revenue Bonds at a price of \$104,336,364.59, which is equal to the par amount of the 2011 MLF Special Revenue Bonds, plus net original issue premium of \$5,907,659.90, less underwriters' discount of \$481,295.31.

The Underwriters will be obligated to purchase all of the 2011 Bonds if any of such 2011 Bonds are purchased. The 2011 Bonds may be offered and sold to certain dealers (including the Underwriters and other dealers depositing such 2011 Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters. The Commission has agreed, to the extent permitted by Commonwealth law, to be liable to the Underwriters to the extent of all losses, claims, damages and liabilities arising out of incorrect statements or information contained in this Official Statement or material omissions therein, except for information furnished by the Underwriters, and with respect to certain other matters.

Citigroup Inc., the parent company of Citigroup Global Markets Inc., one of the Underwriters of the 2011 Bonds, has entered into a retail brokerage joint venture with Morgan Stanley. As part of the joint venture, Citigroup Global Markets Inc. will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Citigroup Global Markets Inc. will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2011 Bonds.

Citigroup Global Markets Inc. ("**Citi**") has also entered into a master distribution agreement (the "**Master Distribution Agreement**") with TheMuniCenter L.L.C. ("**TMC**"), for the distribution to retail investors of certain municipal securities offerings at their original issue prices. TMC has established an electronic primary offering application platform through which certain TMC approved users that are also broker-dealers or municipal securities dealers can submit orders for and receive allocations of new issue municipal securities at the original issue price for their retail customers. Pursuant to the Master Distribution Agreement (if applicable for this transaction), Citi may share with TMC a portion of its underwriting compensation with respect to any 2011 Bonds that are allocated to a TMC user. The TMC users permitted to participate in the offering of the 2011 Bonds may also share a portion of the underwriting compensation received by Citi with respect to any 2011 Bonds allocated to such TMC user pursuant to the terms of a Member Addendum to the TMC user's Trading Authorization User Agreement with TMC. Citigroup Financial Products Inc., an affiliate of Citi, owns a 31.35% equity interest in TheDebtCenter L.L.C., the parent company of TMC.

Loop Capital Markets LLC, one of the underwriters of the 2011 Bonds, has entered into an agreement (the "**Loop Distribution Agreement**") with UBS Financial Services Inc. for the retail distribution of certain municipal securities offerings at the original issue prices. Pursuant to the Loop Distribution Agreement, Loop Capital Markets LLC will share a portion of its underwriting compensation with respect to the 2011 Bonds with UBS Financial Services Inc.

Piper Jaffray & Co. and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, entered into an agreement (the "**Agreement**") which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to Piper Jaffray & Co., including the 2011 Bonds. Under the Agreement, Piper Jaffray & Co. will share with Pershing LLC a portion of the fee or commission paid to Piper.

Wells Fargo Securities is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association. Wells Fargo Bank, National Association ("**WFBNA**"), one of the

underwriters of the 2011 Bonds, has entered into an agreement (the "***Wells Fargo Distribution Agreement***") with Wells Fargo Advisors, LLC ("***WFA***") for the retail distribution of certain municipal securities offerings, including the 2011 Bonds. Pursuant to the Wells Fargo Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the 2011 Bonds with WFA. WFBNA and WFA are both subsidiaries of Wells Fargo & Company.

RATINGS

Moody's Investors Service, Inc. ("***Moody's***"), Standard & Poor's Ratings Group, a division of The McGraw Hill Companies, Inc., and Fitch Ratings have assigned ratings for the 2011B Subordinate Revenue Bonds, of "A3", "A-" and "A-", respectively. The 2011B MLF Special Revenue Bonds have been assigned a rating of "Aa3" by Moody's and a rating of "AA" by Fitch Ratings.

An explanation of the significance of each of such ratings and any outlook may be obtained from the rating agency furnishing the same at the following addresses: Standard & Poor's Rating Group, 55 Water Street, New York, NY 10041, Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, NY 10007; and Fitch Ratings, One State Street Plaza, New York, NY 10004. Certain materials and information not included in this Official Statement may have been furnished to such rating agencies. A rating is not a recommendation to buy, sell or hold securities. There is no assurance that such ratings will continue for any given period of time or that they may not be lowered or withdrawn entirely by the rating agencies, or either of them, if, in their or its judgment, circumstances so warrant. Any such downward change in or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the 2011 Bonds.

Except as provided in the Disclosure Undertaking, neither the Underwriters nor the Commission has undertaken any responsibility to bring to the attention of the holders of the 2011 Bonds any proposed or actual change in or withdrawal of any rating or to oppose any proposed change or withdrawal.

LITIGATION

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the 2011 Bonds, or in any way contesting or affecting the validity of the 2011 Bonds or any proceedings of the Commission taken with respect to the offer or sale thereof, or the pledge or application of any monies or security provided for the payment of the 2011 Bonds, the existence or powers of the Commission or the construction of the Commission's Capital Improvement Program.

The Commission is covered by Act No. 152, approved September 28, 1978, which provides for a limited waiver of sovereign immunity by the Commonwealth. Damages for any loss are limited to \$250,000 for each plaintiff or \$1,000,000 in the aggregate.

The Commission is subject to claims for personal injury and/or property damage pending against the Commission pertaining to matters normally incidental to routine operations. Currently, none of which, individually or in the aggregate, are deemed to expose the Commission to a material risk of loss.

The Pennsylvania Office of the Attorney General ("**OAG**") has served the Commission with grand jury subpoenas requesting a broad range of documents and calling a number of Commission employees to testify. The Commission understands that several former employees have also appeared before the grand jury. The Commission is continuing to cooperate with the OAG. Based solely on the nature of the documents requested and the identity of the employees called to testify, the Commission believes that the OAG's inquiries are directed to the Commission's contracting and hiring practices. The full scope of the inquiry is unknown at this time and the Commission is unable to predict the eventual outcome of the inquiry or the effect it may have on the Commission.

LEGAL MATTERS

Certain legal matters incident to the issuance of the 2011 Bonds and with regard to the tax status of the interest thereon will be passed upon by Reed Smith LP and The Smyler Firm, Co-Bond Counsel. A copy of the form of opinion of Co-Bond Counsel which will be delivered with the 2011 Bonds is set forth in APPENDIX E – "FORM OF OPINION OF CO-BOND COUNSEL." Certain legal matters will be passed upon for the Underwriters by their Counsel, Thorp Reed & Armstrong, LLP, and for the Commission by its Chief Counsel, Doreen A. McCall, Esquire, and Cozen O'Connor, Disclosure Counsel to the Commission.

The various legal opinions to be delivered concurrently with the delivery of the 2011 Bonds express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of the parties to the transaction. In addition, the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

Federal Tax Exemption

In the opinion of Co-Bond Counsel, under existing law, interest on the 2011 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, such interest is includable in adjusted current earnings for purposes of the federal alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes). For the purpose of rendering the opinion described in this paragraph, Co-Bond Counsel has assumed compliance by the Commission with the requirements of the Internal Revenue Code of 1986, as amended (the "**Code**") that must be met subsequent to the issuance of the 2011 Bonds in order that interest thereon continues to be and remains excludable from gross income for federal income tax purposes. Failure to comply with such requirements could cause

the interest on the 2011 Bonds to be included in gross income retroactive to the date of issuance of the 2011 Bonds.

Certain of the 2011 Bonds may be sold with original issue discount (the “**OID Bonds**”). For each maturity of the OID Bonds, original issue discount is the excess of the stated redemption price at maturity of such OID Bonds over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of such OID Bonds were sold. The appropriate portion of such original issue discount allocable to the original and each subsequent holder will be treated as interest and excluded from gross income for federal income tax purposes and will increase a holder’s tax basis in such OID Bonds for purposes of determining gain or loss upon sale, exchange, redemption, or payment at maturity. Owners of such OID Bonds should consult their own tax advisors with respect to the computation and determination of the portion of original issue discount which will be treated as interest and added to a holder’s tax basis during the period such OID Bonds are held.

Any 2011 Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) (the “**Premium Bonds**”), will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium on the Premium Bonds. However, a purchaser’s basis in a Premium Bond, and under the Treasury Regulations the amount of tax-exempt interest received, will be reduced by the amount of amortizable bond premium properly allocable to such purchaser. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Ownership of the 2011 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, S corporations with "excess net passive income" and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the 2011 Bonds. Co-Bond Counsel express no opinion as to such collateral federal income tax consequences.

The opinion of Co-Bond Counsel on federal tax matters will be based upon and will assume the accuracy of certain representations and certifications, and compliance with certain covenants, of the Commission to be contained in the transcript of proceedings for the issuance of the 2011 Bonds and that are intended to evidence and assure that the 2011 Bonds are and will remain obligations the interest on which is excludable from gross income for federal income tax purposes. Co-Bond Counsel will not independently verify the accuracy of those certifications and representations or covenants.

The Code prescribes a number of qualifications and conditions for the interest on state and local obligations to be and to remain excludable from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations in order for the interest to be and to continue to be so excluded from the date of issuance. Noncompliance with these requirements by the Commission may cause the interest on the 2011 Bonds to be included in gross income for federal income tax purposes and thus to be subject to federal income tax retroactively to their date of issuance. The Commission has covenanted to take the actions required of it for the interest on the 2011 Bonds to be and to remain excludable

from gross income for federal income tax purposes and not to take any actions that would adversely affect that exclusion.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2011 Bonds to be subject, directly or indirectly, to federal income taxation, or to be subject to or not be exempted from state income taxation, or otherwise prevent the owners of the 2011 Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the 2011 Bonds. Prospective purchasers of the 2011 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation, as to which Co-Bond Counsel express no opinion.

The opinion of Co-Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Co-Bond Counsel's judgment as to the proper treatment of the 2011 Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Co-Bond Counsel cannot give and have not given any opinion or assurance about the future activities of the Commission, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS.

State Tax Exemption

In the opinion of Co-Bond Counsel, under existing law, the 2011 Bonds are exempt from personal property taxes in Pennsylvania, and the interest on the 2011 Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax.

* * * * *

THE FOREGOING IS NOT INTENDED AS AN EXHAUSTIVE DESCRIPTION OF THE PROVISIONS OF FEDERAL OR STATE TAX LAW OR OTHER FACTORS WHICH MAY HAVE AN EFFECT ON INDIVIDUALS AND CORPORATIONS HOLDING THE 2011 BONDS OR RECEIVING INTEREST THEREON. PROSPECTIVE PURCHASERS OF THE 2011 BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS REGARDING THE EFFECT ON THEIR AFFAIRS OF HOLDING THE 2011 BONDS OR RECEIVING INTEREST THEREON, INCLUDING, BUT NOT LIMITED TO, THE EFFECT OF STATE AND LOCAL TAX LAWS.

FINANCIAL ADVISOR

The Commission has retained Public Financial Management, Inc., Philadelphia, Pennsylvania as Financial Advisor with respect to the authorization and issuance of the 2011 Bonds. The Financial Advisor is not obligated to undertake or assume responsibility for, nor has it undertaken or assumed responsibility for, an independent verification of the accuracy, completeness or fairness of the information contained in this Official Statement. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, holding or distributing municipal or other public securities.

TRUSTEE AND PAYING AGENT

TD Bank, National Association, Philadelphia, Pennsylvania, is the Trustee and Paying Agent under the Subordinate Indenture. The obligations and duties of the Trustee are as described in the Subordinate Indenture. The Trustee has not evaluated the risks, benefits or propriety of any investment in the 2011 Bonds, and makes no representation, and has reached no conclusions, regarding the validity of the 2011 Bonds, the security therefor, the adequacy of the provisions for payment thereof or the tax-exempt status, as applicable, of the interest on the 2011 Bonds. The Trustee has relied upon the opinion of Co-Bond Counsel for the validity of the 2011 Bonds and status of the interest on the 2011 Bonds as well as other matters set out in that opinion. Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the Commission of any of the 2011 Bonds authenticated or delivered pursuant to the Subordinate Indenture or for the use or application of the proceeds of such 2011 Bonds by the Commission.

Under the terms of the Subordinate Indenture, the Trustee is not responsible for any loss or damage resulting from any action or inaction taken in good faith in reliance upon an opinion of counsel and the Trustee is liable only for those damages caused by its gross negligence or willful misconduct. Under the Subordinate Indenture, the Trustee is not required to take notice, and is not deemed to have notice, of any default under the Subordinate Indenture (except with respect to failure to make debt service payments), unless a Responsible Officer of the Trustee has actual notice thereof or has been specifically notified in writing of such default by the owners of at least 25% in aggregate principal amount of the Outstanding Subordinate Indenture Bonds of any Class. All notices or other instruments required by the Subordinate Indenture to be delivered to the Trustee must be delivered at the designated office of the Trustee. In the absence of any such notice, the Trustee may conclusively assume no Event of Default under the Subordinate Indenture exists, except as expressly stated in the Subordinate Indenture. The summary of the Trustee's rights, duties, obligations and immunities is not intended to be a complete summary and reference must be made to the Subordinate Indenture for a complete statement of the Trustee's rights, duties, obligations and immunities. The Commission has previously released its Request for Proposal for Trustee and Custody services to seek qualifications from interested firms to act as trustee and custody agent for its outstanding bonds, including the 2011 Bonds. Pursuant to this process, the Commission has selected Wells Fargo Corporate Trust Services as successor Trustee under the Subordinate Indenture, subject to negotiation of a mutually acceptable agreement. Such replacement is expected to occur after issuance of the 2011 Bonds.

MISCELLANEOUS

The financial data and other information contained herein have been obtained from the Commission's records, audited financial statements and other sources which are believed to be reliable. However, no guarantee is given that any of the assumptions, forecasts or estimates contained herein will be realized.

The references herein to the Enabling Acts, Act 44, the 2011 Bonds, the Subordinate Indenture, the Supplemental Subordinate Indenture No. 11, the Memorandum of Agreement, the

Disclosure Undertaking, and the Senior Indenture are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and, accordingly, are qualified by reference and are subject to the full texts thereof.

Neither this Official Statement nor any other disclosure in connection with the 2011 Bonds is to be construed as a contract with the holders of the 2011 Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly so identified, are intended merely as such and not as representations of fact. No representation is made that any of such statements will be realized.

The execution and delivery of this Official Statement by its Chief Financial Officer have been duly authorized by the Commission.

PENNSYLVANIA TURNPIKE COMMISSION

By: /s/ Nikolaus H. Grieshaber
Chief Financial Officer

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APPENDIX A

THE PENNSYLVANIA TURNPIKE COMMISSION

APPENDIX A

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APPENDIX A¹

THE PENNSYLVANIA TURNPIKE COMMISSION

THE COMMISSION

General

The Commission is an instrumentality of the Commonwealth existing pursuant to an Act of the General Assembly of Pennsylvania approved July 18, 2007, P. L. 169, No. 44 (“**Act 44**”) and various Acts of the General Assembly approved on several dates, including the Act of May 21, 1937, P. L. 774, Act 211, the Act of May 24, 1945, P. L. 972; the Act of February 26, 1947, P. L. 17; the Act of May 23, 1951, P. L. 335; the Act of August 14, 1951, P. L. 1232; and the Act of September 30, 1985, P. L. 240, No. 61 (“**Act 61**”), (collectively, the “**Enabling Acts**”). Pursuant to the Enabling Acts, the Commission has the power to construct, operate and maintain the System (as defined herein). Its composition, powers, duties, functions, duration and all other attributes are derived from the Enabling Acts as amended and supplemented by subsequent legislation. The Enabling Acts may be modified, suspended, extended or terminated at any time by further legislation.

The Commission is composed of five members, including one ex officio member, the Secretary of the Department of Transportation of the Commonwealth of Pennsylvania (“**PennDOT**”). Any vacancy in the membership of the Commission (other than the Secretary of Transportation) must be filled by appointment of the Governor, with the advice and consent of two thirds of the members of the Pennsylvania Senate.

The present members of the Commission and the dates on which their respective terms expire are as follows:

William K. Lieberman is the current Chairman of the Commission. He was appointed to serve as a Commissioner on July 1, 2010. Mr. Lieberman has been President of The Lieberman Companies, an insurance and pension provider, since 2003. He serves on the boards of AMPCO Pittsburgh and GENCO-ATC. A graduate of the Pennsylvania State University, State College, Pennsylvania, he is a University of Pittsburgh Trustee and former Chairman of the Manchester-Bidwell Corp., Pittsburgh. His term expires on July 1, 2014.²

A. Michael Pratt, Esq. is the current Vice Chairman of the Commission. He is a partner in the law firm of Pepper Hamilton LLP and was originally named to the Commission in June 2009, becoming the first African-American Commissioner in the Commission's 70-year history. Mr. Pratt joined Pepper Hamilton in 1986 and is a partner in the Philadelphia and Harrisburg offices as well as the first African-American member of the firm's executive committee. He is an active member of the Philadelphia, Pennsylvania and American Bar Associations and has served as the Chancellor of the Philadelphia Bar Association and President of the Barristers' Association of Philadelphia, an organization of African-American lawyers. He received a B.A. in Economics and English from Washington & Jefferson College, Washington, Pennsylvania, in 1981 and earned a law degree from Harvard Law School in 1985. His term expires on June 24, 2013.²

¹ Capitalized terms used in this Appendix A and not otherwise defined have the meanings ascribed in the forepart or Appendices C or F of this Official Statement.

² Or until a successor is appointed and qualified.

J. William Lincoln is the current Secretary/Treasurer of the Commission. He was initially appointed to the Commission in May 2004 and reappointed in May 2009. Mr. Lincoln, who was a state Senator for 16 years, and Senate Majority Leader during his final term, also served as a state Representative for six years. Mr. Lincoln, of Uniontown, Pennsylvania, also was a member of the State Transportation Advisory Committee and a University of Pittsburgh Trustee. He attended the Pennsylvania State University and is owner of Linc Consultants. His term expires on June 24, 2013.³

Pasquale T. Deon, Sr., an established businessman and lifelong resident of Bucks County, Pennsylvania, has served as a member of the Commission since 2002. Mr. Deon is Chairman of the Board for the Southeastern Pennsylvania Transportation Authority (SEPTA). He is also a service-industry entrepreneur involved in real-estate development, beverage distribution and construction services. He is the owner of WBCB-1490AM Radio, Levittown, Pennsylvania, and co-owner of Temperance House Restaurant & Inn, Newtown, Pennsylvania. His term expired on June 30, 2010.³

Barry J. Schoch, P.E. is the Secretary of Transportation and an ex officio member of the Commission. Mr. Schoch was nominated by Governor Tom Corbett to be the Secretary of Transportation. His nomination must be confirmed by the state Senate. Mr. Schoch, a graduate of the Pennsylvania State University has more than 25 years of experience in the engineering field. He began his career with the Delaware Department of Transportation and worked for two private-sector firms before joining McCormick Taylor Inc., a Philadelphia based engineering-consulting firm, in 1995. He was Vice President for McCormick Taylor and Manager of its Harrisburg office Engineering Department when he accepted the Transportation Secretary position.

Act 44 extensively revised and modified earlier legislation, added new authorities and responsibilities and required adoption of a code of conduct for executive level employees, as well as members of the Commission.

As more fully discussed herein, pursuant to Act 44, the Commission and PennDOT entered into a Lease and Funding Agreement dated as of October 14, 2007 (the “*Funding Agreement*”) providing for substantial payments to PennDOT to provide funds for various transportation needs in the Commonwealth. See particularly “*The Pennsylvania Turnpike – Act 44 – Funding Agreement Between PennDOT and the Commission*” and “*– Act 44 Payments to PennDOT for Roads, Bridges and Transit.*” Act 44 granted the Commission the right to lease that portion of I-80 within the Commonwealth and the option to convert such portion of I-80 to a toll road subject to certain approvals from the Federal Highway Administration (“*FHWA*”), which, as further discussed below, were not obtained. See “*The Pennsylvania Turnpike – Act 44 – Funding Agreement Between PennDOT and the Commission*” herein.

The Enabling Acts provide that the Commission shall not be required to pay any taxes or assessments on any property acquired or used by it. It also provides that turnpike revenue bonds issued by the Commission shall not be deemed to be a debt of the Commonwealth or a pledge of the faith and credit of the Commonwealth and that the Commonwealth is not obligated to levy or pledge any form of taxation or make any appropriation for the payment of such bonds. The Commission has no taxing power.

Executive Personnel

Roger E. Nutt was named Chief Executive Officer of the Pennsylvania Turnpike Commission on March 15, 2011, effective March 21, 2011. He brings extensive experience as chief executive at various other transportation agencies. Nutt served as executive director of both the New Jersey Turnpike

³ Or until a successor is appointed and qualified.

Authority and the New Jersey Highway Authority. Before that, he was executive director of the New Jersey Transit Corporation, executive director of the New Jersey Transportation Trust Fund, and assistant commissioner for finance and administration at the New Jersey Department of Transportation. He was also project director for the South Jersey Transportation Authority's \$330 million Atlantic City-Brigantine Connector — a 2.5 mile expressway public-private partnership.

Craig R. Shuey was named Chief Operating Officer in January 2011. He joined the Commission in August 2009 where he was Director of Government Affairs with the Commission. He previously served as executive director of the Commonwealth Senate Transportation Commission, a post he held for eight years. He also served as a representative on the Senate Transportation Commission and various advisory committees on areas such as air, rail, freight movement and safety.

Nikolaus H. Grieshaber was named Chief Financial Officer in June 2008. Prior to that time, he held positions of Director of Treasury Management and Treasury Manager with the Commission. Before joining the Commission in 2000, he was a finance manager and portfolio manager for ADP Capital Management, assistant treasurer for BTR Dunlop Finance, cash manager for Silo, Inc. and investment analyst for American Life Insurance Company.

Frank J. Kempf, Jr. was named Chief Engineer in July 2007. Prior to that time, he held positions of Assistant Chief Engineer Design and Chief Bridge Engineer with the Commission. Before joining the Commission in 1986, he worked as a Bridge Design Engineer for a consulting engineering firm and with PennDOT.

Doreen A. McCall, Esq., has been the Chief Counsel since July 2005. Prior to that time, she served as Chief Counsel to the Pennsylvania Historical and Museum Commission from February 2003 to July 2005 and as Deputy General Counsel in the Governor's Office of General Counsel from April 2000 to January 2003. From September 1996 to April 2000, she was an Assistant General Counsel and from November 1993 to August 1996, she was a staff attorney in the Office of Inspector General.

THE PENNSYLVANIA TURNPIKE

General

The present Pennsylvania Turnpike System (the “*System*”) is composed of:

- the 359 mile Turnpike Mainline traversing the southern portion of Pennsylvania from east to west;
- the 110 mile north south section identified as the Northeast Extension;
- the approximately 16 mile north south connection, known as the Beaver Valley Expressway, which intersects the Turnpike Mainline in the southwestern portion of the Commonwealth;
- the approximately 13 mile Amos K. Hutchinson Bypass which adjoins the Turnpike Mainline near the New Stanton Interchange;
- the 31 mile section of the Mon/Fayette Project and the 8 mile section from the Pennsylvania/West Virginia border to Fairchance, which is located just south of Uniontown; and
- the 6 mile Southern Beltway project from PA 60 to US 22.

The Turnpike Mainline connects with the Ohio Turnpike at its western terminus and with the New Jersey Turnpike at its eastern terminus. The Turnpike Mainline commences on the eastern boundary of Pennsylvania at the Delaware River Bridge which connects the System to the New Jersey Turnpike. The Turnpike Mainline traverses the state in a westerly direction generally paralleling the southern border of the state immediately north of Philadelphia and south of Harrisburg to the vicinity of Somerset. West of Somerset, the highway follows a northwesterly direction to the northeast of Pittsburgh and to the Ohio state line, south of Youngstown, Ohio.

The System was constructed prior to development of the National Interstate Highway System but portions have been designated as Interstate Routes. However, no Federal Highway Trust Fund monies have been utilized in the construction of the Turnpike Mainline, Northeast Extension, Beaver Valley Expressway or Amos K. Hutchinson Bypass section of the Turnpike. The Turnpike Mainline has been designated as Interstate Route 276 between the area where Interstate Route 95 crosses the Pennsylvania Turnpike System and the Valley Forge Interchange. The portion of the Turnpike Mainline west of the Valley Forge Interchange to the western terminus at the Ohio state line has been designated as Interstate Route 76. In addition, the Turnpike Mainline between the New Stanton and Breezewood Interchanges has been designated as Interstate Route 70. The Northeast Extension has been designated as Interstate Route 476.

The System was constructed and opened to traffic in sections. The original Turnpike Mainline segment between Irwin and Carlisle was opened in 1940. Ten years later, in 1950 the 100 mile section between Carlisle and King of Prussia was completed and opened. After 1950, construction of new segments of the System occurred at more frequent intervals with the Turnpike Mainline segment in service as of May, 1956. The initial segment of the Northeast Extension between the Turnpike Mainline and the temporary interchange just south of the Lehigh Tunnel was opened in 1955. The final segment, from such interchange to Scranton, was completed and opened for traffic in November, 1957.

The Delaware River Bridge, which connects the Turnpike Mainline with the New Jersey Turnpike System, is owned jointly by the Commission and the New Jersey Turnpike Authority.

Revenue Sources of the Commission

Tolls. All rates, rents, fees, charges, fines and other income derived by the Commission from the vehicular usage of the System and all rights to receive the same (the “**Tolls**”, as defined in the attached APPENDIX C) constitute one of the Commission’s three principal streams of revenues. The Tolls are presently pledged to secure the Commission’s outstanding Senior Revenue Bonds and the Senior Indenture Parity Obligations (the Senior Revenue Bonds and the Senior Indenture Parity Obligations, together with any Subordinated Senior Indenture Indebtedness issued under the Senior Indenture, herein collectively the “**Senior Indenture Obligations**”) which will be subject to or may be issued under the terms of the Senior Indenture. Currently, \$2,896,210,000 aggregate principal amount of Senior Revenue Bonds are Outstanding under the Senior Indenture. Other Senior Indenture Parity Obligations include, among other things, interest rate swaps and reimbursement and standby bond purchase agreements. No Subordinated Senior Indenture Indebtedness is currently outstanding under the Senior Indenture.

The Tolls are not pledged to secure the Oil Franchise Tax Revenue Bonds (as defined below), the Registration Fee Revenue Bonds (as defined below) or the bonds and other obligations issued under the Subordinate Indenture (“**Subordinate Indenture Obligations**”). All Subordinate Indenture Obligations are subordinated to the payment of the Senior Indenture Obligations issued under the Senior Indenture. See “Act 44 - *Issuance of Bonds; Commission Payments.*”

The Commission may in the future, under the terms of the Senior Indenture, identify in writing certain roads, other than the Turnpike Mainline Section and the Northeast Extension, as not being part of the System for the purposes of the Senior Indenture which would eliminate toll revenues from these portions from the definition of Tolls under the Senior Indenture. However, the Commission currently has no plans to remove any roads from the System.

Oil Franchise Tax Revenues. The Commission's second principal stream of revenues consists of that portion of the Commonwealth's oil franchise tax revenues (the "***Oil Franchise Tax Revenues***") allocated by statute to the Commission or the holders of the Commission's Oil Franchise Tax Revenue Bonds (the "***Oil Franchise Tax Revenue Bonds***"), a total of \$800,810,885⁴ of which are issued and outstanding. The Oil Franchise Tax Revenue Bonds, the proceeds of which were spent on portions of the Mon/Fayette Expressway and the Southern Beltway, are secured solely by Oil Franchise Tax Revenues. The Oil Franchise Tax Revenues are not pledged to secure any Senior Indenture Obligations, any Subordinate Indenture Obligations or any Registration Fee Revenue Bonds.

Registration Fee Revenues. The Commission's third principal stream of revenues consists of that portion of the Commonwealth's vehicle registration fee revenues (the "***Registration Fee Revenues***") allocated by statute to the Commission or the holders of any of the Commission's Registration Fee Revenue Bonds (the "***Registration Fee Revenue Bonds***"), a total of \$430,045,000 of which are issued and outstanding. The Registration Fee Revenue Bonds, the proceeds of which were spent on portions of the Mon/Fayette Expressway and the Southern Beltway, are secured by Registration Fee Revenues. Registration Fee Revenue Bonds are to be paid solely from the Registration Fee Revenues. The Registration Fee Revenues are not pledged to secure any Senior Indenture Obligations, Subordinate Indenture Obligations or the Oil Franchise Tax Revenue Bonds.

Neither the Senior Indenture Obligations, the Oil Franchise Tax Revenue Bonds nor the Registration Fee Revenue Bonds are secured by or have any interest in the Trust Estate established pursuant to the Subordinate Indenture.

Future Financing Considerations. The Commission may issue additional bonds under the Senior Indenture and the Subordinate Indenture. In addition, the Commission may, from time to time, issue other notes and bonds payable from such sources as may be available so long as the Tolls, the Oil Franchise Tax Revenues securing the Oil Franchise Tax Revenue Bonds or the Registration Fee Revenues securing the Registration Fee Revenue Bonds are not pledged to such other notes and bonds or, if pledged, are pledged on a subordinate basis. The most recent toll increase currently in effect was effective January 2, 2011. See "*Toll Schedule and Rates*" for further information including with respect to toll increases effective January 2012. For the foreseeable future, the Commission anticipates that it will borrow substantial additional funds for purposes of funding capital expenditures for the System and payments under Act 44 and the Funding Agreement. Such borrowings are expected to be undertaken principally under the Senior Indenture and the Subordinate Indenture. Any projected toll increases may be revised by the Commission if necessary to meet the then existing debt, capital and operational obligations of the Commission.

The Commission intends to issue additional bonds under the Senior Indenture: (i) in December 2011 to refund certain Senior Revenue Bonds; and (ii) during the Spring/Summer of 2012 to finance costs of the Commission's ten-year capital plan and possibly to refund certain Senior Revenue Bonds. The Commission also intends to issue additional bonds under the Subordinate Indenture during the Spring of 2012 to finance one or more quarterly payments to PennDOT pursuant to the Funding Agreement.

⁴ For capital appreciation bonds, compounded amounts as of May 31, 2011 are included.

The ability of the Commission to repay such borrowings could be adversely affected by many factors, some of which are beyond the control of the Commission. For example, economic circumstances which result in significant declines in motor vehicle acquisition or operating cost increases could adversely affect the number of motor vehicles in use. The cost of fuel could increase which could adversely affect both the number of motor vehicles using the System and the mileage that such vehicles travel. Government regulations, such as Clean Air Act requirements, might also significantly restrict motor vehicle use and therefore diminish Tolls. See *“Toll Schedule and Rates”* and *“Five Year Financial History”* for further information, including information on changes in traffic volume and gross fare revenues. See “CERTAIN RISK FACTORS” in the forepart of this Official Statement.

In addition, from time to time, legislation is introduced in the Pennsylvania General Assembly, with respect to Act 44 and otherwise, which may affect the Commission and, therefore, may affect certain assumptions made in the Official Statement. The Commission cannot predict if any such bills or other legislation will be enacted into law, or how any such legislation may affect the Commission’s ability to pay debt service on its Senior Indenture Obligations and Subordinate Indenture Obligations. See *“Recent Developments and Future Legislation.”*

Act 44

On July 18, 2007, Act 44 was enacted, creating a “public public partnership” between the Commission and PennDOT to provide funding for roads, bridges and transit throughout the Commonwealth. Under Act 44, the Funding Agreement was entered into by the Commission and PennDOT. Many of the terms of Act 44 are incorporated in the Funding Agreement. The term of the Funding Agreement is fifty years. See *“Funding Agreement Between PennDOT and the Commission.”*

Funding Agreement Between PennDOT and the Commission. The Funding Agreement requires the Commission to make scheduled annual payments to PennDOT, payable in equal quarterly installments, to be used to provide funding for roads, bridges and transit. In Fiscal Years 2009-10 and 2010-11 payments totaled \$900 million and \$450 million, respectively. The Commission’s obligation to pay the annual debt service on any Special Revenue Bonds on a timely basis is also part of its payment obligation under the Funding Agreement. The Funding Agreement also granted the Commission the option to lease the portion of I-80 located in the Commonwealth from PennDOT upon the FHWA’s approval of the conversion of such portion of I-80 into a toll road (the ***“Conversion”***). The Funding Agreement granted the unilateral option to the Commission to effectuate the Conversion at any time before the third anniversary of the Funding Agreement, which was October 14, 2010 (the ***“Conversion Period”***). Under the Funding Agreement, the Commission had the option to extend the Conversion Period for up to three one-year periods.

Pursuant to Act 44, on October 13, 2007 the Commission and PennDOT submitted a joint application to the FHWA for approval of the Conversion. On various dates, the FHWA asked for and the Commission and PennDOT provided the FHWA with additional information. On September 11, 2008, FHWA sent the Commission and PennDOT a letter stating that it could not approve the I-80 application at that time, primarily because of insufficient information concerning how rental payments for I-80 were determined and whether they were related to the true costs of the leasehold interest. The Commission and PennDOT submitted additional supplemental information to the FHWA in support of its I-80 application on October 29, 2009. The FHWA ultimately denied the amended application on April 6, 2010, finding that the proposed lease payments to PennDOT under the Funding Agreement would have the effect of diverting toll revenues collected from the operation of I-80 to projects on other facilities, which it stated was contrary to the permitted uses of toll revenue under the federal Transportation Equity Act for the 21st Century.

The Commission has not appealed the FHWA's decision and does not currently expect to do so. In addition, the Commission did not extend the Conversion Period during the notice period under the Funding Agreement or give notice of Conversion. Therefore, the Conversion Period lapsed on October 14, 2010 without the Commission effectuating Conversion. Although the Commission could appeal the FHWA's decision, the Commission does not currently have statutory authority to revive the Conversion Period or effect Conversion. Under existing law, all legal, financial and operational responsibility for I-80 remains with PennDOT.

Act 44 provides that under certain circumstances, payments to PennDOT drop to \$450 million annually for the remaining term of the Funding Agreement. It has been the Commission's position that the reduced annual payment under the Funding Agreement of \$450 million was effective beginning with Fiscal Year 2010-11. The Commission made quarterly payments in the amount of \$112.5 million each on July 29, 2010, October 28, 2010, January 31, 2011 and April 28, 2011. In addition, the Commission's obligation under Act 44 to make annual surplus payments of the General Reserve Fund Surplus (as defined in Act 44) at the end of each Fiscal Year has terminated.

PennDOT disputed that the reduced annual payment under the Funding Agreement of \$450 million was effective beginning with Fiscal Year 2010-2011. PennDOT claimed it was not aware of a basis for a reduction in the Commission's annual payment obligation until the beginning of Fiscal Year 2011-2012 and that the Commission owed PennDOT the additional amount of \$472,500,000 for Fiscal Year 2010-2011. The Commission was also advised during the prior gubernatorial administration that the Office of the Budget of the Commonwealth might assert that the reduced annual payment obligation was not effective until Fiscal Year 2011-2012 and that the higher amount, a maximum of \$922,500,000, was payable for Fiscal Year 2010-2011.

By Settlement Agreement and Mutual Release Regarding Lease Payments dated September 30, 2011 (the "Agreement"), by and among the Commission, PennDOT and the Office of the Budget, PennDOT and the Office of the Budget each acting individually and on behalf of the Commonwealth, among other things (1) agreed that the amounts previously paid by the Commission for Fiscal Year 2010-2011 on account of its Funding Agreement obligation constituted full payment of that obligation; (2) agreed that the Commission's payment obligation under the Funding Agreement for Fiscal Year 2010-2011 had been fully discharged; and (3) released the Commission of any further payment obligation under the Funding Agreement with respect to Fiscal Year 2010-2011. The Commission confirmed its continuing obligation to make the annual payments called for under the Funding Agreement in the amount of \$450 million per year, as described above, for the remaining term of the Funding Agreement. The parties further agreed that the Funding Agreement remains in full force and effect, except as the Agreement specifically provided to the contrary.

The sole and exclusive remedy for the failure to make required payments under the Funding Agreement is that all actions of the Commission taken by a vote of the Commissioners require a unanimous vote of all Commissioners until such time as the required payments are made. Further, Act 44 provides that if the Secretary of the Budget notifies the Commission of a failure to make a payment to PennDOT under Act 44 and the Funding Agreement, all actions of the Commission taken by a vote of the Commissioners must be passed by a unanimous vote of all Commissioners until such time as the payment is made. Under Act 44, a unanimous vote is not required if it would prevent the Commission from complying with covenants with "current bondholders, debt holders or creditors." The Funding Agreement does not refer to "current bondholders, debt holders or creditors," but provides that a unanimous vote is not required if it would prevent the Commission from complying with covenants with "bondholders, debt holders or creditors having such status as of the Effective Date" which under the Funding Agreement is defined as October 14, 2007.

The Commission is required by the terms of the Funding Agreement and Act 44 to fix and adjust tolls at levels that will generate revenues (together with other available moneys) sufficient to pay, among other things, amounts to PennDOT pursuant to the Funding Agreement when due and other obligations of the Commission, and the Commission has covenanted in the Subordinate Indenture to set tolls at a level sufficient to meet its coverage obligations taking into account any additional debt incurred in order to make such payments. The Commission believes that System revenues should enable it to satisfy its reduced payment obligations as set forth in Act 44 without reliance on any I-80 toll revenues.

Act 44 Payments to PennDOT for Roads, Bridges and Transit. Act 44 provides that all required payments under the Funding Agreement or as required by Act 44 shall be subordinate obligations of the Commission payable solely from the General Reserve Fund after meeting all other Commission requirements pursuant to any financial documents, financial covenants, liquidity policies or agreements in effect at the Commission. Pursuant to the Funding Agreement, the Commission's payments to PennDOT in prior Fiscal Years have been allocated as follows: deposits to the Motor License Fund to be available for road and bridge work in the amounts of \$450 million in Fiscal Year 2007-08, \$500 million in Fiscal Year 2008-09, \$500 million in Fiscal Year 2009-10, and \$200 million in Fiscal Year 2010-11 and deposits into the Public Transportation Trust Fund for distribution to Pennsylvania's local and regional public transportation agencies for operating and capital purposes in the amounts of \$300 million in Fiscal Year 2007-08, \$350 million in Fiscal Year 2008-09, \$400 million in Fiscal Year 2009-10, and \$250 million in Fiscal Year 2010-11. Notwithstanding the foregoing, no portion of the payments of the Commission to be deposited into the Public Transportation Trust Fund may be made with proceeds of Special Revenue Bonds. It has been the Commission's position that its payment obligation is \$450 million annually over the remaining term of the Funding Agreement, with \$200 million to be deposited annually in the Motor License Fund to be available for roads and bridges and \$250 million to be deposited annually in the Public Transportation Trust Fund to be available for transit. See "*Funding Agreement Between PennDOT and the Commission*" above for further information on the resulting dispute with PennDOT and the resolution of that dispute.

Seventeen payments have been made under the Funding Agreement to date, in the aggregate amount of \$3,062,500,000.

Issuance of Bonds; Commission Payments. Under the Enabling Acts, including Act 44, the Commission is authorized and empowered, among other things, to issue turnpike revenue bonds, notes or other obligations (either senior on a parity basis or subordinate) to pay (i) pursuant to the Funding Agreement, if applicable, the costs of construction, reconstructing, widening, expanding or extending I-80 or any other costs of I-80 and the System, (ii) certain amounts to PennDOT pursuant to the Funding Agreement for purposes of funding PennDOT highway, road and bridge construction and maintenance programs in the Commonwealth, (iii) costs of improvements to the System, and (iv) certain amounts into a Public Transportation Trust Fund pursuant to the Funding Agreement, to be used exclusively for mass transit programs (provided that, pursuant to the terms of the Funding Agreement, the proceeds of any Special Revenue Bonds may not be applied for payments to mass transit programs).

The bonds authorized to be issued by the Commission under Act 44, after execution of the Funding Agreement, include up to \$5 billion of Special Revenue Bonds, as described below. Proceeds of such bonds may be applied toward the satisfaction of the Commission's scheduled annual payment obligations under the Funding Agreement and Act 44, except, pursuant to the terms of the Funding Agreement, that portion of the annual payment obligations to be deposited in the Public Transportation Trust Fund. See "*Statutory Limitations on the Incurrence of Special Revenue Bonds*" below. The Funding Agreement provides that the Commission is obligated to pay all debt service due with respect to the Special Revenue Bonds.

Pursuant to the terms of the Subordinate Indenture, the Commission covenanted, after payment of all required debt service on all Senior Indenture Obligations and subject to the provisions of the Senior Indenture, to pay to the Trustee under the Subordinate Indenture (the “***Subordinate Indenture Trustee***”), and it instructed the Senior Indenture Trustee to pay to the Subordinate Indenture Trustee, out of the General Reserve Fund established under the Senior Indenture, such amounts as are required by the Subordinate Indenture, by a supplemental indenture to the Subordinate Indenture or by a parity swap agreement to pay, at the times specified, debt service on all outstanding Subordinate Indenture Obligations under the Subordinate Indenture.

Accordingly, the Commission shall instruct and furnish a debt service schedule to the Senior Indenture Trustee providing for the payment to the Subordinate Indenture Trustee out of available funds held in the General Reserve Fund the amount from time to time necessary to satisfy all required deposits under the Subordinate Indenture to the Commission Payments Fund established under the Subordinate Indenture and to pay debt service on the outstanding Subordinate Indenture Obligations and all other payments required from time to time under the Subordinate Indenture and in any supplemental indenture to the Subordinate Indenture (the “Commission Payments”).

Under the Subordinate Indenture, the Commission may, from time to time, issue additional bonds, including Subordinate Revenue Bonds and Special Revenue Bonds, to help satisfy its payment obligations under Act 44. The Commission intends any long-term indebtedness to be issued under the Subordinate Indenture to be paid solely from Commission Payments. Such obligations, if issued, are subordinate to the Senior Revenue Bonds issued under the Senior Indenture. Such Subordinate Revenue Bonds will be parity obligations with the outstanding Subordinate Revenue Bonds under the Subordinate Indenture. The Special Revenue Bonds will have a subordinate right to payment from Commission Payments to the rights of payment in favor of the holders of the Subordinate Revenue Bonds issued under the Subordinate Indenture. **APPENDIX G sets forth the existing debt service schedule for the Senior Revenue Bonds and the Subordinate Indenture Bonds.**

Statutory Limitations on the Incurrence of Special Revenue Bonds. Under Act 44, the Commission is authorized to issue, by resolution, Special Revenue Bonds (as defined in §9511.2 of Act 44) up to an aggregate principal amount of \$5 billion, exclusive of original issue discount, for the purpose of paying bond related expenses and costs of PennDOT, including the costs of highway, road, tunnel and bridge construction, renovation and expansion, including acquisition of land, rights, machinery and equipment and certain finance charges relating thereto, public transportation systems, planning, engineering, administrative and other expenses, and debt service. No more than \$600 million in aggregate principal amount of such Special Revenue Bonds, exclusive of original issue discount, may be issued in any calendar year. No such bond may be issued unless the Funding Agreement is in effect, and no such bond may be outstanding beyond the stated term of the Funding Agreement at the time of issuance. Special Revenue Refunding Bonds (as defined in §9511.2 Act 44) shall not be deemed to count against the total or annual maximum issuance volume under Act 44.

Upon issuance of the 2011 Bonds, Special Revenue Bonds will have been issued in the original aggregate principal amount of \$494,645,584.30, of which \$500,592,267⁵ will be outstanding.

Should the Commission fail to timely make required debt service deposits for Special Revenue Bonds, the Subordinate Indenture Trustee shall proceed under the terms of Act 44 and a Memorandum of Agreement between PennDOT, the Office of the Budget of the Commonwealth and the Pennsylvania State Treasurer, dated July 16, 2010 (the “***MOA***”) to notify PennDOT of such default, and PennDOT shall give notice to the Treasurer of the Commonwealth of such deficiency and request the payment of

⁵ For capital appreciation bonds, compounded amounts as of May 31, 2011 are included.

funds necessary to cure such deficiency only from funds available for such purpose in the Motor License Fund. The appropriation of money in the Commonwealth's Motor License Fund in respect of Special Revenue Bonds issued by the Commission under Act 44 is continuing and non-lapsing. The Commonwealth has no obligation to appropriate any funds, other than available funds on deposit in the Motor License Fund, for the payment of any such Special Revenue Bonds. Pursuant to the MOA, certain funds equal to maximum annual debt service on outstanding Special Revenue Bonds will be set aside (but not pledged) in the Motor License Fund for this purpose upon the issuance of Special Revenue Bonds. Funds in such amounts were set aside in the Motor License Fund in connection with the issuance of the Commission's Motor License Fund-Enhanced Turnpike Subordinate Special Revenue Bonds, Series A of 2010, Series B of 2010 and Series A of 2011, and are expected to be set aside with respect to the 2011B MLF Special Revenue Bonds. The Commission is obligated pursuant to the Funding Agreement to reimburse the Treasurer of the Commonwealth for any amounts withdrawn from the Motor License Fund in order to cure a default in the payment by the Commission with respect to the annual debt service on any such Special Revenue Bonds. This reimbursement obligation is subject and junior to the payment obligations of the Commission under the Special Revenue Bonds.

Rules Relating to Governance and Accountability Under Act 44. Act 44 sets forth certain rules relating to governance and accountability of the Commission, including, but not limited to, the filing of an annual financial plan of the Commission with the Pennsylvania Secretary of the Budget no later than June 1 of each year (the "***Financial Plan***"), providing updates to the Chairman and Minority Chairman of the Pennsylvania House and Senate Transportation Committees regarding the status of the I-80 conversion and conducting an audit by the Auditor General every four years to be paid for by the Commission. Under Act 44 the Commission is also required to adopt a comprehensive code of conduct for Commissioners and executive level employees, which was adopted with an effective date of October 31, 2007. The Commission completed its Financial Plan for the 2011-12 Fiscal Year and delivered it to the Secretary of the Budget by the June 1 deadline. A Financial Plan Amendment for the 2011-12 Fiscal Year was delivered on August 4, 2011 (the "August Amendment") which addresses updated traffic information and enhancements to the Commission's Ten Year Capital Plan. See "CAPITAL IMPROVEMENTS-Ten Year Capital Plan" within. A complete copy of the Financial Plan (including the August Amendment) can be obtained by contacting the Commission. See discussion in the forepart of the Official Statement under "Introduction – Act 44 Financial Plan." The Auditor General has begun the audit process required by Act 44 during the 2011 calendar year but has not yet issued any report. See "***Budget Process.***"

Recent Developments and Future Legislation

From time to time, legislation is introduced in the Pennsylvania General Assembly and Congress which may affect the Commission and, therefore, may affect certain of the assumptions made in the Official Statement. The Commission cannot predict if any such bills or other legislation will be enacted into law, or how any such legislation may affect the Commission's ability to pay the Senior Indenture Obligations and Subordinate Indenture Obligations. Furthermore, legislation may be introduced that could affect the Commission and its obligations pursuant to Act 44, however it is not possible to predict the nature or content of any legislation that may be introduced.

State Legislation. Various bills were introduced during the 2009-10 legislative session on a range of proposals that would have impacted the Commission had they been enacted including: authorizing the Commission to toll all or portions of other Pennsylvania interstates; prohibiting the Commission from having the authority to toll I-80; dedicating up to \$20 million in funds collected for certain fines and credited to the Motor License Fund to the Pennsylvania State Police for cadet training; authorizing public-private ventures and containing restrictions on the ability to enter into a lease that would transfer operational oversight of the System without additional legislative authorization; requiring the Commission to maintain its scheduled, increasing annual payments to PennDOT pursuant to Act 44

through Fiscal Year 2013-14 with an annual increase of 2.5%; increasing the Oil Company Franchise Tax; allowing private maintenance of state highways; adding two Commissioners to the board of the Commission and creating a Pennsylvania Turnpike Advisory Commission to advise the Commission on how best to toll interstates running through Pennsylvania. An additional bill would have authorized PennDOT to assume all powers and duties of the Commission that relate to the operation, maintenance, construction and reconstruction of the Pennsylvania Turnpike and related highways and receive all tolls and other money otherwise payable to the Commission, transferred all of the Commission's property to PennDOT, dissolved the Commission, and had the State Treasurer assume the Commission's bonds. Further proposed legislation called for the repeal of Act 44 and would have required the Commission to enter into a lease agreement with PennDOT relating to I-80 and authorized the Commission to reapply to the FHWA for approval to toll I-80. All bills introduced in the 2009-10 legislative session, including a Special Session on Transportation, expired on November 30, 2010.

To date during the 2011-12 legislative session, Senator John Rafferty introduced a bill that would allow the Commission, among other public entities, to enter public-private transportation partnerships for the construction of new infrastructure and facilities and for the lease of facilities through long-term agreements. After some movement between Committees in February 2011, this bill was re-committed to the Senate Transportation Committee in April 2011. A similar bill was introduced in the House by Representative Richard Geist and referred to the Transportation Committee. The bill was amended in the House Transportation Committee in March 2011, reported out of committee, and subsequently re-committed to the Committee in May 2011.

On February 9, 2011, Representative Jim Christiana served as primary sponsor in introducing legislation in the Pennsylvania General Assembly providing for the assumption by PennDOT of the operating functions of the Commission, for the assumption by the Commonwealth of the financing functions of the Commission, for transfer to PennDOT and the State Treasurer of certain assets of the Commission, and for the abolition of the Commission and the offices of Turnpike Commissioner. The bill was referred to the House Transportation Committee.

On March 28, 2011, Senator John Rafferty introduced legislation in the Pennsylvania General Assembly amending the Administrative Code to require gubernatorial appointment and Senate confirmation of the individual appointed as the chief executive officer of the Commission. The bill was referred to the Senate Transportation Committee.

On June 17, 2011, Representative Robert Godshall introduced legislation in the Pennsylvania General Assembly proposing to terminate the Funding Agreement. The bill was referred to the House Transportation Committee.

In April 2011, Governor Corbett appointed a 40-member Transportation Funding Advisory Commission (the "TFAC"), chaired by Secretary of Transportation and Pennsylvania Turnpike Commissioner Barry Schoch, to develop a "comprehensive, strategic proposal for addressing the transportation funding needs of Pennsylvania." In August, the TFAC provided their findings and recommendations to the Governor. Specific to the Commission, the TFAC recommended amending Act 44 to shift Commission payments to public transportation purposes and expand tolling authority to all interstates. While at this time, no legislation has been introduced in the Pennsylvania General Assembly to implement these recommendations, Senator Jake Corman has announced his intent to introduce legislation that encompasses many of the funding recommendations of the TFAC.

The Commission cannot predict what other legislation may be introduced during the 2011-12 legislative session or in the future or if any proposals may lead to the adoption of legislation that may affect the Commission.

Recent Correspondence from the Internal Revenue Service. The Commission received correspondence (the “***Letter***”) from the Internal Revenue Service (the “***Service***”) dated September 27, 2010; the Letter stated that the Service “routinely examines municipal debt issuances to determine compliance.” The Service requested certain documents and information with respect to the Commission's \$275,000,000 Turnpike Revenue Bonds, Series A of 2009 (Federally Taxable-Issuer Subsidy-Build America Bonds) (the “***2009A Bonds***”), which were issued under the Senior Indenture. The Letter states “[a]t this time we [Service] have no reason to believe that . . . [the 2009A Bonds] fails to comply with any of the applicable tax requirements.” The Commission provided the documents and information requested in the Letter.

The Commission received additional correspondence from the Service dated June 7, 2011. In that letter, the Service states that they have completed their examination of the 2009A Bonds and have made a determination to close the examination with no change to the position that the Commission is allowed a refundable credit with respect to each interest payment under the 2009A Bonds as provided in section 54AA and section 6431 of the Internal Revenue Code of 1986, as amended.

Interchanges and Service Plazas

The System has a total of 57 interchanges which connect it with major arteries and population centers in its 543 mile traffic corridor. Thirty of the interchanges are located on the Turnpike Mainline, including Turnpike Mainline barriers at the New Jersey and Ohio state lines, and 10 interchanges are situated on the Northeast Extension. The additional 17 interchanges are located on the three extensions previously noted.

There are 17 service plazas along the System providing gasoline and diesel fuel, other automotive supplies and services, and restaurant services. The Commission has entered into long term service plaza redevelopment agreements with HMSHost Restaurants, LLC and Sunoco, Inc. to design, reconstruct, finance, operate and maintain all of the service plazas. The Commission has no responsibility for maintaining the service plazas under the agreements. Since the Commission entered the agreements in 2005, nine rebuilt service plazas have opened and three more facilities are under construction and scheduled to reopen in May 2012. The two companies are expected to invest approximately \$190 million in the project, at no cost to the Commission. The Commission received approximately \$2.9 million and \$2.7 million in annual income under the service plaza agreements in 2010 and 2011, respectively, which is based on rental payments plus a percentage of revenue generated.

Additional Services

In addition to 820 field personnel in 22 facilities available to keep the roadway open and safe in the event of unfavorable road conditions, the Commission has a 24/7 Traffic Operations Center which monitors conditions on the System and provides emergency dispatch.

A Turnpike Roadway Information Program provides real-time data to drivers. Travelers are alerted to roadway conditions via Variable Message Signs, Highway Advisory Radio and alerts via email and mobile phone.

With funding from the Pennsylvania Department of Environmental Protection, the Commission built its first Truck Space Electrification (TSE) facility in 2010 at the New Stanton Service Plaza. The TSE provides service towers equipped with modules that fit into truck cab windows to provide heat, air conditioning, internet, TV and electrical power while the truck's engine remains off. The TSE will help operators of diesel trucks comply with new environmental regulations while relieving surrounding neighborhoods from noise and pollution from idling diesel engines.

In September 2011, Commission officials along with representatives from sponsor, State Farm Insurance, released a smartphone application that enhances safety for those traveling the System. The free iPhone and Droid application is an innovative way for travelers to know what the current conditions are on the roadway.

Toll Schedule and Rates

The current System generally employs a closed or ticket system method for toll collection. Tolls are determined on the basis of the length of the trip and vehicle class. There are 9 vehicle classes determined either by axles or, in the case of commercial vehicles, by axles and weight. Historically, all drivers were issued a ticket upon entering the System and were required to surrender the ticket and pay the appropriate toll upon exiting. Electronic toll collection methods, however, have been implemented throughout the System. See *“THE PENNSYLVANIA TURNPIKE – E-ZPass Lanes.”*

Between 1957 and 2008, the Commission implemented only five revisions in its toll schedule, effective on September 1, 1969, August 1, 1978, January 2, 1987, June 1, 1991 and August 1, 2004. On August 1, 2004, Turnpike tolls increased by 1.8 cents per mile for passenger vehicles from 4.1 to 5.9 cents per mile. Commercial vehicles had an average increase of 5.3 cents per mile. Such toll increase was consistent with the rate of inflation over the 13 years since the Commission’s prior toll increase in 1991. All revenue generated by such toll increase has been used to fund capital improvements to the Turnpike’s roads, tunnels and other system upgrades. On July 22, 2008, the Commission approved a toll increase in the amount of 25% which became effective on January 4, 2009, with the expectation that it would implement annual increases thereafter. The Commission approved a toll increase in the amount of 3% which became effective on January 3, 2010. At its meeting on July 13, 2010, the Commission adopted several revenue enhancement measures that took effect on January 2, 2011. For E-ZPass users, tolls increased by 3%. For cash customers, tolls increased by 10% (rounded to the nearest \$0.05). Annual fees for use of E-ZPass transponders increased from \$3 per transponder to \$6 per transponder. Finally, the commercial discount program, which provided for tiered discounts of 10%, 15% and 20% off published toll rates depending on total monthly fares, was adjusted to provide tiered discounts of 5%, 10% and 15%. These revenue enhancements will be used to provide funds for payments under the Funding Agreement and other Act 44 purposes, including funding of the Commission’s capital expenditure program and normal operating expenditures. At its meeting on July 19, 2011, the Commission approved a toll increase effective in January 2012. E-ZPass users will not see a toll increase and cash customers will see an increase of 10%. In addition, commercial discounts have been reduced effective January 2012. The 15% volume discount is eliminated and the remaining discounts are a 5% discount for \$5,000-\$10,000 in monthly tolls and a 10% discount for more than \$10,000 in monthly tolls. In addition, the Commission also approved toll rate increases that among E-ZPass users and cash customers will average 3% annually for each of the 2013 and 2014 calendar years.

Preliminary, unaudited traffic data for the calendar year timeframe of January 2011 through September 30, 2011 indicates a 6.1% increase in net fare revenue and a 1.0% decrease in traffic volume as compared to 2010. For the month of September 2011, the preliminary unaudited traffic data indicates a 5.1% increase in net fare revenue and a 1.4% decrease in traffic volume as compared to September 2010. The fare increase implemented in January 2011, winter storms in January 2011 and February 2011, along with severe flooding in August 2011, economic conditions and gasoline price increases have impacted traffic volumes but only yielded a 1.0% decrease January through September 2011 as compared to 2010.

The following Table I illustrates the current tolls and per mile rates applicable to each vehicle class for a trip on the Turnpike Mainline Section from Interchange 1 through Interchange 359.

TABLE I
Current Tolls and Per Mile Rates for a Turnpike Mainline
Roadway East – West Complete Trip
(Delaware River Bridge – Warrendale (Ticket System))

Vehicle Toll Class	Gross Vehicle Weight (Thousand Pound)	Toll Rate Cash Effective 1/2011	Per Mile Cash Rate	Toll Rate E-ZPass Effective 1/2011	Per Mile E-ZPass Rate
1	1-7	\$ 28.00	\$0.085	\$26.19	\$ 0.080
2	7-15	41.10	0.125	38.46	0.117
3	15-19	51.00	0.155	47.74	0.145
4	19-30	59.55	0.181	55.70	0.169
5	30-45	83.60	0.254	78.24	0.238
6	45-62	106.30	0.323	99.46	0.302
7	62-80	151.60	0.461	141.89	0.431
8	80-100	198.30	0.603	185.66	0.564
9	Over 100	1,124.55	3.418	1,052.95	3.200

Note: The above rates represent an “East West” trip for the ticket toll system between Warrendale (#30) and the Delaware River Bridge (#359) interchanges. The 30 mile Gateway to Warrendale roadway between Warrendale and the Ohio Turnpike has a barrier toll at the Gateway Mainline interchange (#2). For purposes of the Senior Indenture, the Mainline is the entire length of the roadway between Ohio and the Delaware River Bridge. The toll on the Gateway connector is payable only when traveling eastbound and is standard for all vehicles of a class, regardless of distance traveled. The cash rate as of January 2, 2011 is \$4.30 for the first two axles, \$8.55 for three axles, \$12.80 for four axles, \$17.00 for five axles and \$21.30 for six axles. The E-ZPass rate is \$3.98 for the first two axles, \$7.96 for three axles, \$11.94 for four axles, \$15.91 for five axles and \$19.89 for six axles.

Act 44 requires the Commission to fix toll rates such that revenues from tolls and other sources to the Commission are sufficient to pay the cost of the System’s operation, construction, expansion and maintenance, all Commission obligations and interest thereon, sinking fund requirements of the Commission, other requirements in any trust indentures, notes or resolutions and payments to PennDOT under the Funding Agreement.

Five Year Financial History

The following Tables II and III summarize the financial history of the System for the Fiscal Years from 2007 to 2011. The financial statements are a combination of cash basis financial statements with certain accruals included. Tables II and III should be read in conjunction with the financial statements prepared in accordance with generally accepted accounting principles and related notes included in “APPENDIX B – AUDITED FINANCIAL STATEMENTS: 2011 AND 2010.”

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TABLE II**Number of Vehicles and Fare Revenues – Summarized by Fare Classification****(000's Omitted)**

Year Ended <u>May 31</u>	<u>Number of Vehicles</u>			<u>Fare Revenues</u>				Net Fare <u>Revenues</u>
	<u>Passenger</u>	<u>Commercial</u>	<u>Total</u>	<u>Passenger</u>	<u>Commercial</u>	<u>Total</u>	<u>Discount</u>	
2007	160,107	25,316	185,423	\$322,780	\$294,836	\$617,616	\$24,975	\$592,641
2008	164,097	25,455	189,552	\$329,072	\$290,078	\$619,150	\$20,224	\$598,926
2009	162,637	23,582	186,219	\$353,885	\$284,359	\$638,245	\$22,640	\$615,605
2010	163,599	22,933	186,532	\$407,368	\$310,670	\$718,038	\$24,211	\$693,827
2011	165,230	23,812	189,042	\$435,751	\$328,105	\$763,856	\$24,152	\$739,704

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TABLE III
Summary of System Revenues and Operating Expenditures
Before Interest and Other Charges *
(000's Omitted)
Years ended May 31

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues					
Net Toll Revenues	\$592,642	\$598,926	\$615,605	\$693,827	\$739,704
Concession Revenues	3,877	3,212	3,087	2,868	2,728
Interest Income	13,142	9,663	6,478	5,560	11,089
Miscellaneous	11,925	17,699	14,855	13,337	16,202
Total Revenues	\$621,586	\$629,500	\$640,025	\$715,592	\$769,723
Operating Expenditures					
Turnpike Patrol	\$30,735	\$31,977	\$34,127	\$34,337	\$34,056
General & Administrative	16,670	19,870	18,492	15,942	15,070
Normal Maintenance	57,110	63,653	61,327	64,347	65,285
Employee Benefits & Other Misc. Items	46,112	65,865	79,563	77,565	72,772
Fare Collection	55,007	60,348	60,317	63,087	64,944
Traffic Services, Safety & Communications	37,872	37,295	39,008	\$41,071	\$43,356
Total Operating Expenditures	\$243,506	\$279,008	\$292,834	\$296,349	\$295,483
Revenues less Operating Expenditures	\$378,080	\$350,492	\$347,191	\$419,243	\$474,240
Annual Senior Debt Service Requirement	\$111,543	\$126,058	\$153,568	\$127,866	\$133,718
Coverage Ratio**	3.39	2.78	2.26	3.28	3.55
Annual Subordinate Debt Service Requirement			\$12,066	\$86,977	\$133,317
Coverage Ratio**			2.10	1.95	1.78
Annual MLF Enhanced Debt Service Requirement					\$1,541
Coverage Ratio**					1.77

* This summary of revenues and operating expenditures is not intended to present results of operations in conformity with generally accepted accounting principles.

** Coverage ratio is based on available sources of recurring revenues.

Budget Process

The Commission's Finance Department develops preliminary budget information for all Commission departments. This information is provided to each of the respective departments for their review and to enable them to make any proposed revisions for their budget requests. The information is then returned to the Finance Department and a Commission wide preliminary budget is prepared. This budget is reviewed by senior management and, in cooperation with the respective departments, revisions are made when necessary to conform to the annual financial plan. The final recommended budget is then presented to the Board of Commissioners for formal approval.

In addition, Act 44 requires the Auditor General of the Commonwealth to conduct an audit of the accounts of the Commission and to review its performance, procedures, operating budget, capital budget and debt every four years. Act 122 of 1988 also requires the Auditor General to conduct a financial and compliance audit of the Commission once every four years. The last compliance/performance audit pursuant to Act 122 was issued in June 2008. The compliance portion of the 2008 audit covered the period January 1, 2003 through December 31, 2005 and the financial portion covered the period May 31, 2002 through May 31, 2005. The Auditor General's office did not conduct its own four-year financial audit but reviewed audits and supporting documentation of the independent firm who audits the Commission's financial statements annually, including work papers for the four fiscal years ending May 31, 2002 through May 31, 2005. The audit made recommendations based on findings concerning safety, information dissemination and E-ZPass collections. The Commission responded to the Auditor General's findings and has taken steps to address certain issues raised in the audit. For further information see <http://www.auditor.gen.state.pa.us/Reports/Performance/Special/speTurnpike061308.pdf>. The process for the next audit by the Auditor General has begun in 2011 but no report has yet been issued.

Act 44 also requires the Commission to prepare and submit to the Secretary of the Budget a financial plan no later than June 1 of each year for the ensuing Fiscal Year, describing its proposed operating and capital expenditures, borrowings, liquidity and other financial management covenants and policies, estimated toll rates and all other revenues and expenses. The purpose of the financial plan is to demonstrate that the Commission's operation in accordance with the plan can be reasonably anticipated to have unencumbered funds sufficient to make all payments due to PennDOT under Act 44 and the Funding Agreement in the upcoming year after all other Commission Obligations have been met. Any deviations and the causes therefor in prior year plans must be explained.

Financial Policies and Guidelines⁶

The Commission's Investment Policy and Guidelines, adopted on June 6, 1997 and amended from time to time thereafter (the "**Investment Policy**"), sets forth the purpose, objectives and investment guidelines for eligible securities for the investment of financial assets of the Commission. Eligible securities include those that are consistent with the Senior Indenture. (See Note 4, "*Cash and Investments – Concentration of Credit Risk*" in the Notes to Financial Statements (Years Ended May 31, 2011 and 2010) in APPENDIX B for a discussion of the Commission's concentration of credit risk to particular issuers.)

The Investment Policy provides that appropriate benchmarks shall be developed for the various funds invested by the Commission and that the returns of the Commission's individual portfolio segments are to be compared to such benchmarks. Pursuant to the Investment Policy, the Commission's Investment Policy Committee must prepare an investment report for the Commissioners on a quarterly basis,

⁶ All investment, swap and financial policies are subject to change at any time at the discretion of the Commission.

including a management summary that provides a clear picture of the status of the current investment portfolio and transactions made over the latest reporting period. The report is to include investment performance and conformity with the Investment Policy.

The Commission adopted three Financial Policies on April 20, 2004: a Debt Management Policy, an Interest Rate Swap Management Policy and a Liquidity Standard Policy. These financial management policies were developed in recognition of the increasing financial sophistication of the Commission with respect to its debt structure and to provide guidance governing the issuance, management, ongoing evaluation and reporting of all debt obligations.

The Liquidity Standard Policy requires that the Commission maintain sufficient year-end fund balances to ensure levels of uncommitted reserves necessary to secure and protect its long-term debt and other financial obligations. Under this policy the Commission budgets and maintains cumulative fund balances, including balances in the Reserve Maintenance Fund and the General Reserve Fund, equal to the greater of maximum annual debt service on those bonds not secured by a debt service reserve fund or 10% of annual budgeted revenues.

The Debt Management Policy establishes parameters and provides guidance governing the issuance and management of Commission debt. It addresses such issues as usage of unhedged variable rate debt, rate covenants and limitations on additional bonds and disclosure.

The Commission's Interest Rate Swap Management Policy ("**Swap Policy**") establishes guidelines for the use and management of all interest rate management agreements, including, but not limited to, interest rate swaps, swap options, caps, collars and floors (collectively "**Swaps**" or "**Agreements**") incurred in connection with the incurrence of debt.

The Swap Policy authorizes the Commission to use Swaps to hedge interest rate movement, basis risk and other risks, to lock in a fixed rate or, alternatively, to create synthetic variable rate debt. Swaps may also be used to produce interest rate savings, limit or hedge variable rate payments, alter the pattern of debt service payments, manage exposure to changing market conditions in advance of anticipated bond issues (through the use of anticipatory hedging instruments) or for asset/liability matching purposes. Key elements of the Swap Policy include the following:

Swap Counterparties – Credit Criteria. The Commission will make its best efforts to work with qualified Swap counterparties that have a general credit rating of: (i) at least "A3" or "A" by two of the nationally recognized rating agencies and not rated lower than "A3" or "A" by any nationally recognized rating agency, or (ii) have a "non terminating" "AAA" subsidiary as rated by at least one nationally recognized credit rating agency.

Term and Notional Amount. For Swaps tied to an issued series of bonds, the term of the Swap agreement shall not extend beyond the final maturity date of the related bonds. The total net notional amount of all Swaps related to a bond issue should not exceed the aggregate principal amount of outstanding bonds. In calculating the net notional amount, netting credit shall be given to any Swaps that offset each other for a specific bond transaction.

Security and Source of Repayment. The Commission may use the same security and source of repayment (pledged revenues) for Swaps as is used for the bonds that are hedged by the Swap, if any, but shall consider the economic costs and benefits of subordinating the Commission's payments and/or termination payment under the Swap. The Commission shall consult with Bond Counsel regarding the legal requirements associated with making the payments under the Swap on a parity or non parity basis with outstanding Commission debt.

Prohibited Agreements. The Commission will not use Agreements that:

- Are speculative or create extraordinary leverage as risk;
- Lack adequate liquidity to terminate without incurring a significant bid/ask spread; or
- Provide insufficient price transparency to allow reasonable valuation.

Annual Swap Report. The Commission's Chief Financial Officer, in consultation with the Commission's Financial Consultant, Swap Advisor and Bond Counsel, will evaluate the risks associated with outstanding Swaps at least annually and provide to the senior executives and the Commissioners a written report of the findings based upon criteria set forth in the Swap Policy.

Disclosure and Financial Reporting. The Commission will ensure that there is full and complete disclosure of all Swaps to rating agencies and in disclosure documents. Disclosure in marketing documents, including bond offering documents, shall provide a clear summary of the special risks involved with Swaps and any potential exposure to interest rate volatility or unusually large and rapid changes in market value. With respect to its financial statements, the Commission will adhere to the guidelines for the financial reporting of Swaps, as set forth by the Governmental Accounting Standards Board ("***GASB***") or other applicable regulatory agencies.

The Commission has interest rate exchange agreements with respect to its Senior Revenue Bonds, Series 2006A, Series 2008, Series 2009A, Series 2009C, Series 2010B and Series 2011C as well as with respect to its Registration Fee Revenue Bonds, Series 2005 and Oil Franchise Tax Revenue Bonds, Series 2003 C. See "APPENDIX B – AUDITED FINANCIAL STATEMENTS: 2011 AND 2010." As of September 30, 2011 the aggregate market value of all such swaps to the counterparties thereto from the Commission (negative value to the Commission) was calculated to be approximately \$213 million. (See Note 4, "*Cash and Investments – Investment Derivatives-Basis Swaps*", Note 8, "*Commitments and Contingencies-Interest Rates Swaps*" and Note 13, "*Subsequent Events*" in the Notes to Financial Statements (Years Ended May 31, 2011 and 2010) in APPENDIX B.) The Commission does not have any interest rate exchange agreements associated with its Subordinate Revenue Bonds or Special Revenue Bonds.

There are a number of risks associated with Swaps that could affect the value of the Swaps, the ability of the Commission to accomplish its objectives in entering into the Swaps and the ability of the Commission to meet its obligations under the Swaps. These risks include, among others, the following: counterparty risk – the failure of the counterparty to make required payments; credit risk – the occurrence of an event modifying the credit rating of the Commission or its counterparty; termination risk – the need to terminate the transaction in a market that dictates a termination payment by the Commission; tax risk – the risk created by potential tax events that could affect Swap payments; and basis risk – the mismatch between actual variable rate debt service and variable rate indices used to determine Swap payments. The Commission actively monitors the degree of risk and exposure associated with the Swaps to which it is a party but can offer no assurances that compliance with its Swap Policy will prevent the Commission from suffering adverse financial consequences as a result of these transactions.

Credit Enhancement

Several series of the Commission's outstanding Senior Revenue Bonds have credit and/or liquidity enhancement. These are:

<u>Series</u>	<u>Maturity Range</u>	<u>Credit/Liquidity Enhancement</u>	<u>Expiration</u>
\$202,840,000 Pennsylvania Turnpike Commission Turnpike Multi-Modal Revenue Refunding Bonds, Series A-1 and Series A-2 of 2010	2035	Standby Bond Purchase Agreements for each series provided by JPMorgan Chase Bank, National Association	July 29, 2013
\$50,000,000 Pennsylvania Turnpike Commission Turnpike Multi-Modal Revenue Bonds, Series C of 2008	2036 - 2038	Letter of Credit provided by Barclays Bank, PLC	May 25, 2014
\$100,000,000 Pennsylvania Turnpike Commission Turnpike Multi-Modal Revenue Bonds, Series B-1, of 2008	2038	Letter of Credit provided by Barclays Bank, PLC	May 25, 2014

Direct Purchase of Commission Senior Revenue Bonds

The Commission has issued certain Senior Revenue Bonds in private placement direct purchase transactions. In May 2011, the Commission issued (i) its \$232,775,000 Turnpike Multi-Modal Revenue Bonds, Series C-1 of 2011 (the "2011 C-1 Bonds") through a private placement with RBC Capital Markets, LLC to refund certain bonds under the Senior Indenture and (ii) its \$65,555,000 Turnpike Multi-Modal Revenue Bonds, Series C-2 of 2011 (the "2011 C-2 Bonds", and together with the 2011 C-1 Bonds, the "2011 C Bonds") through a private placement with Sumitomo Mitsui Banking Corporation to refund certain bonds under the Senior Indenture. Each series of the 2011 C Bonds was issued in an indexed floating rate mode. Neither series of the 2011 C Bonds is subject to optional tender by the purchasers. However, each series of the 2011 C Bonds is subject to special mandatory tender on May 26, 2014 (the "Special Mandatory Tender Date"). Subject to certain conditions, in the event the applicable series of 2011 C Bonds cannot be remarketed, refunded, redeemed or otherwise paid on the Special Mandatory Tender Date, the 2011 C-1 Bonds are subject to mandatory redemption over a four year accelerated principal amortization period and the 2011 C-2 Bonds are subject to mandatory redemption over a five year accelerated principal amortization period, in each case at an increased rate of interest. Neither the 2011 C-1 Bonds nor the 2011 C-2 Bonds are secured by the debt service reserve fund under the Senior Indenture. Upon the occurrence of certain events of default or other redemption events, the 2011 C Bonds may become subject to immediate special mandatory redemption.

E-ZPass Lanes

The Commission has installed E-ZPass, a form of electronic toll collection, throughout the System. Not only has E-ZPass enhanced safety and convenience for users of the System, but the technology has improved traffic flow and reduced congestion at the System's busiest interchanges, especially in southeastern Pennsylvania. Express E-ZPass lanes have been constructed at five interchanges and permit E-ZPass customers to travel through the toll plaza at highway speeds. In addition, E-ZPass customers traveling in fourteen other states that have implemented E-ZPass technology are able to use E-ZPass. Currently, E-ZPass is available on the entire Turnpike system, including the western extensions. The Commission has not experienced any material problems in connection with the installation or operation of the E-ZPass system.

To help ensure, protect and preserve the collection of toll revenue due to the Commission, a violation enforcement system (VES) has been installed at all interchanges where E-ZPass has been

installed to identify violators (customers who travel through E-ZPass lanes and do not have E-ZPass) and motorists with problem tags that result in no reads. VES enables the Commission to collect appropriate tolls and other additional fees relating to violations. Legislation passed in 2000 included enforcement provisions for E-ZPass, including, among other things, certain evidentiary presumptions with respect to whether the registered vehicle owner was the operator of the vehicle, procedures for notifying the vehicle owner of the violation charged and civil liability amounts of the vehicle owner for violations.

The Commission's annual revenues from E-ZPass users have increased to \$496.37 million during the Fiscal Year ended May 31, 2011 from \$449.56 million for the Fiscal Year ended May 31, 2010. The Commission's annual revenues from ticketed drivers (i.e., those not using E-ZPass) decreased to \$267.49 million during the Fiscal Year ended May 31, 2011 from \$268.47 million for the Fiscal Year ended May 31, 2010. The Commission expects that E-ZPass usage will continue to increase. The use of electronic tolling has enhanced the overall efficiency of the Commission's toll collections operations and has resulted in a reduction in the number of required full-time and part-time toll collectors.

The Commission is a member of the E-ZPass Interagency Group (IAG), a coalition of toll authorities throughout the United States. The Interagency Group includes the following agencies: Peace Bridge Authority; Burlington County Bridge Commission; Delaware Department of Transportation; Delaware River and Bay Authority; Delaware River Joint Toll Bridge Commission; Delaware River Port Authority; Illinois State Toll Highway Authority; ITR Concession Company (Indiana Turnpike); Maine Turnpike Authority; Maryland Transportation Authority; Massachusetts Department of Transportation; Metropolitan Transportation Authority Bridges & Tunnels; New Hampshire Department of Transportation, Bureau of Turnpikes; New Jersey Turnpike Authority; New Jersey Highway Authority; New York State Bridge Authority; New York State Thruway Authority; Ohio Turnpike Commission; Port Authority of New York and New Jersey; Rhode Island Turnpike and Bridge Authority; South Jersey Transportation Authority; Virginia Department of Transportation; and West Virginia Parkways Authority. IAG's stated mission is "to enable E-ZPass members and affiliated toll operators to provide the public with a seamless, accurate, interoperable electronic method of paying tolls and fees while preserving and enhancing the E-ZPass program."

New highway construction projects, such as the Mon/Fayette Expressway and Southern Beltway, are being designed and built to be compatible with the E-ZPass system. The installation of the E-ZPass system has required the incorporation of innovative technologies into a single toll system that uses hardware and software adaptable to future technologies. The Commission has a contract, extending through 2019, with TransCore Company for the design, installation and maintenance of the E-ZPass system software and hardware and the operation of the E-ZPass Customer Service and Violations Processing Centers. The E-ZPass system implementation is a major component of the Commission's Ten Year Capital Plan. Plans call for enhancements to E-ZPass lane signage and design of additional Express E-ZPass lanes.

See "*Toll Schedule and Rates*" for a discussion of the January 2, 2011 toll revisions for E-ZPass customers and the Commission's toll revisions effective January 2012.

In January 2011, the Commission began a yearlong feasibility study on the impact of converting the highway network to a cashless toll-collection system commonly known as All-Electronic Tolling. See "*All Electronic Interchanges*" for a further discussion.

All Electronic Interchanges

The Commission has constructed two all electronic tolling (AET) interchanges in the Philadelphia Area which are designed for the exclusive use of E-ZPass customers. The Virginia Drive interchange is

located near Fort Washington and the Street Road interchange is located near Bensalem. These AET interchanges and other similar planned interchanges of this type are expected to reduce congestion at the System's busier interchanges and are expected to provide convenient access to industrial parks and job centers. An AET interchange is currently under construction at Route 29, six miles West of Valley Forge. There are also two AET interchanges which are currently in design; one at Route 903 in Carbon County and one at the I-95 Connector in Bucks County.

Earlier this year, the Commission initiated a feasibility study to examine the benefits and potential issues associated with converting the existing 543-mile toll road to a cashless, AET system. The team of McCormick Taylor/Wilbur Smith Associates was selected to conduct the AET study which will include an overview of the existing toll collection system and an analysis of AET systems throughout the United States, comparing the costs and benefits of various electronic tolling options. An AET feasibility report will be prepared by the team documenting tolling options available, the general system requirements, estimated costs, and traffic and revenue impacts. An implementation schedule for AET will be included if AET is found to be feasible. The final report is anticipated to be completed by early 2012.

E-ZPass Plus

In November 2009, the Commission began offering E-ZPass customers who meet specific criteria the ability to participate in E-ZPass Plus. E-ZPass Plus allows E-ZPass customers to use their transponder to pay for parking fees at participating facilities displaying the E-ZPass Plus logo.

Insurance

The Commission maintains All-Risk, Builder's Risk, Property, Workers' Compensation and General Liability insurance coverage and is self-insured for Property, Workers' Compensation and General Liability claims.

For capital projects, the Commission maintains Builder's Risk Insurance that covers buildings and structures, including temporary structures, while being constructed, erected or fabricated on Commission property. This insurance provides coverage against risk of physical damage and/or loss (subject to policy exclusions) to all buildings and structures during construction. Upon completion, a project is then covered under an All Risk Insurance policy that has a \$125 million per occurrence policy limit.

Deductibles range in amount depending on the line of coverage and the nature of the claim. For bridges, tunnels, overpasses, underpasses and viaducts, the deductible is \$2 million. For buildings (including contents), toll plazas and equipment, warehouses and similar facilities, the deductible is \$1 million.

For additional information, see Note 11 to "APPENDIX B – AUDITED FINANCIAL STATEMENTS: 2011 AND 2010."

Personnel and Labor Relations

As of October 3, 2011, the Commission employed 2,085 persons, consisting of 458 management employees, 1,531 union members, and 96 temporary employees. Approximately, seventy four percent (74%) of all employees are engaged in maintenance, operations, and fare collection.

In an effort to meet funding obligations and contain costs, in 2008 the Commission reduced overhead by eliminating vacant positions, offered early retirement incentives to eligible staff members, implemented a reduction-in-force program for positions no longer required and reduced salary and benefit expenses by cutting 15 management positions. Subsequently, the Commission also reduced overtime by permanently shifting schedules, implemented a management pay freeze during Fiscal Years 2009-10, 2010-11 and 2011-12, and reduced expenses. As a result, the Commission currently employs 465 fewer employees, or 18.24% less, than it did in 2002, the peak employment year over the past 10 years.

The civil service requirements applicable to the state government do not apply to employees of the Commission.

The Commission is a party to three collective bargaining agreements and one memorandum of understanding with Teamsters' Local Unions covering central office, field, professional and first level supervisory personnel. The three collective bargaining agreements became effective on October 1, 2007 and expired on September 30, 2011. No extension to any of the collective bargaining agreements has been executed. The unions retain their right to strike during negotiations. Negotiations are ongoing. The memorandum of understanding has no termination date. Since union representation began, the Commission has experienced one work stoppage which occurred on November 24, 2004 and lasted for 7 days.

Retirement Plan

The State Employee's Retirement System of the Commonwealth ("**SERS**") is one of the nation's oldest and largest statewide retirement plans for public employees. SERS administers both a defined benefit plan and a defined contribution plan. The defined benefit plan is funded through a combination of employee contributions, employer contributions and investment earnings. The defined contribution plan (Commonwealth of Pennsylvania Deferred Compensation Program) is funded by voluntary employee contributions and investment earnings.

Substantially all employees of the Commission are covered by SERS. The costs of the defined benefit plan are paid by the Commission quarterly based upon a stipulated contribution rate. Participating agency contributions, including those for the Commission, are mandated by statute and are based upon an actuarially determined percentage of gross pay that is necessary to provide the SERS with assets sufficient to meet the benefits to be paid to the SERS members.

Article II of the Pennsylvania Constitution provides the General Assembly the authority to establish or amend benefit provisions. Act 2001-9, signed into law on May 17, 2001, established Class AA membership whereby, generally, annual full retirement benefits for electing active members is 2.5% of the member's highest three-year average salary (final average salary) multiplied by years of service. Commission employees hired after June 30, 2001, but before January 1, 2011, are Class AA members. Members hired on or before June 30, 2001 had the option, but were not required, to elect Class AA membership.

Those members not electing Class AA membership are considered Class A. The general annual benefit for full retirement for Class A members is 2% of the member's final average salary multiplied by years of service. Retirement benefits for Class A and AA employees vest after 5 years of credited service. Class A and AA employees who retire at age 60 with three years of service or with 35 years of service if under age 60 are entitled to an unreduced annual retirement benefit.

Act 120, signed into law on November 23, 2010, established Class A-3 and Class A-4 memberships. Effective January 1, 2011, all new members to the System must elect one of these new

membership classes. New members who elect Class A-3 will accrue benefits at 2% of their final average salary multiplied by years of service. Those members choosing Class A-4 will accrue benefits at 2.5% of their final average salary multiplied by years of service. Under Act 120, retirement benefits for Class A-3 and A-4 vest after 10 years of credited service. Class A-3 and A-4 members who retire at age 65 with three years of service or when the member's age (last birthday) plus his/her completed years of credit service total at least 92 (Rule of 92) are entitled to an unreduced annual retirement benefit.

Covered Class A, Class AA, Class A-3 and A-4 employees are required by statute to contribute to SERS at a rate of 5%, 6.25%, 6.25% and 9.3% respectively, of their gross pay. Employees' contributions are recorded in individually identified accounts, which are also credited with interest, calculated quarterly to yield 4% per annum, as mandated by statute. Accumulated employee contributions and credited interest vest immediately and are returned to the employee upon termination of service if the employee is not eligible for other benefits.

Participating agency contributions, including those for the Commission, are also mandated by statute and are based upon an actuarially determined percentage of gross pay that is necessary to provide SERS with assets sufficient to meet the benefits to be paid to SERS members. The Commission's retirement contribution, as a percentage of covered payroll, by class is as follows:

<u>Year Ended June 30</u> <u>(Commonwealth's Fiscal Year)</u>	<u>Class A</u>	<u>Class AA</u>	<u>Class A-3</u>	<u>Class A-4</u>
2012	5.59%	6.99%	4.83%	4.83%
2011	3.29%	4.11%	4.11%	4.11%
2010	2.52%	3.15%		
2009	2.64%	3.29%		
2008	2.63%	3.28%		
2007	2.59%	3.23%		

The Commission's required contributions and percentage contributed are as follows:

<u>Year Ended May 31</u>	<u>Commission Required</u> <u>Contribution⁷</u> <u>(in millions)</u>	<u>Percent Contributed</u>
2011	\$5.3	100%
2010	\$4.0	100%
2009	\$3.8	100%
2008	\$3.7	100%
2007	\$3.3	100%

A copy of the SERS's annual financial statements may be obtained by writing to: State Employees' Retirement System, 30 North Third Street, P.O. Box 1147, Harrisburg, Pennsylvania, 17108-1147. Additional information about SERS, including its Comprehensive Annual Financial Reports and actuarial valuation reports are available at www.sers.state.pa.us.

On July 6, 2010, Pennsylvania Act 2010-46 was enacted which reduced the employer contribution rates for Fiscal Year 2010-11, thus reducing the Commission's contribution rates for the

⁷ Based on Fiscal Year 2012 contribution percentages in the above table, the Commission budgeted \$8.5 million for required contributions for Fiscal Year 2012.

2010-11 Fiscal Year from 3.80% for Class A employees and 4.75% for Class AA employees to 3.29% for Class A employees and 4.11% for Class AA employees. This rate reduction was only for one year.

On November 23, 2010, Pennsylvania Act 120 of 2010 (“Act 120”) was enacted. Under this legislation, effective January 1, 2011, benefit reductions are mandated for future SERS members; however benefits for current members are preserved. New employees are subject to a higher contribution rate, an increase in the vesting period from five to ten years, elimination of lump-sum withdrawals, and an increase to the normal retirement age to obtain full, unreduced pension benefits. Rather than the current full benefit provision of 35 years of credited service, new employees’ age and combined years of service must equal 92, including a minimum of 35 years of credited service, before they may receive full benefits.

Act 120 also imposes limits referred to as “collars” on annual increases to employer contribution rates (i.e., the employer contribution rate for a particular year may not exceed the sum which results from adding the collar applicable for such year to the prior year’s contribution rate). The collared percentage point increases are 3.0 for the fiscal year ending June 30, 2012, 3.5 for the fiscal year ending June 30, 2013 and 4.5 each year thereafter until no longer needed. These limitations are intended to reduce spikes in employer contributions.

For more information on SERS, including Act 120, see the SERS website at <http://www.portal.state.pa.us/portal/server.pt/community/pension_funding/19115> and the disclosure beginning on page 55 of the Official Statement for the Commonwealth’s General Obligation Bonds, First Series of 2011 and First Refunding Series of 2011, dated October 18, 2011, which may be found at <<http://emma.msrb.org/ER512135-ER397089-ER798631.pdf>>.

Other Post Employment Benefit Liabilities

The Pennsylvania Turnpike Commission Retiree Medical Trust (the “**Trust**”) was established by the Commission to provide funding of other post-employment benefits (“**OPEB**” or the “**Benefits**”).

The Benefits funded by the Trust include certain post-employment medical, prescription drug, dental and vision benefits to management employees who have reached 20 years of service and are under age 60; benefit eligibility changes from 20 to 10 years for retirees 60 years of age or older. The Benefits also include certain post-employment medical and prescription drug benefits to union employees who have reached 20 years of service and are under age 60; benefit eligibility changes from 20 to 10 years for retirees 60 years of age or older. The same coverage is provided to spouses of eligible retirees until the death of the retiree. Surviving spouses are required to contribute the full cost of coverage except for surviving spouses of management employees who retired after March 1, 2001. Medicare Parts A & B premiums are paid by the retiree, as are Medicare Part D premiums if this benefit is elected and applicable. Actuarial assumptions used for the actuarial valuation as of March 1, 2010 assumed that the average age at retirement is 61.7 and that all future eligible retirees will elect coverage under the health care benefits plans and considers likely participation by spouses of eligible employees. Benefit provisions and employee contributions are established and may be amended by the Commission.

The Commission established the Trust on May 30, 2008 as an irrevocable trust that is tax-exempt under the Internal Revenue Code. The Trust began making payments to benefit providers for retiree claims and related administrative fees in October 2008. Prior to that time, the Commission made such payments. The market value of assets on deposit in the Trust for the year ended May 31, 2011 was approximately \$103 million (unaudited). For the year ended May 31, 2011, claims and administration expenses totaled approximately \$9.9 million (unaudited).

Historically, the Commission has funded its post-employment benefit liabilities on a pay as you go basis. In accordance with the pronouncements of the GASB applicable to the Commission, the Commission began reporting its unfunded actuarial accrued liabilities for OPEB and its annual OPEB cost each year commencing with its audited financial statements for the Fiscal Year ending May 31, 2008. The Commission's unfunded actuarial accrued liability (the "**UAAL**") as of March 1, 2010 was \$196,962,000, using an 8% discount rate and assuming that the annual required contribution would be invested in an irrevocable separate trust account.

The Commission has adopted a Retiree Medical Trust Funding Policy, effective September 17, 2008, whereby the Commission anticipates approving an annual contribution to the Trust in the amount of the annual required contribution as determined by the Commission's actuary during the approval of its annual operating budget. The Commission's annual required contribution for Fiscal Year 2011-12, which includes the normal costs for the year, a component for the level dollar amortization of the total UAAL and a mid-year contribution interest component, is estimated to be \$28.8 million. The Commission has budgeted an annual contribution of \$28.8 million for the annual required contribution for Fiscal Year 2011-12. The annual required contribution for Fiscal Year 2010-11 was \$26.7 million. The Commission made an annual contribution of \$28.5 million for the annual required contribution for Fiscal Year 2010-11. The Commission is required, pursuant to GASB rules, to have biennial actuarial valuations of its OPEB obligations. The last biennial actuarial valuation was as of March 1, 2010. The March 1, 2010 valuation's actuarial methods and assumptions included an amortization period of "30 years (closed)".

The Trust's financial statements are not included in the financial statements of the Commission. For additional information regarding the Benefits and the Trust, including funding status and actuarial methods and assumptions, see Note 10 to "APPENDIX B – AUDITED FINANCIAL STATEMENTS: 2011 AND 2010."

Commission Office of Inspector General

In 2009, an Office of Inspector General (OIG) within the Commission was created to further maintain public confidence, integrity and efficiency at the Commission. The OIG has conducted numerous investigations of fraud, waste, abuse and misconduct that have resulted in the termination of Commission employees and a vendor contract. When appropriate, the OIG refers cases to law enforcement authorities for possible criminal prosecution. The Inspector General is an employee of the Commission.

CAPITAL IMPROVEMENTS

Act 61 Projects

In 1985, the General Assembly of the Commonwealth enacted Act 61 that, among other things, authorized and empowered the Commission to undertake the construction of new projects and to operate them as part of the System. Although Act 44 repeals Act 61, it further provides that all activities initiated under Act 61 shall continue and remain in full force and effect and may be completed under Act 44.

System Maintenance and Inspection

The Commission's engineering and maintenance staff performs maintenance on and repairs to the System. In addition, the Commission also uses staff and consultants to perform periodic inspections of the System. Pursuant to Section 705 of the Senior Indenture, the Commission must arrange for the System to be inspected at least once every three years by engaging one or more consultants to conduct inspections and prepare a report. The report must state (a) whether the System has been maintained in

good repair, working order and condition since the last inspection report and (b) any recommendations which such consultants may have as to revisions or additions to the Commission's annual capital budget. The most recent inspection report, the Consulting Engineer's 70th Annual Report: Maintenance and Operation of the Pennsylvania Turnpike System, dated, July 2010, was prepared by Michael Baker Jr., Inc. (the "*Engineer's Report*").

Based on reviews performed by others as well as their own observations, the Engineer's Report found "that, in spite of its age, the overall System is in satisfactory condition. Many elements have outlived their useful life and are in need of replacement, foremost of which is the roadway."

The following summarizes certain information found in the Engineer's Report and in inspection data gathered in the last half of 2010.

Roadway

A top priority of the Commission is to reconstruct the System roadways from the ground up, completely removing all original pavement and sub base and replacing it with an entirely new roadway, including all facets of the highway such as barriers and guide rails, noise and retention walls and drainage systems. To date, the Commission has rebuilt approximately 77 miles of roadways and bridges and widened much of the roadway to six lanes. An April 2010 Pavement Condition Survey indicates the average rating for System roadways was 88.8 (100 maximum), which was consistent with recent years. International Roughness Index (IRI) measurements support these results. Further, no roadway segments exceeded established criteria for skid resistance and rutting. The average age of the base pavement is 40 years.

Bridges

The percentage of structurally deficient bridges for 2010 was 8.3%, or 71 out of 856 bridges inspected, as compared to 7.4% in 2009, or 63 out of 855 bridges inspected. A structurally deficient bridge typically requires significant maintenance and repair to remain in service and eventual rehabilitation or replacement to address deficiencies. Structural deficiency (SD) is an indication of a bridge's overall status in terms of structural soundness. The fact that a bridge is classified as structurally deficient does not imply that it is unsafe. The percentage of structurally deficient bridges is below the national average for similar systems. Of the 71 bridges identified as SD, 13 are currently being replaced or repaired and an additional 33 are scheduled for repair or replacement and are currently in the design phase. The Commission is closely monitoring all SD bridges to assure that they are maintained in a satisfactory condition.

Tunnels

The ten System tunnels vary in age from 19 to 70 years, therefore the Commission is focusing on the maintenance and rehabilitation of the mechanical, electrical and structural elements of the tunnels. Creation of a Tunnel Management Committee, which is represented by all of the Commission's functional departments, has improved identification of concerns that need to be monitored.

Toll Facilities

The overall condition of toll facilities that provide access to the System is fair to good.

Ten Year Capital Plan

The Commission has a Ten Year Capital Plan for its facilities and equipment (exclusive of the I-95 Interchange, Mon/Fayette and Southern Beltway projects), consisting of the Highway Program, Technology Program, Fleet Equipment and Facilities and Energy Management Operations, which it updates each year. The current Ten Year Capital Plan for Fiscal Year 2011-2012 (the “Current Capital Plan”) is discussed below. See also Exhibit I attached to this Appendix A for budget allocations by program. The Current Capital Plan calls for investment of \$6.4 billion over the coming decade and will support approximately 19,200 jobs each year for the next 10 years.

The Ten Year Capital Plan for Fiscal Year 2011-2012 was originally adopted by the Commission in May 2011 (the “May Plan”) and called for investment of \$4.7 billion over the coming decade. In June 2011, the Commission approved an amendment to the May Plan resulting in the Current Capital Plan which calls for capital spending approximately \$1.74 billion higher over the ten year period (through Fiscal Year 2021) than the May Plan. The enhancements reflected in the Current Capital Plan are for the purpose of increasing the amount of total highway reconstruction from approximately 7 miles to 13 miles each year. This increase is intended largely to reconstruct the highway at a rate that better matches the life span of the Commission roadway. The enhancements reflected in the Current Capital Plan will require the issuance of more debt during the ten-year period than previously contemplated. The Commission believes that the increased spending and increased debt may require the imposition of higher annual toll increases than previously contemplated during a portion of the ten-year period. The Traffic Study (as defined in the forepart of this Official Statement) prepared by Wilbur Smith Associates contemplates 3% annual increases.

The Highway Program consists of roadway, bridge, tunnel and toll plaza/interchange projects. The Technology Program consists of toll collection, communication, and other electronic information management projects. The Fleet Program funds rolling stock that is required to maintain the system. The Facilities Program consists of buildings and large, heavy or high value equipment needs.

The highest priority highway project is the ongoing full depth roadway total reconstruction of the east/west Turnpike Mainline and Northeast Extension. This work includes the reconstruction of the roadway, the widening of the median, and the replacement of both mainline and overhead bridges. To date, approximately 77 miles of total reconstruction has been completed and approximately 28 miles are currently in construction. Total reconstruction projects from Irwin Interchange (Milepost 67.0) to New Stanton Interchange (Milepost 75.0) from Milepost 31 to Milepost 38, from Milepost 199 to Milepost 202, from Milepost 215 to Milepost 220 and from the Mid-County Interchange (Milepost A-20) to Milepost A-26 are currently under construction. The Commission currently plans to spend approximately \$3.2 billion on total reconstruction projects and about \$1 billion on various bridge and tunnel projects over the next ten years. The Commission plans to reconstruct approximately 13 miles of roadway per year.

The replacement of the Lehigh River and Pohopoco River Bridges on the Northeast Extension is currently under construction. The replacement of the Allegheny River Bridge was completed in 2010.

The Technology Program includes funding of \$190 million over the next ten years to address the Commission’s technology needs including toll collection projects, communication, application development and technical operational needs. One of the primary initiatives of the Technology Program is a project to replace the Commission’s core financial and administrative systems with an Enterprise Resource Planning (ERP) system software package. The Commission has implemented SAP to provide a set of integrated business processes supported by multi module application software with a centralized data repository.

The Fleet Program includes funding of \$123 million to purchase rolling stock to insure adequate maintenance of the roadway system.

The Facilities and Energy Management Program includes funding of \$379 million to repair and replace the aging facilities of the Commission. This commitment will ensure that major equipment and facilities are in good repair to support ongoing Turnpike operations.

Mon/Fayette Expressway and Southern Beltway

Four projects constructed as part of the Mon/Fayette Expressway are in operation. One is a six mile toll road between Interstate Route 70 and U.S. Route 40 in Washington County. This project was built by PennDOT and turned over to the Commission upon its opening in 1990. The second is an eight mile section of toll road from the Pennsylvania/West Virginia border to Fairchance, which is located just south of Uniontown. The third project is a 17 mile section of the Mon/Fayette Expressway from Interstate Route 70 in Washington County to Pennsylvania Route 51 in Allegheny County. In 2008, approximately 8 miles of the Uniontown to Brownsville Mon/Fayette Project opened in Fayette County, north of Uniontown. These are now part of the System.

The remaining 7 miles of the Uniontown to Brownsville Project of the Mon/Fayette Expressway is now under construction and is scheduled to open in 2012. A 26 mile section of the Mon/Fayette Expressway, extending from Pennsylvania Route 51 to Interstate Route 376 in Pittsburgh, received environmental clearance in December 2004. Final design through design field view has been completed. Additional design, right-of-way acquisition and construction cannot progress until additional funding is identified.

When completed, the Mon/Fayette Expressway will extend from Interstate Route 68 in West Virginia to Interstate Route 376 near Pittsburgh, a distance of approximately 65 miles.

The proposed Southern Beltway is to be constructed from the Mon/Fayette Expressway, near Finleyville, extending as part of a beltway south of Pittsburgh to Pennsylvania Route 60 at the Pittsburgh International Airport. It is composed of three distinct projects. The project from PA 60 to U.S. 22 (also known as the Findlay Connector) opened to traffic in late 2006. The project from U.S. 22 to I-79 received environmental clearance for its 13.3 miles in September, 2008 and is in final design; right of way acquisition began in late 2008. The remaining Southern Beltway project, from I-79 to the Mon/Fayette Expressway, received environmental clearance in May 2009. Further advancement of the US 22 to I-79 project cannot proceed until additional funding is identified.

The proceeds of the Commission's Oil Franchise Tax Bonds, Series A and B of 1998 and Series A, B and C of 2003 and the Registration Fee Revenues Bonds, Series of 2001 were applied to fund construction of the Mon/Fayette and Southern Beltway projects. It is anticipated that the remaining costs to complete the Mon/Fayette Expressway and the Southern Beltway will be financed with Oil Franchise Tax Revenues and Registration Fee Revenues along with other funding sources. Although the open sections of the Mon/Fayette Expressway and the Southern Beltway are toll roads, Mainline System Revenues will not be pledged for the financing of their construction which will be funded by Oil Franchise Tax Revenues and Registration Fee Revenues.

The Commission has no legal obligation to complete the unfinished portions of the Mon/Fayette Expressway and Southern Beltway projects at this time. However, the Commission has considered other approaches to completing such projects, due in large part to an estimated cost of \$5.2 billion to complete them. On September 17, 2008, the Commission issued a Request for Concepts/Solutions (the "**Request**") to complete such projects. The Commission received and evaluated three responses and conducted oral

interviews with all respondents in March 2009. After evaluating the three responses to the Request the Commission will not move forward with a Request for Proposals at this time.

I-95 Interchange

I-95 was completed in 1969 without an interchange connecting it to the Turnpike. Interstate travelers must either by-pass the Philadelphia area entirely or exit the interstate system and navigate a complex system of local roadways to access I-95 again in New Jersey.

The Commission is currently in the first of three phases of its Pennsylvania Turnpike/I-95 Interchange Project (the ***“Interchange Project”***). The main objectives of the Interchange Project are to improve the linkage between I-95 and the Turnpike to create continuity in the interstate system, relieve congestion on local roads which are currently used by travelers to make the connection between I-95 and the Turnpike, create additional capacity on the Turnpike and I-95 to accommodate the transfer of traffic from the local roadway system, and improve travel times through the interchange area.

The first phase of the Interchange Project includes preparatory work and construction of a portion of the interchange between I-95 and the Turnpike Mainline, including northbound I-95 to the eastbound Turnpike Mainline and southbound I-95 to the westbound Turnpike Mainline, and is expected to be under construction by early 2013. The second phase will include the completion of the reconstruction and widening of the remaining interchange connectors. The third phase will be the construction of an additional bridge over the Delaware River.

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Exhibit I

ENHANCED FY 2012 TEN - YEAR CAPITAL PLAN SUMMARY												
Program	Category	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	TOTALS
	Roadway/Safety	89,540,000	96,298,750	98,200,944	61,080,072	56,899,928	59,990,035	63,859,814	50,954,784	62,850,908	68,144,868	702,270,108
	Bridge/Tunnels & Misc Structure	48,230,000	108,650,000	137,106,563	56,350,145	37,409,250	25,891,561	62,569,096	65,395,154	205,948,933	205,933,790	953,484,492
	Total Reconstruction	237,500,000	212,980,000	277,238,925	374,075,820	889,584,059	845,785,484	843,945,640	433,720,001	288,907,903	272,988,340	3,176,076,171
	Interchange	59,780,000	54,140,500	69,131,125	88,982,291	103,563,951	151,964,463	108,481,783	25,063,901	20,410,540	22,078,937	703,597,491
	Highway Miscellaneous	21,230,000	18,412,771	15,510,406	15,150,470	16,732,252	17,627,399	18,614,872	19,575,446	20,265,117	20,903,489	184,022,222
Highway	Total Highway	456,280,000	489,882,021	592,187,963	595,588,797	604,189,439	601,208,942	597,471,205	594,709,287	597,883,401	590,049,423	5,719,450,479
	Re-capitalization	1,785,000	5,473,500	0	1,061,208	1,147,523	1,185,174	466,286	218,145	541,532	1,362,897	13,241,266
	Sustainment	10,999,980	11,080,250	10,149,038	12,373,685	13,380,118	13,848,422	14,333,117	14,834,776	15,353,993	14,780,622	131,134,002
	Compliance	4,900,000	3,075,000	3,151,875	4,244,832	4,590,092	4,750,745	4,917,021	5,089,117	5,267,236	6,133,038	46,118,957
	New Energy Initiative	1,295,494	938,824	973,912	921,102	1,090,147	1,128,302	1,167,793	1,208,665	1,250,969	1,465,066	11,440,273
	Facilities Design	15,322,992	18,874,194	27,658,034	15,387,516	15,749,269	16,033,765	16,594,947	17,175,770	17,776,922	17,036,217	177,609,626
FEMO	Total FEMO	34,303,466	39,441,768	41,932,858	33,988,343	35,957,149	36,946,409	37,479,164	38,526,474	40,190,653	40,777,840	379,544,124
	Fleet Equipment	14,831,250	10,922,335	12,794,898	8,771,187	8,583,319	9,534,557	12,090,053	12,427,895	12,964,726	19,731,213	122,651,433
Fleet Equipment	Total Fleet Equipment	14,831,250	10,922,335	12,794,898	8,771,187	8,583,319	9,534,557	12,090,053	12,427,895	12,964,726	19,731,213	122,651,433
	Functional Business Software	3,675,000	13,145,625	13,553,063	21,818,436	11,136,711	11,698,710	12,415,479	13,295,318	9,085,982	13,015,670	122,839,994
	Infrastructure HW / SW	7,340,000	8,884,750	3,981,869	4,234,220	4,532,716	4,928,898	4,855,559	5,279,959	4,806,353	1,362,897	45,207,221
	Toll Collect/ Operations	18,224,746	768,750	525,313	530,604	573,762	593,843	614,628	636,140	0	0	22,467,784
Technology	Total Technology	29,239,746	17,799,125	18,060,244	26,583,260	16,243,188	17,221,451	17,885,665	19,211,417	13,892,335	14,378,567	190,514,999
Total Enhanced Capital Plan		534,654,462	558,045,250	664,975,962	664,931,588	664,973,096	664,911,359	664,926,087	664,875,073	664,931,115	664,937,043	6,412,161,035
Federally Reimbursed Funds		9,120,000	9,500,000	5,740,000	23,000,000	61,200,000	74,100,000	31,500,000	0	0	0	214,160,000
PTC Funds		525,534,462	548,545,250	659,235,962	641,931,588	603,773,096	590,811,359	633,426,087	664,875,073	664,931,115	664,937,043	6,198,001,035

APPENDIX B

AUDITED FINANCIAL STATEMENTS: 2011 AND 2010

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BASIC FINANCIAL STATEMENTS

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania
Years Ended May 31, 2011 and 2010
With Report of Independent Auditors

Zelenkofske Axelrod LLC

A Certified Public Accounting and Auditing Firm

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Zelenkofske Axelrod LLC

INDEPENDENT AUDITORS' REPORT

The Commissioners
Pennsylvania Turnpike Commission
Middletown, Pennsylvania

We have audited the accompanying financial statements of the business-type activities of the Pennsylvania Turnpike Commission (the "Commission"), a component unit of the Commonwealth of Pennsylvania, as of and for the year ended May 31, 2011 (the "2011 financial statements"), which collectively comprise the Pennsylvania Turnpike Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Pennsylvania Turnpike Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Pennsylvania Turnpike Commission as of May 31, 2010 (the "2010 financial statements"), were audited by other auditors whose report dated October 14, 2010. These financial statements included an explanatory paragraph that described the Commission's commitment to make payments under a Lease and Funding Agreement as required under the terms of Act 44 and its ability to make such payments as discussed in Note 8 to the financial statements. As discussed in Note 2, the Commission has adjusted its 2010 financial statements to retrospectively apply the change in accounting for the adoption of GASB 51 and GASB 53. The other auditors reported on the financial statements before the retrospective adjustments.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Commission's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pennsylvania Turnpike Commission internal controls over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Pennsylvania Turnpike Commission as of May 31, 2011 (the "2011 financial statements"), and the changes in financial position and

Harrisburg	Lehigh Valley	Philadelphia	Pittsburgh
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717.561.9200 Fax 717.561.9202	610.871.5077 Fax 717.561.9202	215.918.2277 Fax 215.918.2302	412.367.7102 Fax 412.367.7103

Zelenkofske Axelrod LLC

The Commissioners
Pennsylvania Turnpike Commission
Middletown, Pennsylvania

cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We also audited the adjustments to the 2010 financial statements to retrospectively apply the change in accounting as discussed in Note 2. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the Commission's 2010 financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2010 financial statements as a whole.

As discussed in Note 2 to the financial statements, in 2011 the Pennsylvania Turnpike Commission adopted the provisions of Governmental Accounting Standards Board's Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* and Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

As more fully explained in Note 8, the Commission has committed to making significant payments under a Lease and Funding Agreement as required under the terms of Act 44. The Commission's ability to make such payments is dependent on its continuing capability to issue bonds to fund such payments and ultimately to raise tolls sufficient to repay its bonded debt.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedule of funding progress - postemployment healthcare benefits on pages 4 through 16 and page 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Zelenkofske Axelrod LLC

The Commissioners
Pennsylvania Turnpike Commission
Middletown, Pennsylvania

Our audit was conducted for the purpose of forming an opinion on the 2011 financial statements that collectively comprise the Pennsylvania Turnpike Commission's 2011 financial statements as a whole. The section information on pages 74 through 86 is presented for the purpose of additional analysis and is not a required part of the financial statements. The section information on pages 74 through 86 as of and for the year ended May 31, 2010 was derived from basic financial statements reported on by other auditors. We audited the adjustments made to the financial statements and related section information to retrospectively apply the changes in accounting for the adoption of GASB 51 and GASB 53. The other auditors reported on the basic financial statements before the retrospective adjustments. The section information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information as of and for the year ended May 31, 2011 has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information as of and for the year ended May 31, 2011 is fairly stated in all material respects in relation to the financial statements as a whole.



ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania
October 5, 2011

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania

Management's Discussion and Analysis

May 31, 2011

The management of the Pennsylvania Turnpike Commission (hereinafter referred to as the Commission) offers this narrative overview and analysis of the Commission's financial activities for the year ended May 31, 2011, which should be read in conjunction with the Commission's basic financial statements. Certain amounts presented in the prior period have been reclassified to conform to the current period financial statements presentation.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. While the Commission is considered a component unit of the Commonwealth of Pennsylvania, it is also an enterprise fund. Therefore, the Commission's financial statements are presented in a manner similar to a private-sector business and have been prepared according to accounting principles generally accepted in the United States (GAAP). All of the current year's revenues are recorded when earned and expenses are recorded as they are incurred, regardless of when the cash is received or disbursed.

The balance sheet presents information on all of the Commission's assets and liabilities, with the difference being reported as net assets. Over time, increases or decreases in net assets serve as a relative indicator of the change in financial position of the Commission.

The statement of revenues, expenses, and changes in net assets shows the result of the Commission's total operations during the fiscal year and reflects both operating and nonoperating activities. Changes in net assets (increases or decreases) reflect the current fiscal period's operating impact upon the overall financial position of the Commission.

The statement of cash flows provides a detailed analysis of all sources and uses of cash. The direct method of cash flows is presented, ending with a reconciliation of operating income to net cash provided by operating activities. The statement of cash flows is divided into the following activities sections—operating, investing, capital and related financing, and noncapital financing.

Notes to the basic financial statements contain supplemental information and offer explanations to the basic financial statements. The notes are intended to assist the reader in understanding the Commission's basic financial statements.

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania

Management's Discussion and Analysis (continued)

Financial Analysis (continued)

The Commission's total net (deficit) assets were \$(1,368.1) million, \$(844.8) million and \$156.5 million, as of May 31, 2011, 2010, and 2009, respectively. The large decreases in net assets in the fiscal years 2011 and 2010 were the result of \$450 million and \$900 million paid to the Pennsylvania Department of Transportation (PennDOT) as required by Act 44 and the Lease and Funding Agreement (Funding Agreement) between the Commission and PennDOT. These payments were recorded as nonoperating expenses. Please refer to Note 8 (Commitments and Contingencies) of the financial statements and to the Events That Will Impact Financial Position section of this MD&A for additional information regarding Act 44 and the Funding Agreement between the Commission and PennDOT. Restricted net assets are restricted for construction projects and debt service as defined in Trust Indentures and applicable bond issue official statements.

Total assets and deferred outflow of resources increased by \$765.7 million and \$658.1 million in fiscal 2011 and fiscal 2010, respectively. The 2011 increase is mostly related to increases in capital assets and investments of \$174.2 million and \$629.4 million, respectively. The increase in capital assets is related to capital asset additions of \$456.9 million offset by \$281.6 million of depreciation expense. See Note 5, Capital Assets, and the Capital Assets and Debt Administration section of this MD&A for additional information regarding the Commission's capital assets. The investment increase is primarily related to the proceeds of the Mainline 2010 Series B Build America Bonds, the 2011 Series A Senior Bonds, the 2011 Series A Subordinate Bonds, and the 2011 A Motor License Fund-Enhanced Subordinate Bonds.

The 2010 increase is also predominately related to increases in capital assets and investments. Capital assets increased by \$324.5 million and are mostly the result of several total reconstruction and bridge projects. Investments increased by \$371.9 million and are primarily related to the proceeds of new bond issues which include Mainline 2009 Series A Build America Bonds and the Oil Franchise Tax Series 2009 B Bonds, and 2009 Series E Build America Bonds.

Total liabilities and deferred inflow of resources increased by \$1,289.1 million in fiscal 2011 and by \$1,659.4 million in fiscal 2010. The fiscal 2011 increase is due largely to the issuance of new bonds which include the 2010 Series B Senior Build America Bonds, 2010 Series B Motor License Fund-Enhanced Special Revenue Bonds, 2010 Series C Subordinate Bonds, 2011 Series A Subordinate Bonds, 2011 Series A Motor License Fund-Enhanced Special Revenue Bonds, 2011 Series A Senior Bonds, and the 2011 Series B Senior Bonds. The fiscal 2010 increase is due mainly to the issuance of new bonds. The new issuances include: Series 2009 A Build America Bonds, 2009 Series B, C, D and E Subordinate Bonds, 2009 Series B and C Senior Bonds and 2010 Series A-1 and A-2 Bond Anticipation Notes.

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania

Management's Discussion and Analysis (continued)

Financial Analysis (continued)

Comparative Statements of Revenues and Expenses

	Year Ended May 31		
	2011	2010	2009
	(Restated) ¹		
	(In Thousands)		
Operating:			
Operating revenues	\$ 758,648	\$ 710,101	\$ 633,547
Cost of services	(359,870)	(378,426)	(393,364)
Depreciation	(281,587)	(260,316)	(241,701)
Operating income (loss)	117,191	71,359	(1,518)
Nonoperating revenues (expenses):			
Investment earnings	24,566	18,030	53,416
Other nonoperating revenues (expenses)	19,709	7,174	660
Act 44 payments to PennDOT	(450,000)	(900,000)	(850,000)
Capital assets transferred to PennDOT	-	(64,058)	-
Interest and bond expense	(333,275)	(263,931)	(191,553)
Nonoperating expenses, net	(739,000)	(1,202,785)	(987,477)
Loss before capital contributions	(621,809)	(1,131,426)	(988,995)
Capital contributions	98,442	130,172	97,149
Decrease in net assets	\$ (523,367)	\$ (1,001,254)	\$ (891,846)

¹ Certain 2010 and 2009 amounts were restated as discussed in Note 2.

For fiscal years ended May 31, 2011, 2010, and 2009, operating and nonoperating revenues totaled \$802.9 million, \$735.3 million, and \$687.6 million, respectively, while expenses totaled \$1,424.7 million, \$1,866.7 million, and \$1,676.6 million, respectively.

Total revenues for fiscal 2011 were \$67.6 million or 9.2% higher than 2010. The increase in total revenue was primarily the result of an increase in operating revenues caused by a 3% toll increase for E-ZPass customers and a 10% increase for cash customers implemented in January 2011 as well as volume growth of 1.3% from the prior year. In addition, a reduction was made to the post-paid, commercial-volume-discount program, which also went into effect in January 2011. Additionally, other nonoperating revenues were \$12.5 million higher in fiscal year 2011 than in fiscal year 2010. The increase was primarily related to a \$10.7 million increase in the Build America Bond interest subsidy.

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania

Management's Discussion and Analysis (continued)

Financial Analysis (continued)

Total revenues for fiscal 2010 were \$47.7 million or 6.9% higher than 2009. The increase in total revenues was the result of an increase in operating revenues caused by a 3% toll increase implemented in January 2010 and the full-year effects of a 25% toll increase implemented in January 2009. In addition, other nonoperating revenues increased by \$6.5 million which was the result of an \$8.5 million interest subsidy received from the Federal Government for the Build America Bonds. These increases were offset by a \$35.4 million reduction in investment earnings.

Total expenses for fiscal 2011 were \$442.0 million lower than fiscal 2010 as a result of a \$450 million reduction in Act 44 payments to PennDOT.

Total expenses for fiscal 2010 were \$190.1 million higher than 2009 primarily due to increases in Act 44 payments, interest and bond expenses, and depreciation expense. The Commission paid an additional \$50.0 million to PennDOT in fiscal 2010 as required by Act 44. In addition, interest and bond expenses increased by \$72.4 million, which was mainly the result of fiscal 2010 and 2009 bond issuances. An increase in depreciation expense of \$18.6 million resulted from the completion of several total reconstruction and bridge projects.

Capital Assets and Debt Administration

Capital Assets

Capital assets consist of land and intangible assets (right-of-way easements), buildings, improvements, equipment, infrastructure, and assets under construction. Infrastructure assets are typically items that are immovable such as highways, bridges, and tunnels. The Commission's investment in capital assets at May 31, 2011 amounted to \$8.8 billion of gross asset value with accumulated depreciation of \$4.2 billion, leaving a net book value of \$4.6 billion. The net book value of capital assets at May 31, 2010 was \$4.4 billion. Capital assets represented 67.1% and 72.7% of the Commission's total assets and deferred outflow of resources at May 31, 2011 and 2010, respectively.

Assets under construction at the end of fiscal 2011 were \$1.2 billion, which was \$48.9 million less than fiscal year 2010.

In fiscal 2011, \$464.9 million of constructed capital assets were completed which was \$13.8 million less than the \$478.7 million of constructed capital assets completed in fiscal year 2010. In addition to constructed capital assets, the Commission had capital asset additions of approximately \$41.0 million and \$92.9 million in fiscal years 2011 and 2010, respectively.

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Management's Discussion and Analysis (continued)

Financial Analysis (continued)

Capital Assets and Debt Administration (continued)

The Commission had \$356.2 million of expenditures for the existing mainline system and \$116.0 million to the Mon/Fayette Expressway and Southern Beltway roadway expansion (Act 61) projects during fiscal year 2011.

Roadway reconstruction totaling 75 miles has been completed. An additional 25 miles of roadway reconstruction has been initiated, and another 80 miles of reconstruction is currently in design. Construction of the new twin Allegheny River Bridges was completed and opened to traffic in September 2010. The previous Allegheny River Bridge was demolished in July 2010. The Commission constructed six new bridges, completely replaced ten aging original bridges with new bridges, rehabilitated another nine bridges, and constructed 11 new retaining walls during fiscal year 2011. The Commission also completed 49 miles of roadway resurfacing, helping to maintain a quality-riding surface with a system wide median IRI (International Roughness Index) of 84. Eight miles of concrete median barrier was replaced and three new emergency access roads were constructed.

Facility projects continue to focus on environmental and safety compliance, and on the maintenance and repair of existing buildings including HVAC, electrical and plumbing systems. Equipment purchases and regular maintenance of existing equipment is ongoing to ensure the Turnpike fleet of dump trucks, plows, and other equipment is of sufficient number and functioning properly so that maintenance staff will be adequately equipped to maintain the roadway.

Phase 2 of the Uniontown to Brownsville project, a 7 mile section, will complete the Mon/Fayette Expressway from the West Virginia Line in Fayette County to PA 51 in Washington County, a distance of 54 miles. This segment is currently under construction and as of July 1, 2011, 91% of the construction has been completed. The Pennsylvania Turnpike Commission anticipates completion of phase 2 in May 2012.

The preliminary design for the Mon/Fayette Expressway project, extending from PA Route 51 to Interstate Route 376 in Pittsburgh, has been completed. Additional funding is required to construct this section.

The Southern Beltway is a series of three independent projects that are planned to be constructed from the Mon/Fayette Expressway, near Finleyville, extending as part of a beltway south of Pittsburgh to Pennsylvania Route 60 at the Pittsburgh International Airport. One project constructed as part of the Southern Beltway is in operation. The S.R. 60 to U.S. 22, Findlay Connector, is a six-mile section of toll road in Allegheny County.

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Management's Discussion and Analysis (continued)

Financial Analysis (continued)

Capital Assets and Debt Administration (continued)

The other two sections are in the design phase. I-79 to Mon/Fayette Expressway has completed the environmental phase and is inactive until additional financial resources are found.

The section from US 22 to I-79 is in final design and acquisition of right-of-way is underway. Currently, the PTC has acquired about 100 total properties and 60 partial properties. Additional funding is needed to complete the design and construction of the US 22 to I-79 project.

The PA Turnpike (I-276) and I-95 presently cross in Bucks County and no direct connection exists. This project involves the construction of an interchange where the ramps carrying the I-95 designation would be higher speed ramps. The project also includes tolling modifications and reconstruction and widening of the interstates.

A Federal Environmental Impact Statement Record of Decision was issued for the I-95 Turnpike interchange project in late 2004 and preliminary design for the project has been completed. Final design has been initiated for the proposed Stage 1 construction which would include the tolling modifications (such as a new mainline toll plaza near Milepost 352, open road tolling – westbound at the Delaware River Bridge and elimination of tolls at Delaware Valley Interchange) and the I-95 ramps which will bring the I-95 designation on the PA and NJ Turnpikes. There are also several early action overhead bridge replacements required prior to mainline construction. Two of the early action bridges were bid in July 2010 and will be paid for by 100% Turnpike funds. Additional funding is needed for the construction of the remainder of the project. A draft Financial Plan is being developed to utilize federal funds and PTC funds for the Stage 1 construction.

The above paragraphs describe the changes in capital assets occurring during the fiscal years ended May 31, 2011 and 2010. Please refer to the capital assets section in the notes to the financial statements (Note 5) for more detailed capital asset schedules.

Debt Administration

In May 2011, the Commission issued \$298,330,000 2011 Series C Multi-Modal Revenue Bonds consisting of Sub-Series C-1 and C-2 at a variable rate with a maturity date of December 1, 2038. The 2011 Series C Bonds were issued primarily to refund the 2008 Sub-Series B-2, B-3, B-4, B-5 and B-6 Bonds.

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Management's Discussion and Analysis (continued)

Financial Analysis (continued)

Capital Assets and Debt Administration (continued)

In April 2011, the Commission issued \$92,035,000 2011 Series B Senior Turnpike Revenue Bonds at a variable rate with a maturity date of June 1, 2015. The 2011 Series B Bonds were issued primarily together with certain other available funds of the Commission to current refund the 2001 Series S Bonds.

In April 2011, the Commission issued \$68,660,000 2011 Series A Senior Revenue Bonds at a fixed rate with a maturity date of December 1, 2023. The 2011 Series A Bonds were issued primarily to partially advance refund the 2001 Series R Bonds.

In April 2011, the Commission issued \$135,655,000 2011 Series A Subordinate Revenue Bonds at a fixed rate with a maturity of December 1, 2041. The 2011 Series A bonds were issued primarily to provide funds to finance the costs of making payments to PennDOT in accordance with Act 44.

In April 2011, the Commission issued \$102,620,000 2011 Series A Motor License Fund-Enhanced Subordinate Special Revenue Bonds at fixed rate with a maturity of December 1, 2041. The 2011 Series A Bonds were issued primarily to provide funds to finance the costs of making payment to PennDOT in accordance with Act 44.

In October 2010, the Commission issued \$138,915,497 2010 Series C Subordinate Revenue Bonds consisting of Sub-Series C-1, C-2 and C-3. The 2010 Sub-Series C-1 Bonds were issued at a fixed rate with a maturity date of December 1, 2040. The 2010 Sub-Series C-2 Bonds were issued as convertible capital appreciation bonds with a maturity date of December 1, 2035. The 2010 Sub-Series C-3 Bonds were issued as capital appreciation bonds with a maturity date of December 1, 2025. The 2010 Series C Bonds were issued primarily to provide funds to finance the cost of making payments to PennDOT in accordance with Act 44.

In October 2010, the Commission issued \$105,299,433 2010 Series B Subordinate Motor License Fund-Enhanced Special Revenue Bonds consisting of Sub-Series B-1, B-2 and B-3. The 2010 Sub-Series B-1 was issued at a fixed rate with a maturity date of December 1, 2040. The 2010 Sub-Series B-2 was issued as convertible capital appreciation bonds with a maturity date of December 1, 2035. The 2010 Sub-Series B-3 was issued as capital appreciation bonds with a maturity date of December 1, 2025. The 2010 Series B bonds were issued to provide funds to finance the cost of making payments to PennDOT in accordance with Act 44.

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Management's Discussion and Analysis (continued)

Financial Analysis (continued)

Capital Assets and Debt Administration (continued)

In September 2010, the Commission issued \$600,000,000 2010 Series B Senior Build America Bonds Federally taxable at a fixed rate with a maturity date of December 1, 2049. The 2010 Series B Senior Build America Bonds were issued primarily to finance the cost of various capital expenditures set forth in the Commission's current Ten Year Capital Plan.

In July 2010, the Commission issued \$209,230,000 2010 Series A Multi-Modal Revenue Refunding Bonds at a variable rate with a maturity date of December 1, 2035. The 2010 Series A Multi-Modal Revenue Bonds were issued primarily to refund the 2008 A-1, A-2 and A-3 bonds.

In July 2010, the Commission issued \$273,526,108 2010 Series B Subordinate Revenue Bonds consisting of Sub-Series B-1 and B-2. The 2010 Sub-Series B-1 was issued as current interest fixed rate bonds with a maturity date of December 1, 2037. The 2010 Sub-Series B-2 was issued as convertible capital appreciation bonds with a maturity date of December 1, 2034. The proceeds of the 2010 Series B Revenue Bonds were used primarily to finance the costs of refunding a portion of the 2010 Series A-1 Subordinate Revenue Bond Anticipation Notes, all of the 2010 Series A-2 Subordinate Revenue Bond Anticipation Notes, and to make payments to PennDOT in accordance with Act 44.

In July 2010, the Commission issued \$187,816,151 2010 Series A Motor License Fund-Enhanced (MLF) Subordinate Special Revenue Bonds consisting of Sub-Series A-1, A-2 and A-3. The 2010 Sub-Series A-1 Bonds were issued as current interest fixed rate bonds with a maturity date of December 1, 2038. The 2010 Sub-Series A-2 bonds were issued as convertible capital appreciation bonds with a maturity date of December 1, 2034. The 2010 Sub-Series A-3 bonds were issued as capital appreciation bonds with a maturity date of December 1, 2029. The proceeds of the 2010 Series A (MLF) Special Revenue Bonds were used primarily to finance the costs of refunding a portion of the Subordinate Revenue Bond Anticipation Notes, 2010 Sub-Series A-1 bonds and to make payments to PennDOT in accordance with Act 44.

In April 2010, the Commission issued \$225,095,000 Series A-1 Turnpike Bond Anticipation Notes. The 2010 Series A-1 Bond Anticipation Notes were issued primarily to make payments to PennDOT in accordance with Act 44. This bond series has a final maturity of July 15, 2011.

In May 2010, the Commission issued \$79,900,000 Series A-2 Turnpike Bond Anticipation Notes. The 2010 Series A-2 Bond Anticipation Notes were issued primarily to refund the 2008 Series C-4 Bond Anticipation Notes. This bond series has a final maturity of July 15, 2011. Additionally, the 2010 Series A-2 Bond Anticipation Notes are federally taxable.

Pennsylvania Turnpike Commission
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Management's Discussion and Analysis (continued)

Financial Analysis (continued)

Capital Assets and Debt Administration (continued)

In December 2009, the Commission issued \$208,280,000 Series C Turnpike Senior Revenue Refunding Bonds. The bonds were issued at a variable rate and were used to refund the 1998 Series Q Bonds and to partially refund the 2002 Series A Bonds.

In December 2009, the Commission also issued \$375,010,000 Series B Turnpike Senior Revenue Refunding Bonds. The bonds were issued at a fixed rate and were used to refund Series the 2001 Series U Bonds, the 2002 Series B Bonds and to partially refund the 2002 Series A Bonds.

In October 2009, the Commission issued \$324,745,000 Series D Turnpike Subordinate Revenue Bonds and \$200,004,558 Series E Turnpike Subordinate Revenue, Capital Appreciation Bonds (CABs). The 2010 Series D and 2010 Series E bonds are at a fixed rate. The 2010 Series E CABs interest will compound until the conversion date of December 1, 2017. The 2010 Series D and 2010 Series E bonds were issued primarily to make payments to PennDOT in accordance with Act 44.

In October 2009, the Commission issued \$21,550,000 Oil Franchise Tax Senior Revenue Bonds, Series A of 2009, consisting of Sub-Series A-1 of 2009 (Refunding) and Sub-Series A-2 of 2009; \$127,170,000 Pennsylvania Turnpike Commission Oil Franchise Tax Senior Revenue Bonds, Series B of 2009 (Federally Taxable—Issuer Subsidy—Build America Bonds); \$15,461,246 Pennsylvania Turnpike Commission Oil Franchise Tax Senior Revenue Capital Appreciation Bonds, Series C of 2009; \$31,560,000 Pennsylvania Turnpike Commission Oil Franchise Tax Subordinated Revenue Bonds, Series D of 2009, consisting of Sub-Series D-1 of 2009 (Refunding) and Sub-Series D-2 of 2009; and \$102,505,000 Pennsylvania Turnpike Commission Oil Franchise Tax Subordinated Revenue Bonds, Series E of 2009 (Federally Taxable—Issuer Subsidy—Build America Bonds). The Commission has designated the 2009 B and E bonds as “Build America Bonds” for purposes of the American Recovery and Reinvestment Act of 2009 and has elected to receive a cash subsidy from the United States Treasury equal to 35% of the interest payable on the 2009 B and E bonds. All of the Oil Franchise 2009 bonds are at a fixed rate. The A and D bonds were issued primarily to refund the Oil Franchise Tax Series 1998 A&B. The B, C, and E bonds were issued primarily to provide funds to finance the cost of constructing the Mon/Fayette Expressway and the Southern Beltway.

In July 2009, the Commission issued \$856,735,000 Turnpike Subordinate Revenue Bonds, Series B and \$99,998,204 Capital Appreciation Bonds Series C of 2009. The Series B and C Bonds were issued at a fixed rate. The Series B and C Bonds were issued to make payments to PennDOT in accordance with Act 44 and to refund 2007 Series A and B Bond Anticipation Notes.

Pennsylvania Turnpike Commission
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Management's Discussion and Analysis (continued)

Financial Analysis (continued)

Capital Assets and Debt Administration (continued)

In July 2009, the Commission issued \$275,000,000 Turnpike Revenue Bonds Series A of 2009, (Federally Taxable—Issuer Subsidy—Build America Bonds). The Commission has designated the 2009 A bonds as “Build America Bonds” for purposes of the American Recovery and Reinvestment Act of 2009 and has elected to receive a cash subsidy from the United States Treasury equal to 35% of the interest payable on the 2009 Series A bonds. The 2009 Series A bonds were issued at a fixed rate and were issued primarily to finance the cost of the capital projects set forth in the Commission's Ten Year Capital Plan.

The above paragraphs describe debt activity occurring during the fiscal years ended May 31, 2011 and 2010. Please refer to the debt and commitments and contingencies sections in the notes to the financial statements (Notes 6 and 8) for more detailed schedules and descriptions of long-term debt and swap activity.

Events That Will Impact Financial Position

On July 18, 2007, Pennsylvania Governor Rendell signed Act 44 into law, creating a “public-public partnership” between the Commission and PennDOT to provide funding for roads, bridges and transit throughout the Commonwealth. Under Act 44, a Lease and Funding Agreement (the “Funding Agreement”) was entered into by the Commission and PennDOT. Many of the terms of Act 44 are incorporated in the Funding Agreement. The term of the Funding Agreement is fifty years.

The Funding Agreement requires the Commission to make scheduled annual payments to PennDOT, payable in equal quarterly installments, to be used to provide funding for roads, bridges and transit. The Commission's obligation to pay the annual debt service on any Special Revenue Bonds (as defined in Act 44) on a timely basis is also part of its payment obligation under the Funding Agreement. The Funding Agreement also granted the Commission the option to lease the portion of I-80 located in the Commonwealth from PennDOT, assuming approval by the Federal Highway Administration (“FHWA”) of the conversion of I-80 into a toll road (the “Conversion”). The Funding Agreement granted the unilateral option to the Commission to effectuate the Conversion at any time before the third anniversary of the Funding Agreement, which was October 14, 2010 (the “Conversion Period”), subject to extension as provided in the Funding Agreement.

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Management's Discussion and Analysis (continued)

Events That Will Impact Financial Position (continued)

On April 6, 2010, the FHWA denied the Commission's application to toll I-80. The Commission has not appealed the FHWA's decision and does not currently expect to do so. In addition, the Commission did not extend the Conversion Period during the notice period provided under the Funding Agreement or give notice of Conversion. Therefore, the Conversion Period lapsed on October 14, 2010 without the Commission effectuating Conversion. Although the Commission could appeal the FHWA's decision, the Commission does not currently have statutory authority to revive the Conversion Period or effect Conversion. Under existing law, all legal, financial and operational responsibility for I-80 remains with PennDOT.

Act 44 provides that under certain circumstances, payments to PennDOT drop to \$450 million annually for the remaining term of the Funding Agreement. It has been the Commission's position that the reduced annual payment under the Funding Agreement of \$450 million was effective beginning with Fiscal Year 2010-2011. The Commission made quarterly payments in the amount of \$112.5 million each on July 29, 2010, October 28, 2010, January 31, 2011 and April 28, 2011. In addition, the Commission's obligation under Act 44 to make annual surplus payments of the General Reserve Fund Surplus (as defined in Act 44) at the end of each Fiscal Year has terminated.

PennDOT disputed that the reduced annual payment under the Funding Agreement of \$450 million was effective beginning with Fiscal Year 2010-2011. PennDOT claimed it was not aware of a basis for a reduction in the Commission's annual payment obligation until the beginning of Fiscal Year 2011-2012 and that the Commission owed PennDOT the additional amount of \$472,500,000 for Fiscal Year 2010-2011. The Commission was also advised during the prior administration that the Office of the Budget of the Commonwealth might assert that the reduced annual payment obligation was not effective until Fiscal Year 2011-2012 and that the higher amount, a maximum of \$922,500,000, was payable for Fiscal Year 2010-2011.

By Settlement Agreement and Mutual Release Regarding Lease Payments dated September 30, 2011 (the "Agreement"), PennDOT and the Office of the Budget, each acting individually and on behalf of the Commonwealth, among other things (1) agreed that the amounts previously paid by the Commission for Fiscal Year 2010-2011 on account of its Funding Agreement obligation constituted full payment of that obligation; (2) agreed that the Commission's payment obligation under the Funding Agreement for Fiscal Year 2010-2011 had been fully discharged; and (3) released the Commission of any further payment obligation under the Funding Agreement with respect to Fiscal Year 2010-2011.

Pennsylvania Turnpike Commission
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Management's Discussion and Analysis (continued)

Events That Will Impact Financial Position (continued)

The Commission confirmed its continuing obligation to make the annual payments called for under the Funding Agreement in the amount of \$450 million per year, as described above, for the remaining term of the Funding Agreement. The parties further agreed that the Funding Agreement remained in full force and effect, except as the Agreement specifically provided to the contrary.

The Commission is required by the terms of the Funding Agreement and Act 44 to fix and adjust tolls at levels that will generate revenues (together with other available moneys) sufficient to pay, among other things, amounts to PennDOT pursuant to the Funding Agreement when due and other obligations of the Commission, and the Commission has covenanted in the Subordinate Indenture to set tolls at a level sufficient to meet its coverage obligations taking into account any additional debt incurred in order to make such payments.

The Commission continued to meet its funding commitments in full and on time during fiscal 2011, the fourth year of Act 44. As the Commission carries out its new Act 44 responsibilities, it also continues its efforts to maintain and improve the Turnpike. Meeting Act 44 and Turnpike funding commitments in a constrained financial environment requires carefully managing financial obligations while maintaining financial flexibility.

The Commission plans to debt finance its quarterly payments to PennDOT as required under Act 44 for the foreseeable future. As a part of its financing plan, the Commission will continue to increase its toll rates on an annual basis to fund debt service payments associated with its Act 44 payment obligations and Capital Improvement Program.

The above paragraphs provide a brief overview of Act 44 and its requirements. Please refer to the commitments and contingencies section in the notes to the financial statements (Note 8) for additional information regarding the Commission's commitments under the Funding Agreement. Furthermore, legislation may be introduced that could affect the Commission and its obligations pursuant to Act 44, however it is impossible to predict the nature or content of any legislation that may be introduced.

Pennsylvania Turnpike Commission
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Balance Sheets

	May 31	
	2011	2010
	(Restated)	
	(In Thousands)	
Assets and deferred outflow of resources		
Current assets:		
Cash and cash equivalents	\$ 126,084	\$ 190,588
Short-term investments	8,196	8,549
Accounts receivable	34,032	37,968
Accrued interest receivable	1,632	478
Inventories	23,549	22,302
Restricted current assets:		
Cash and cash equivalents	470,461	424,842
Short-term investments	241,482	145,802
Accounts receivable	3,707	120
Accrued interest receivable	5,448	3,898
Total current assets	914,591	834,547
Noncurrent assets:		
Long-term investments:		
Long-term investments unrestricted	175,564	54,179
Long-term investments restricted	1,007,131	594,441
Total long-term investments	1,182,695	648,620
Capital assets not being depreciated:		
Land and intangibles	248,011	234,543
Assets under construction	1,151,520	1,200,456
Capital assets being depreciated:		
Buildings	813,936	765,723
Improvements other than buildings	92,725	87,312
Equipment	498,255	472,246
Infrastructure	6,041,749	5,653,976
Total capital assets before accumulated depreciation	8,846,196	8,414,256
Less accumulated depreciation	4,281,338	4,023,581
Total capital assets after accumulated depreciation	4,564,858	4,390,675
Other assets:		
Other assets	3,586	1,840
Deferred issuance costs	73,156	65,034
Total other assets	76,742	66,874
Total noncurrent assets	5,824,295	5,106,169
Total assets	6,738,886	5,940,716
Deferred outflow of resources	67,155	99,619
Total assets and deferred outflow of resources	\$ 6,806,041	\$ 6,040,335

The notes to the financial statements are an integral part of this statement.

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania

Balance Sheets (continued)

	May 31	
	2011	2010
	(Restated)	
	(In Thousands)	
Liabilities, deferred inflow of resources, and net assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 307,119	\$ 300,563
Current portion of debt	304,540	155,555
Unearned income	35,876	31,885
Total current liabilities	<u>647,535</u>	488,003
Noncurrent liabilities:		
Debt, less current portion, net of unamortized premium of \$92,167 and \$85,206 in 2011 and 2010, respectively, and net of unamortized refunding loss of \$176,560 and \$145,940 in 2011 and 2010, respectively	7,330,665	6,213,682
Other noncurrent liabilities	178,315	169,036
Total noncurrent liabilities	<u>7,508,980</u>	6,382,718
Total liabilities	<u>8,156,515</u>	6,870,721
Deferred inflow of resources	17,664	14,385
Net assets (deficit):		
Invested in capital assets, net of related debt	1,086,340	1,186,992
Restricted for construction purposes	268,626	280,779
Restricted for debt service	39,433	59,706
Unrestricted (deficit)	(2,762,537)	(2,372,248)
Total net assets (deficit)	<u>(1,368,138)</u>	(844,771)
Total liabilities, deferred inflow of resources, and net assets	<u>\$ 6,806,041</u>	\$ 6,040,335

The notes to the financial statements are an integral part of this statement.

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania

Statements of Revenues, Expenses, and Changes in Net Assets

	Year Ended May 31	
	2011	2010
	<i>(Restated)</i>	
	<i>(In Thousands)</i>	
Operating revenues:		
Fares – net of discounts of \$24,152 and \$24,211 for the years ended May 31, 2011 and 2010, respectively	\$ 739,704	\$ 693,827
Other	18,944	16,274
Total operating revenues	<u>758,648</u>	<u>710,101</u>
Operating expenses:		
Cost of services	359,870	378,426
Depreciation	281,587	260,316
Total operating expenses	<u>641,457</u>	<u>638,742</u>
Operating income (loss)	117,191	71,359
Nonoperating revenues (expenses):		
Investment earnings	24,566	18,030
Other nonoperating (expenses) revenues	19,709	7,174
Act 44 payments to PennDOT	(450,000)	(900,000)
Capital assets transferred to PennDOT	-	(64,058)
Interest and bond expenses	(333,275)	(263,931)
Nonoperating expenses, net	<u>(739,000)</u>	<u>(1,202,785)</u>
Loss before capital contributions	(621,809)	(1,131,426)
Capital contributions	98,442	130,172
Decrease in net assets	<u>(523,367)</u>	<u>(1,001,254)</u>
Net assets at beginning of year	(844,771)	156,483
Net assets (deficit) at end of year	<u><u>\$ (1,368,138)</u></u>	<u><u>\$ (844,771)</u></u>

The notes to the financial statements are an integral part of this statement.

Pennsylvania Turnpike Commission
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Statements of Cash Flows

	Year Ended May 31	
	2011	2010
	<i>(Restated)</i>	
	<i>(In Thousands)</i>	
Operating activities		
Cash received from customer tolls and deposits	\$ 754,954	\$ 699,626
Cash payments for goods and services	(233,183)	(242,426)
Cash payments to employees	(134,214)	(132,030)
Cash received from other operating activities	8,643	8,363
Net cash provided by operating activities	396,200	333,533
Investing activities		
Proceeds from sales and maturities of investments	3,509,081	1,350,132
Interest received on investments	22,115	18,337
Purchases of investments	(4,129,896)	(1,723,476)
Net cash used for investing activities	(598,700)	(355,007)
Capital and related financing activities		
Capital grants received	13,232	10,685
Cash proceeds from motor license grant	28,000	28,000
Cash proceeds from oil company franchise tax	60,996	59,733
Construction and acquisition of capital assets	(473,681)	(629,851)
Proceeds from sale of capital assets	2,976	1,140
Payments for bond and swap expenses	(3,350)	(12,454)
Payments for redemption of debt	(565,700)	(662,230)
Interest paid on debt	(158,842)	(119,458)
Interest subsidy from Build America Bonds	19,192	8,457
Swap suspension payments received	-	20,708
Swap upfront payments	14,236	-
Proceeds from debt issuances	1,508,681	1,191,396
Net cash provided by (used for) capital and related financing activities	445,740	(103,874)
Noncapital financing activities		
Cash payments to PennDOT	(450,000)	(900,000)
Payments for bond and swap expenses	(796)	(1,154)
Payments for redemption of debt	(394,525)	(636,470)
Interest paid on debt	(123,043)	(84,422)
Proceeds from debt issuances	706,239	1,770,689
Net cash (used for) provided by noncapital financing activities	(262,125)	148,643
Increase (Decrease) in cash and cash equivalents	(18,885)	23,295
Cash and cash equivalents at beginning of year	615,430	592,135
Cash and cash equivalents at end of year	<u>\$ 596,545</u>	<u>\$ 615,430</u>

The notes to the financial statements are an integral part of this statement.

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania

Statements of Cash Flows

	Year Ended May 31	
	2011	2010
	<i>(Restated)</i>	
	<i>(In Thousands)</i>	
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 117,191	\$ 71,359
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	281,587	260,316
Change in operating assets and liabilities:		
Accounts receivable	79	(3,257)
Inventories	(1,247)	(3,158)
Other assets	(1,746)	492
Accounts payable and accrued liabilities	4,601	3,809
Other noncurrent liabilities	(4,265)	3,972
Net cash provided by operating activities	\$ 396,200	\$ 333,533

Noncash Activities

The Commission recorded a decrease of \$0.3 million and \$1.2 million in the fair value of its investments for the years ended May 31, 2011 and 2010, respectively.

The Commission recognized \$5.8 million and \$4.4 million in income for bond premium amortization for the years ended May 31, 2011 and 2010, respectively.

The Commission recorded \$20.0 million and \$14.2 million in expenses for amortization of deferred refunding losses, amortization of bond issuance costs and amortization of swap agreement costs for the years ended May 31, 2011 and 2010, respectively.

The Commission recorded an interest expense reduction of \$6.7 million and \$3.3 million for the years ended May 31, 2011 and 2010, respectively, related to GASB 53 entries.

The Commission has entered into contracts with the operators of service plaza restaurants and service stations to totally reconstruct several service plazas. The service plaza operators provide the capital for the reconstruction in exchange for lower rental rates. The Commission assumes ownership of the reconstructed assets upon completion and records the assets as capital contributions. For the year ended May 31, 2010, the Commission received assets with a total fair value of \$34.0 million. The Commission did not receive any assets for the year ended May 31, 2011.

The notes to the financial statements are an integral part of this statement.

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania

Statements of Cash Flows (continued)

Noncash Activities (continued)

The Commission and PennDOT entered into an agreement regarding ownership of overhead bridges that carry state roads. Per the agreement, once the Commission replaces these overhead bridges, and after final inspections and supplemental agreements are signed by both parties, ownership and maintenance responsibilities of the bridges are transferred from the Commission to PennDOT. The Commission did not transfer any assets to PennDOT during the fiscal year ended May 31, 2011. The Commission transferred assets with a net book value of \$64.1 million to PennDOT during the fiscal year ended May 31, 2010.

The notes to the financial statements are an integral part of this statement.

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania

Notes to Financial Statements

May 31, 2011

1. Financial Reporting Entity

The Pennsylvania Turnpike Commission (the Commission) was created as an instrumentality of the Commonwealth of Pennsylvania on May 21, 1937, with powers to construct, operate, and maintain the Turnpike System and to issue Turnpike revenue bonds, repayable solely from tolls and other Commission revenues. The Commission is considered a component unit of the Commonwealth of Pennsylvania (the Commonwealth).

In evaluating how to define the Commission for financial reporting purposes, management has considered all potential component units in accordance with Governmental Accounting Standards Board (GASB) Statements No. 14, *The Reporting Entity*, and No. 39, *Determining Whether Certain Organizations Are Component Units—an amendment of GASB Statement No. 14*. GASB Statement No. 14 defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. GASB Statement No. 39 provides additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. The Commission believes it has no component units based on its review of GASB Statements No. 14 and No. 39.

The Commission consists of five members, one of whom is the Secretary of Transportation. The others are appointed by the Governor with the approval of a majority of the Senate.

2. Summary of Significant Accounting Policies

The financial statements of the Pennsylvania Turnpike Commission have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Commission's accounting policies are described below:

Application of FASB Pronouncements

The Commission has elected not to apply any FASB statements or interpretations issued after November 30, 1989.

Basis of Accounting

The Commission's basic financial statements are presented on the accrual basis of accounting.

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Cash Equivalents

For purposes of the statements of cash flows, the Commission considers all highly liquid debt investment securities that mature within three months of acquisition to be cash equivalents.

Investments

Investments are stated at fair value with the exception of certain nonparticipating contracts such as repurchase agreements and other agreements structured as repurchase agreements that are reported at cost, which does not materially differ from fair value. Fair values are based on quoted market prices.

Capital Assets

Capital assets consist of land and intangible assets (right-of-way easements), buildings, improvements, equipment, infrastructure, and assets under construction. Infrastructure assets are typically items that are immovable such as highways, bridges, and tunnels. Capital assets are stated at cost. Donated capital assets are valued at their estimated fair value on the date received. Interest is capitalized based on average construction costs and the average bond interest rate, less interest earned on invested construction funds. Acquisitions of capital assets valued at \$15,000 or greater are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Intangible assets have an indefinite life and, thus, are not depreciated. The following lives are used:

Buildings	10 – 45 years
Improvements other than buildings	15 – 20 years
Equipment	3 – 40 years
Infrastructure	10 – 50 years

Inventories

Inventories are valued at the lower of average cost (determined on a first-in, first-out method) or market.

Debt Premium/Discount and Issuance Costs

Debt premium/discount and issuance costs are being amortized using the effective interest rate method over the varying terms of the bonds issued.

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Unearned Income

E-ZPass customers of the Turnpike Commission are required to deposit funds in advance of anticipated travel. Since this money is collected prior to the customers' travel and revenue recognition, it is recorded as unearned income. Unearned income of \$35.9 and \$31.9 million at May 31, 2011 and 2010, respectively, is primarily related to E-ZPass customer deposits and deferred revenues related to microwave tower leases for the years ended May 31, 2011 and 2010, respectively.

Net Assets

The financial statements of the Commission utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- *Invested In Capital Assets, Net of Related Debt* – This category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* – This category represents net assets of the Commission, not restricted for any project or other purpose.

Operating Revenues

Revenues associated with operations of the toll road are considered operating revenues. The principal operating revenues of the Commission are fare revenues from customers. Other operating revenues include: service station, restaurant, property and other rental income as well as electronic toll collection and violation enforcement fees related to the E-ZPass program. Also included is revenue from various sponsorship agreements.

Fare Revenues

Fare revenues are recognized when vehicles exit the Turnpike System. As of May 31, 2011 and 2010, approximately 65.0% and 62.6%, respectively, of the fare revenues were realized through electronic toll collection; the remainder was realized through cash collection or a credit card program for military and class 9 vehicles.

Pennsylvania Turnpike Commission
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Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Operating Expenses

Operating expenses relate directly to operating and maintaining the toll road. The principal operating expenses of the Commission are cost of services and depreciation. Other expenses are considered nonoperating expenses.

Cost of Services

Cost of services includes: wages and salaries, benefits, utilities, fuels, professional fees and services, PA State Police services, and purchased goods, including materials and supplies.

Utilization of Resources

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first and then unrestricted resources as needed.

Nonoperating Revenues (Expenses)

Nonoperating revenues include: investment earnings and other miscellaneous revenues not associated with the operations of the toll road. Nonoperating expenses include: Act 44 payments to PennDOT, capital assets transferred to PennDOT, interest and bond expenses, and other miscellaneous expenses not associated with the operations of the toll road.

Act 44 Payments to PennDOT

The Commission and PennDOT entered into a Lease and Funding Agreement as required under the terms of Act 44. See Note 8 for more information regarding this Lease and Funding Agreement.

Capital Assets Transferred to PennDOT

The Commission and PennDOT entered into an agreement regarding ownership of overhead bridges that carry state roads. Per the agreement, once the Commission replaces these overhead bridges, and after final inspections and supplemental agreements are signed by both parties, ownership and maintenance responsibilities of the bridges are transferred from the Commission to PennDOT. The Commission transferred assets with a net book value of \$64.1 million to PennDOT during the fiscal year ended May 31, 2010. The Commission did not transfer any assets to PennDOT during the fiscal year ended May 31, 2011.

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Capital Contributions

Capital contributions include: Oil Company Franchise Tax revenues, Motor License Registration Fee revenues, grants from other governments restricted for reimbursement of capital costs for various highway construction projects and capital assets received from other third parties.

Oil Company Franchise Tax Revenues

The Commission receives 14% of the additional 55 mills of the Commonwealth's Oil Company Franchise Tax revenues pursuant to Act 26 established in 1991. The revenues totaled \$61.0 million and \$59.7 million for the fiscal years ended May 31, 2011 and 2010, respectively. These revenues are kept in a separate fund as required by the applicable bond indenture.

Motor License Registration Fee Revenues

The Commission received \$28.0 million in grants during each of the fiscal years ended May 31, 2011 and 2010 from the Commonwealth's Motor License Fund. The Commission has elected to account for this grant in a separate fund.

Reimbursements from Other Governments

The Commission receives grants from other governments for reimbursement of costs for various highway construction projects. During the fiscal years ended May 31, 2011 and 2010, the Commission recognized \$9.4 million and \$8.5 million, respectively, as capital contributions from the Federal government.

Other Capital Contributions

The Commission has entered into contracts with the operators of service plaza restaurants and service stations to totally reconstruct several service plazas. The service plaza operators provide the capital for the reconstruction in exchange for lower rental rates. The Commission assumes ownership of the reconstructed assets upon completion and records the assets as contributions. For the fiscal year ended May 31, 2010, the Commission received assets with a total fair value of \$34.0 million. The Commission did not receive any reconstructed assets related to service plazas for the fiscal year ended May 31, 2011.

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Reclassification

Certain amounts presented in the prior period have been reclassified to conform to the current period financial statements presentation. These reclassifications have no effect on previously reported net assets. However, these reclassifications increased reported amounts of net assets invested in capital assets, net of related debt by \$68.2 and \$127.5 million at June 1, 2009 (the beginning of the earliest financial statement period presented) and May 31, 2010, respectively. Restricted net assets were increased by \$22.4 million and \$24.3 million at June 1, 2009 and May 31, 2010, respectively. Reported amounts of unrestricted net assets were decreased by \$90.5 million and \$151.8 million at June 1, 2009 and May 31, 2010, respectively.

Adoption of New Accounting Pronouncements and Restatements

In June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets and to enhance the comparability of the accounting and financial reporting of such assets among state and local governments by reducing inconsistencies. The Commission adopted Statement No. 51 during the fiscal year ended May 31, 2011. The adoption of this statement had no impact on previously reported amounts.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Under this statement, the fair value of derivative instruments is recorded and an evaluation is made as to the effectiveness of the derivative instruments as hedge transactions. Ineffective hedge transactions are recognized currently in the Statements of Revenues, Expenses and Changes in Net Assets while recognition of effective hedges is deferred. The Commission adopted Statement No. 53 during the fiscal year ended May 31, 2011. The accompanying 2010 financial statements have been restated to reflect the adoption of Statement No. 53. This restatement increased reported amounts of net assets invested in capital assets, net of related debt by \$31.2 million at May 31, 2010. Restricted net assets were decreased by \$13.6 million and \$15.9 million at June 1, 2009 (the beginning of the earliest financial statement period presented) and May 31, 2010, respectively. Reported amounts of unrestricted net assets were increased by \$39.4 million and \$5.4 million at June 1, 2009 and May 31, 2010, respectively.

Pennsylvania Turnpike Commission
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Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Pending Changes in Accounting Principles

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The Commission is required to adopt Statement No. 54 for its fiscal year ended May 31, 2012 financial statements.

In December 2009, the GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The Commission is required to adopt statement No. 57 for its fiscal year ended May 31, 2013 financial statements.

In June 2010, the GASB issued Statement No. 59, *Financial Instrument Omnibus*. The Program is required to adopt statement No. 59 for its fiscal year ended May 31, 2012 financial statements.

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The Commission is required to adopt statement No. 60 for its fiscal year ended May 31, 2013 financial statements.

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*. The Commission is required to adopt statement No. 61 for its fiscal year ended May 31, 2014 financial statements.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Commission is required to adopt statement No. 62 for its fiscal year ended May 31, 2013 financial statements.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The Commission is required to adopt statement No. 63 for its fiscal year ended May 31, 2013 financial statements.

In June 2011, the GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*. The Commission is required to adopt statement No. 64 for its fiscal year ended May 31, 2013 financial statements.

The Commission has not yet completed the various analyses required to estimate the financial statement impact of these new pronouncements.

Pennsylvania Turnpike Commission
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Notes to Financial Statements (continued)

3. Indenture Requirements and Restrictions

The Commission's debt has been issued under the provisions of a Trust Indenture, dated July 1, 1986, which was amended and restated as of March 1, 2001 as supplemented; a Trust Indenture dated August 1, 1998 (1998 Indenture) as supplemented; and a Trust Indenture dated July 1, 2005 (collectively referred to as the Indentures) between the Commission and the Trustee (U.S. Bank Corp., successor to Wachovia Bank); and a Subordinate Trust Indenture dated April 1, 2008, between the Commission and TD Bank, N.A. as Trustee, as amended and as supplemented. Accordingly, certain activities of the Commission are restricted by the Indentures.

The Commission is required to maintain certain accounts with the Trustees as specified by the Indentures. Funds maintained in such accounts are restricted for construction, debt service, and Act 44 payments.

4. Cash and Investments

Following is a summary of cash and cash equivalents and investments by type:

	May 31	
	2011	2010¹
	<i>(In Thousands)</i>	
U.S. Treasuries	\$ 120,632	\$ 23,991
GNMA mortgages	19,213	1,939
Government agency securities	551,509	401,024
Municipal bonds	449,741	207,448
Corporate obligations	271,136	147,716
Total investment securities	\$ 1,412,231	782,118
Investment derivatives – basis swaps	20,142	20,853
Cash and cash equivalents	596,545	615,430
Total cash and cash equivalents and investments	\$ 2,028,918	\$ 1,418,401

¹Note that amounts for the fiscal year ended May 31, 2010 have been restated for the implementation of GASB Statement No. 53 (see Note 2).

Pennsylvania Turnpike Commission
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Notes to Financial Statements (continued)

4. Cash and Investments (continued)

Cash and Cash Equivalents

Cash deposits are in various financial institutions. The Indentures require that cash deposits be either insured or collateralized by a pledge of direct obligations of the United States Government or the Commonwealth of Pennsylvania or otherwise in accordance with the laws of the Commonwealth of Pennsylvania governing trust funds of public bodies.

The following summary presents the amount of Commission deposits all of which are fully insured or collateralized with securities held by the Commission or its agent in the Commission's name.

	Total Bank Balance	Total Book Balance
	<i>(In Thousands)</i>	
May 31, 2011		
Cash and cash equivalents	\$ 594,869	\$ 596,545
May 31, 2010		
Cash and cash equivalents	\$ 610,538	\$ 615,430

Cash Equivalents and Investment Securities

The Indentures (as listed in Note 3) permit investments in obligations of, or guaranteed by, the United States of America, its agencies, and its instrumentalities (United States Government obligations); certificates of deposit issued by institutions insured by the FDIC or fully collateralized with United States Government obligations; investment agreements with certain financial institutions; commercial paper and asset-backed securities rated in the highest category by applicable rating agencies; money market funds and auction rate certificates rated in one of the two highest categories by applicable rating agencies; corporate bonds and medium term notes with a minimum rating of AA-; investments in long-term debt obligations of any state or political subdivision but only to the extent that the applicable rating agency has assigned a rating to such obligations, which at the time of purchase is not lower than the highest underlying rating assigned to any series of Commission bonds then outstanding; and repurchase agreements with banks or primary government dealers reporting to the Federal Reserve Bank of New York collateralized with obligations of, or guaranteed by, the United States of America.

Debt insurers have placed additional restrictions on construction funds. For these funds, corporate bonds, auction rate certificates, asset-backed securities, and medium term notes are not allowed.

Pennsylvania Turnpike Commission
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Notes to Financial Statements (continued)

4. Cash and Investments (continued)

Cash Equivalents and Investment Securities (continued)

The Commission has an investment policy that defines guidelines and operational factors governing the investment of financial assets. The policy generally has the same restrictions regarding permitted investments as the Indentures. Permitted investments include:

- U.S. Treasury Bills, Notes, Bonds, Strips;
- Time Deposits issued by a banking association organized and doing business under the laws of the United States of America or of any state that may have a combined capital and surplus of at least \$50,000,000;
- Certificates of Deposit that are fully collateralized and issued by a bank, savings and loan or trust company organized under the laws of the United States or any state thereof;
- Investment Agreements with a bank, a bank holding company or a financial institution that has outstanding long-term indebtedness rated “AA” or better by Moody’s and S&P;
- Obligations of any federal agencies which obligations are backed by the full faith and credit of the United States of America;
- Senior debt obligations rated “AAA” by S&P and “Aaa” by Moody’s and issued by government-sponsored enterprises which include Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation; and Federal National Mortgage Association;
- Mortgage-backed securities issued by an approved Federal agency and collateralized mortgage obligations with ratings of Aaa by Moody’s and AAA by S&P’s;
- Debt obligations of any state or local government entity with securities rated in the Aa/AA category;
- Commercial paper rated not less than “A-1/P-1/F-1”, corporate bonds rated “Aa3/AA-” or better, and asset-backed securities rated “AAA”;
- Repurchase agreements with banks or primary government dealers reporting to the Federal Reserve Bank of New York, collateralized by investments with a minimum 102% valuation in securities of U.S. Treasury bills, notes, bonds, strips, or obligations of any of federal agencies or senior debt obligations described above; and

Pennsylvania Turnpike Commission
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Notes to Financial Statements (continued)

4. Cash and Investments (continued)

Cash Equivalents and Investment Securities (continued)

- Share or Certificates in any short-term investment fund investing not less than 90% of its assets in obligations of U.S. treasury bills, notes, bonds, strips or time deposits.

All investment ratings shall be based on security ratings at the time of purchase. The portfolio's average credit quality should be rated Aa3/AA- or better by Moody's/S&P. Investments are generally purchased with the intent of holding to maturity with flexibility to restructure and rebalance portfolio holdings to manage risk and benefit from market opportunities.

The investment policy imposes the following additional limitations:

- Investments in any single Federal agency are limited to 35% of the portfolio.
- Investments in certificates of deposit and investment agreements are limited to 30% of the portfolio.
- Combined exposure to commercial paper, corporate bonds, and asset-backed securities, in aggregate, is limited to 35% of the total portfolio.
- Investments in any single issuer, excluding U.S. Treasury and Federal Agencies, are limited to 5% of the portfolio.

The Commission's investment policy also limits investments to those issues expected to mature within five years, taking into consideration call, prepayment, or other features that may impact maturity.

Pennsylvania Turnpike Commission
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Notes to Financial Statements (continued)

4. Cash and Investments (continued)

Credit Risk

The Commission's exposure to credit risk for investment securities as of May 31, 2011 is as follows:

Debt Investments	Quality Rating							Total
	AAA	AA	A	A-1	A-2	Below A	*Unrated	
(In Thousands)								
Government agency securities	\$551,509	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 551,509
Municipal bonds	40,572	363,641	23,753	8,574	-	13,201	-	449,741
Corporate obligations	35,186	87,385	13,201	82,028	24,679	1,436	27,221	271,136
Total	\$627,267	\$451,026	\$36,954	\$90,602	\$24,679	\$14,637	\$ 27,221	\$1,272,386

*Unrated debt investments are securities that are not rated by the NRSROs (Nationally Recognized Statistical Rating Organization).

Investments guaranteed by the full faith of the U.S. Government, such as U.S. Treasuries and GNMA mortgages, are not considered to have credit risk and do not require disclosure of credit quality.

Concentration of Credit Risk

As of May 31, 2011, the Commission had investments of more than 5% of its consolidated portfolio with the following issuers:

Issuer	Amount	Percentage of Total Investment Securities
<i>(In Thousands)</i>		
Federal Home Loan Bank	\$ 240,106	17.00%
Federal National Mortgage Association	111,925	7.93%
Federal Home Loan Mortgage Corporation	163,182	11.55%

Pennsylvania Turnpike Commission
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Notes to Financial Statements (continued)

4. Cash and Investments (continued)

Interest Rate Risk

On May 31, 2011, the effective duration of the Commission's investments, by type, was as follows:

Investment Type	Fair Value	Effective Duration (Years)
	<i>(In Thousands)</i>	
U.S. Treasuries	\$ 120,632	3.8579
GNMA mortgages	19,213	3.8377
Government agency securities	551,509	1.2089
Municipal bonds	449,741	1.4908
Corporate obligations	271,136	1.2293
Total investment securities	<u>\$ 1,412,231</u>	

Pennsylvania Turnpike Commission
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Notes to Financial Statements (continued)

4. Cash and Investments (continued)

Investment Derivatives – Basis Swaps

Following is a summary of the Commission's basis swaps at May 31, 2011:

Basis Swaps (In Thousands)							
	Notional Amount	Weighted Average Maturity (yrs)	Effective Date	Maturity Date	Terms	Fair Value	Credit Ratings Moody's/ S&P/Fitch
(A)	\$ 107,784	10.4	7/1/2007	12/1/2030	Pay 67% of 1-month LIBOR Receive 60.08% of 10-year LIBOR	\$ 3,031	Aa1/AA-/AA-
	107,784					7,900	A2/A/A+
	107,784					1,647	A2/A+/A+
	134,733					9,880	Aa3/A+/A+
	<u>\$ 458,085</u>					<u>\$ 22,458</u>	
(B)	\$ 112,000	18.1	8/14/2003	12/1/2032	Pay SIFMA Receive 63% of 1-month LIBOR + 20 basis points	\$ (9,170)	Aa1/AA-/AA-
	48,000					(3,930)	Aa3/A+/A+
	<u>\$ 160,000</u>					<u>\$ (13,100)</u>	
(C)	\$ 80,000	18.0	11/15/2007	11/15/2032	Pay 67% of 1-month LIBOR Receive 60.15 % of 10- year LIBOR	\$ 1,390	Aa3/A+/AA-
	80,000					1,390	Aa1/AA-/AA
	<u>\$ 160,000</u>					<u>\$ 2,780</u>	
(D)	\$ 150,000	17.3	6/1/2010	6/1/2039	Pay SIFMA Receive 99.80% of 3-month LIBOR	\$ 11,669	Aa3/A+/AA-
(E)	\$ 150,000	17.3	6/1/2010	6/1/2039	Pay SIFMA Receive 99.68% of 3-month LIBOR	\$ 11,573	Aa1/AAA/NR
(F)	\$ 107,784	3.5	1/1/2011	1/1/2015	Pay 60.08% of 10-year LIBOR Receive 67% of 1-month LIBOR	\$ (6,768)	Aa3/A+/AA-
(G)	\$ 134,733	3.5	1/1/2011	1/1/2015	Pay 60.08% of 10-year LIBOR Receive 67% of 1-month LIBOR	\$ (8,470)	Aa3/A+/AA-
						<u>\$ 20,142</u>	

1-month LIBOR was .19043% at May 31, 2011.
3-month LIBOR was .25288% at May 31, 2011.
10-year LIBOR was 3.16% at May 31, 2011.
SIFMA was .18 % at May 31, 2011.

See Note 8 for additional disclosures regarding derivative instruments.

Pennsylvania Turnpike Commission
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Notes to Financial Statements (continued)

5. Capital Assets

Summaries of changes to capital assets for the years ended May 31, 2011 and 2010 are as follows:

	Balance May 31, 2010	Additions	Transfers	Retirements	Balance May 31, 2011
	<i>(In Thousands)</i>				
Capital assets not being depreciated (cost)					
Land and intangibles	\$ 234,543	\$ 13,788	\$ -	\$ 320	\$ 248,011
Assets under construction	1,200,456	415,961	(464,897)	-	1,151,520
Total capital assets not being depreciated	1,434,999	429,749	(464,897)	320	1,399,531
Capital assets being depreciated (cost)					
Buildings	765,723	-	61,954	13,741	813,936
Improvements other than buildings	87,312	398	5,058	43	92,725
Equipment	472,246	10,229	26,362	10,582	498,255
Infrastructure	5,653,976	16,569	371,523	319	6,041,749
Total capital assets being depreciated	6,979,257	27,196	464,897	24,685	7,446,665
Less accumulated depreciation for:					
Buildings	267,950	22,999	-	13,427	277,522
Improvements other than buildings	53,955	3,950	-	42	57,863
Equipment	333,595	25,573	-	10,086	349,082
Infrastructure	3,368,081	229,065	-	275	3,596,871
Total accumulated depreciation	4,023,581	281,587	-	23,830	4,281,338
Total capital assets being depreciated, net	2,955,676	(254,391)	464,897	855	3,165,327
Total capital assets	\$ 4,390,675	\$ 175,358	\$ -	\$ 1,175	\$ 4,564,858

Pennsylvania Turnpike Commission
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Notes to Financial Statements (continued)

5. Capital Assets (continued)

	Balance May 31, 2009	Additions	Transfers	Retirements	Balance May 31, 2010
<i>Thousands)</i>					
Capital assets not being depreciated (cost)					
Land	\$ 204,665	\$ 30,224	\$ -	\$ 346	\$ 234,543
Assets under construction	1,120,359	558,748	(478,651)	-	1,200,456
Total capital assets not being depreciated	1,325,024	588,972	(478,651)	346	1,434,999
Capital assets being depreciated (cost)					
Buildings	742,815	27,498	354	4,944	765,723
Improvements other than buildings	70,886	5,434	10,992	-	87,312
Equipment	454,609	11,185	10,303	3,851	472,246
Infrastructure	5,245,845	18,526	457,002	67,397	5,653,976
Total capital assets being depreciated	6,514,155	62,643	478,651	76,192	6,979,257
Less accumulated depreciation for:					
Buildings	250,243	20,509	-	2,802	267,950
Improvements other than buildings	50,404	3,551	-	-	53,955
Equipment	313,800	23,359	-	3,564	333,595
Infrastructure	3,158,523	212,897	-	3,339	3,368,081
Total accumulated depreciation	3,772,970	260,316	-	9,705	4,023,581
Total capital assets being depreciated, net	2,741,185	(197,673)	478,651	66,487	2,955,676
Total capital assets	\$ 4,066,209	\$ 391,299	\$ -	\$ 66,833	\$ 4,390,675

The Commission incurred interest costs of \$16.9 million for each of the fiscal years ended May 31, 2011 and 2010, which qualified for capitalization. For both fiscal years 2011 and 2010, the interest expense was offset by \$0.3 million of interest income resulting in a net capitalization of \$16.6 million.

Pennsylvania Turnpike Commission
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Notes to Financial Statements (continued)

6. Debt

Following is a summary of debt outstanding:

	May 31	
	2011	2010
	<i>(In Thousands)</i>	
Mainline Debt		
2001 Series R: Issued \$186,025 in March 2001 at 5.00% to 5.125%, due in varying installments through December 1, 2030. Interest paid each June 1 and December 1. \$72,961 deposited in escrow to partially refund Series R in December 2011.	\$ 186,025	\$ 186,025
2001 Series S: Issued \$244,925 in May 2001 at 3.40% to 5.60%, due in varying installments through June 1, 2015. Interest paid each June 1 and December 1. Refunded June 2011.	107,650	126,015
2001 Series T: Issued \$86,660 in September 2001 at 4.13% to 5.50%, due in varying installments through December 1, 2013. Interest paid each June 1 and December 1.	52,770	64,415
2004 Series A: Issued \$269,245 in June 2004 at 5.00% to 5.50%, due in varying installments through December 1, 2034. Interest paid each June 1 and December 1.	269,245	269,245
2006 Series A: Issued \$118,015 in June 2006 at 5.00%, due in varying installments through December 1, 2026. Interest paid each June 1 and December 1.	118,015	118,015
2008 Sub-Series A-1 Subordinate: Issued \$176,565 in April 2008 at 4.125% to 5.00%, due in varying installments through June 1, 2038. Interest paid each June 1 and December 1.	176,565	176,565
2008 Sub-Series A-2 Subordinate (Federally Taxable): Issued \$68,290 in April 2008 at 3.74% to 6.41%, due in varying installments through June 1, 2022. Interest paid each June 1 and December 1.	61,975	65,735
2008 Series B Multi-Modal: Issued \$402,000 in May 2008 at a variable rate (based on SIFMA, reset weekly, paid the 1 st of each month) due in varying installments through December 1, 2038. Series B-2 through B-6 refunded May 2011.	100,000	400,200
2008 Series A Multi-Modal Refunding: Issued \$233,455 in May 2008 at a variable rate (based on SIFMA, reset weekly, paid the 1 st of each month) due in varying installments through December 1, 2022. Refunded July 2010.	-	208,615
2008 Series B Subordinate; B-1, B-2 (Sub-Series B-2 Federally Taxable): Issued \$233,905 in July 2008 at 5.00% to 7.47% due in varying installments through June 1, 2036. Interest paid each June 1 and December 1.	233,905	233,905
2008 Series C Multi-Modal Revenue: Issued \$50,000 in August 2008 at a variable rate (based on SIFMA, reset weekly, paid the 1 st of each month) due in varying installments through June 1, 2038.	50,000	50,000
2008 Series C Subordinate; C-1, C-3, C-4 (Sub-Series C-4 Federally Taxable): Issued \$411,110 in October 2008 at 4.00% to 6.25% due in varying installments through June 1, 2038. Interest paid each June 1 and December 1. Sub-Series C-3 refunded July 2009 and Sub-Series C-4 refunded June 2010.	228,230	309,050

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Notes to Financial Statements (continued)

6. Debt (continued)

	May 31	
	2011	2010
	<i>(In Thousands)</i>	
Mainline Debt (continued)		
2009 Series A Subordinate: Issued \$308,035 in January 2009 at 3.00% to 5.00% due in varying installments through June 1, 2039. Interest paid each June 1 and December 1.	\$ 303,085	\$ 308,035
2009 Series A Build America Bonds: Issued \$275,000 in July 2009 at 6.105% due in varying installments through December 1, 2039. Interest paid each June 1 and December 1.	275,000	275,000
2009 Series B Subordinate: Issued \$856,735 in July 2009 at 3.00% to 5.75% due in varying installments through June 1, 2039. Interest paid each June 1 and December 1.	856,735	856,735
2009 Series C Subordinate Capital Appreciation: Issued \$99,998 in July 2009 at 6.25% due in varying installments through June 1, 2033. Interest to be compounded semi-annually from July 2009 until June 1, 2016, thereafter paid each June and December 1. Series C issued as Capital Appreciation Bonds (CABs). Compounded interest to be paid at maturity or earlier redemption.	111,999	105,314
2009 Series D Subordinate: Issued \$324,745 in October 2009 at 4% to 5.5% due in varying installments through December 1, 2041. Interest paid each June 1 and December 1.	324,745	324,745
2009 Series E Subordinate: Issued \$200,005 in October 2009 at 6% to 6.375% due in varying installments through December 1, 2038. Interest to be compounded semi-annually from October 2009 to December 1, 2017, thereafter paid each June and December 1. Series E issued as Capital Appreciation Bonds (CABs). The compounded interest to be paid at maturity or earlier redemption.	220,734	207,494
2009 Series B Senior: Issued \$375,010 in December 2009 at 3% to 5% due in varying installments through December 1, 2025. Interest paid each June 1 and December 1.	375,010	375,010
2009 Series C Senior: Issued \$208,280 in December 2009 at variable rate (based on SIFMA + .52% to 1.05%, paid the 1 st of each month) due in varying installments through December 1, 2014.	208,280	208,280
2010 Series A-1 Subordinate Bond Anticipation Note: Issued \$225,095 in April 2010 at a variable rate (based on SIFMA + .75% to 9.5%) due July 15, 2011. Refunded July 2010.	-	225,095
2010 Series A-2 Subordinate Bond Anticipation Note: Issued \$79,900 in May 2010 at a variable rate (based on LIBOR + 125 basis points to 9.5%) due July 15, 2011. Refunded July 2010.	-	79,900
2010 Series A Motor License Fund-Enhanced Subordinate Special Revenue; A-1, A-2, A-3: Issued \$187,816 in July 2010 at 4.5% to 5.50%. Sub-Series A-1 due in varying installments through December 1, 2038. Interest paid each June 1 and December 1. Sub-Series A-2 issued as convertible Capital Appreciation bonds. Interest will compound on a semi-annual basis until December 1, 2015, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption. Sub-Series A-3 issued as Capital Appreciation Bonds. Compounded interest to be paid at maturity or earlier redemption.	192,210	-

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Notes to Financial Statements (continued)

6. Debt (continued)

	May 31	
	2011	2010
	(In Thousands)	
Mainline Debt (continued)		
2010 Series B Subordinate; B-1, B-2: Issued \$273,526 in July 2010 at 5%. Sub-Series B-1 due in varying installments through December 1, 2037. Sub-Series B-2 issued as convertible Capital Appreciation bonds. Interest compounded on a semi-annual basis until December 1, 2015 thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption.	\$ 281,885	\$ -
2010 Series A Senior: Issued \$209,230 in July 2010 at a variable rate (based on SIFMA, reset weekly) paid the first of each month. Due in varying installments through December 1, 2036.	202,840	-
2010 Series B Senior Build America Bonds: Issued \$600,000 in September 2010 at 5.5% due in varying installments through December 1, 2049. Interest paid each June 1 and December 1.	600,000	-
2010 Series B Motor License Fund-Enhanced Subordinate Special Revenue; B-1, B-2, B-3: Issued \$105,299 in October 2010 at 3.95% to 5.125% due in varying installments through December 1, 2040. Sub-Series B-1 interest paid each June 1 and December 1. Sub-Series B-2 issued as convertible Capital Appreciation bonds. Interest compounded semi-annually until December 1, 2015, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption. Sub-Series B-3 issued as Capital Appreciation bonds with interest paid at maturity or earlier redemption.	106,852	-
2010 Series C Subordinate; C-1, C-2, C-3: Issued \$138,916 in October 2010 at 4.25% to 5.45%. Sub-Series C-1 due in varying installments through December 1, 2040. Sub-Series C-2 issued as convertible Capital Appreciation bonds. Interest compounded semi-annually until December 1, 2015, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption. Series C-3 issued as Capital Appreciation bonds with interest paid at maturity or earlier redemption.	141,592	-
2011 Series A Subordinate: Issued \$135,655 in April 2011 at 5% to 6.5% due in varying installments through December 1, 2041. Interest paid each June 1 and December 1.	135,655	-
2011 Series A Motor License Fund-Enhanced Subordinate Special Revenue: issued \$102,620 in April 2011 at 5% to 6% due in varying installments through December 1, 2041. Interest paid each June 1 and December 1.	102,620	-
2011 Series A Senior: Issued \$68,660 in April 2011 at 4% to 5% due in varying installments through December 1, 2023. Interest paid each June 1 and December 1.	68,660	-
2011 Series B Senior: Issued \$92,035 in April 2011 at a variable rate (based on SIFMA, reset weekly) in April 2011. Due in varying installments through June 1, 2015. Interest paid the first of each month.	92,035	-
2011 Series C Senior: Issued \$298,330 in May 2011 at a variable rate (based on SIFMA, reset weekly) in May 2011. Due in varying installments through December 1, 2038. Interest paid the first of each month.	298,330	-
Total Mainline debt payable	\$ 6,482,647	\$ 5,173,393

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Notes to Financial Statements (continued)

6. Debt (continued)

	May 31	
	2011	2010
	<i>(In Thousands)</i>	
Oil Company Franchise Tax Debt		
2003 Series A Oil Company Franchise Tax Revenue: Issued \$124,730 in August 2003 at 2.50% to 5.25%, partially defeased in November 2006, due in varying installments through December 1, 2024. Interest paid each June 1 and December 1.	\$ 45,015	\$ 49,300
2003 Series B Oil Company Franchise Tax Revenue: Issued \$197,955 in August 2003 at 2.38% to 5.50%, partially defeased in November 2006, due in varying installments through December 1, 2032. Interest paid each June 1 and December 1.	62,815	66,420
2003 Series C Oil Company Franchise Tax Multi-Modal Revenue: Issued \$160,000 in August 2003 at a variable rate, were converted to a fixed rate of 5.00% in May 2008, due in varying installments through December 1, 2032. Interest paid each June 1 and December 1.	160,000	160,000
2006 Series A Oil Company Franchise Tax Revenue Refunding: Issued \$98,705 in November 2006 at 5.00%, due in varying installments through December 1, 2023. Interest paid each June 1 and December 1.	96,360	98,705
2006 Series B Oil Company Franchise Tax Revenue Refunding: Issued \$141,970 in November 2006 at 3.75% to 5.00%, due in varying installments through December 1, 2031. Interest paid each June 1 and December 1.	140,620	141,370
2009 Series A, B, C Senior Oil Company Franchise Tax Revenue Bonds: Issued \$164,181 in October 2009. Series A issued at 2.00% to 5.85% due in varying installments through December 1, 2023. Series B (Build America Bonds, Issuer Subsidy) issued at 5.85% due in varying installments through December 1, 2037. Interest paid each June 1 and December 1. Series C issued as Capital Appreciation Bonds (CABs) at 5.30%. Interest on the CABs is deferred until maturity on December 1, 2039.	163,991	164,698
2009 Series D and E Subordinate Oil Company Franchise Tax Revenue Bonds: Issued \$134,065 in October 2009. Series D issued at 2.00% to 5.00% due in varying installments through December 1, 2027. Series E (Issuer Subsidy, Build America Bonds) issued at 6.378% due in varying installments through December 1, 2037.	132,010	134,065
Total Oil Company Franchise Tax debt payable	\$ 800,811	\$ 814,558

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Notes to Financial Statements (continued)

6. Debt (continued)

	May 31 2011	2010
	<i>(In Thousands)</i>	
	<i>Restated</i>	
Motor License Registration Fee Debt		
2005 Series A: Issued \$234,135 in August 2005 at 3.25% to 5.25%, due in varying installments through July 15, 2030. Interest paid each January 15 and July 15.	\$ 204,715	\$ 210,595
2005 Series B, C, and D: Issued \$231,425 in August 2005 at a variable rate (based on SIFMA, reset weekly, paid the 15th of each month) due in varying installments through July 15, 2041.	<u>231,425</u>	<u>231,425</u>
Total Motor License Registration Fee debt payable	<u>436,140</u>	<u>442,020</u>
Total debt payable	7,719,598	6,429,971
Unamortized premium	92,167	85,206
Unamortized deferred loss on refundings	<u>(176,560)</u>	<u>(145,940)</u>
Total debt, net of unamortized premium and deferred loss on refundings	7,635,205	6,369,237
Less current portion	<u>304,540</u>	<u>155,555</u>
Debt, noncurrent portion	<u>\$ 7,330,665</u>	<u>\$ 6,213,682</u>

SIFMA was .18% on May 31, 2011.

As disclosed in Note 3, the Commission's Trust Indentures impose certain restrictions and requirements. The Commission's Trust Indenture for the Series 2008 A Turnpike Subordinate Revenue Bonds imposes that the Commission establish and maintain schedules of tolls for traffic over the System as required by the Senior Indenture, and in addition, the amount paid into the General Reserve Fund of the Senior Indenture in each fiscal year and for each Commission Payment, will be at least sufficient to provide funds in an amount not less than: (1) 115% of the Annual Debt Service for each fiscal year on account of all outstanding Revenue Bonds and Revenue Bonds Parity Obligations; (2) 100% of the Annual Debt Service for such fiscal year on account of all Outstanding Guaranteed Bonds, Guaranteed Bonds Parity Obligations and Subordinated Indebtedness; and (3) any payment by the Commission required by the Subordinate Indenture for restoring a deficiency in the Debt Service Fund within an eighteen (18) month period.

The Amended and Restated Trust Indenture of 2001 requires that tolls be adequate to provide funds to cover current expenses and (1) provide funds in an amount not less than the greater of 130% of the maximum principal and interest requirements for the succeeding year, or (2) 100% of the maximum principal and interest payments for the next fiscal year plus the amount required for maintenance of the Turnpike System as determined by the Commission's Consulting Engineer. If any deficiencies occur, the Commission is authorized to raise tolls accordingly.

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Notes to Financial Statements (continued)

6. Debt (continued)

The Oil Company Franchise Tax Revenue Bonds are secured by a pledge and assignment by the Commission to the Trustee of: (1) all proceeds from the Commission's allocation of the Commonwealth of Pennsylvania's Oil Company Franchise Tax; (2) the Commission's right to receive its allocation of the Oil Company Franchise Tax and any portion of the allocation actually received by the Commission; (3) all monies deposited into accounts or funds created by the 1998 Indenture, as supplemented; and, (4) all investment earnings on all monies held in accounts and funds established by the 1998 Indenture.

The 1998 Indenture requires the Commission to petition the General Assembly of the Commonwealth of Pennsylvania for additional funds in the event that the Commission's allocation of the Oil Company Franchise Tax is inadequate to pay maximum principal and interest payments for the succeeding year.

Pursuant to Section 20 of Act 3, the Commonwealth appropriates \$28,000,000 of Act 3 revenues to the Commission annually. The \$28,000,000 is payable to the Commission in the amount of \$2,333,333 per month. The Registration Fee Revenue Bonds are secured by a pledge and assignment by the Commission to the Trustee of any receipts, revenues and other moneys received by the Trustee on or after the date of the Indenture from the Commission's allocation of Act 3 revenues and any income earned on any fund or account established pursuant to the Indenture.

Changes in debt are as follows:

	Balance at			Balance at	Due Within
	June 1 2010			May 31, 2011	One Year
	(Restated)	Additions	Reductions		
<i>(In Thousands)</i>					
Mainline debt	\$ 5,173,393	\$ 2,248,994	\$ 939,740	\$ 6,482,647	\$ 283,250
Oil Company Franchise Tax debt	814,558	858	14,605	800,811	15,195
Motor License Registration Fee debt	442,020	-	5,880	436,140	6,095
	6,429,971	2,249,852	960,225	7,719,598	304,540
Premium (discount), net	85,206	12,792	5,831	92,167	-
Unamortized deferred loss on refundings	(145,940)	(47,859)	(17,239)	(176,560)	-
	<u>\$ 6,369,237</u>	<u>\$ 2,214,785</u>	<u>\$ 948,817</u>	<u>\$ 7,635,205</u>	<u>\$ 304,540</u>

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Notes to Financial Statements (continued)

6. Debt (continued)

	Balance at June 1, 2009	Additions	Reductions	Balance at May 31, 2010	Due Within One Year
	<i>(Restated)</i>				
	<i>(In Thousands)</i>				
Mainline debt	\$ 3,753,590	\$ 2,657,573	\$ 1,237,770	\$ 5,173,393	\$ 135,070
Oil Company Franchise Tax debt	571,040	298,763	55,245	814,558	14,605
Motor License Registration Fee debt	447,705	-	5,685	442,020	5,880
	4,772,335	2,956,336	1,298,700	6,429,971	155,555
Premium (discount), net	50,337	38,732	3,863	85,206	-
Unamortized deferred loss on refundings	(65,855)	(104,429)	(24,344)	(145,940)	-
	\$ 4,756,817	\$ 2,890,639	\$ 1,278,219	\$ 6,369,237	\$ 155,555

The issuance of new debt is conducted in accordance with the terms of the applicable Trust Indenture and approval of the Commissioners.

In July 2009, the Commission issued \$275,000,000 2009 Series A Turnpike Revenue Bonds, Federally Taxable, Issue Subsidy, Build America Bonds. The Commission has designated the Series A Bonds as “Build America Bonds” for purposes of the American Recovery and Reinvestment Act of 2009 and has elected to receive a cash subsidy from the United States Treasury equal to 35% of the interest payable on the Series A Bonds. The Series A Bonds were issued at a fixed rate and were issued primarily to finance the cost of the capital projects set forth in the Commission’s Ten Year Capital Plan.

In July 2009, the Commission issued \$856,735,000 2009 Series B Subordinate Revenue Bonds and \$99,998,204 2009 Series C Capital Appreciation Bonds. The Series B and C Bonds were issued at a fixed rate. The Series B and C Bonds were issued to make payments to PennDOT in accordance with Act 44 and to provide funds to redeem the 2007 Series A and B Bond Anticipation Notes and the 2008 Sub-Series C-3 Bond Anticipation Notes.

In October 2009, the Commission issued \$21,550,000 2009 Series A Oil Franchise Tax Senior Revenue Bonds; \$127,170,000 2009 Series B Pennsylvania Turnpike Commission Oil Franchise Tax Senior Revenue Bonds (Federally Taxable—Issuer Subsidy—Build America Bonds); \$15,461,246 2009 Series C Pennsylvania Turnpike Commission Oil Franchise Tax Senior Revenue Capital Appreciation Bonds; \$31,560,000 2009 Series D Pennsylvania Turnpike Commission Oil Franchise Tax Subordinate Revenue Bonds; and \$102,505,000 2009 Series E

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Notes to Financial Statements (continued)

6. Debt (continued)

Pennsylvania Turnpike Commission Oil Franchise Tax Subordinate Revenue Bonds (Federally Taxable—Issuer Subsidy—Build America Bonds). The Commission has designated the Series B and E Bonds as “Build America Bonds” for purposes of the American Recovery and Reinvestment Act of 2009 and has elected to receive a cash subsidy from the United States Treasury equal to 35% of the interest payable on the Series B and E Bonds.

The 2009 Series A Bonds were issued primarily to refund the Oil Franchise Tax Series 1998 Series A Bonds and to provide funds to finance a portion of the costs of constructing the Mon/Fayette Expressway and Southern Beltway. The 2009 Series B and C Bonds were issued to finance a portion of the costs of constructing the Mon/Fayette Expressway and Southern Beltway. The 2009 Series D and E Bonds were issued primarily to refund the 1998 Series B and to provide funds to finance a portion of the cost of constructing the Mon/Fayette Expressway and Southern Beltway. The reacquisition price exceeded the net carrying amount of the 1998 Series A and B Bonds by \$1,268,140 and will be amortized over the life of the old bonds. These advance refundings resulted in a net present value savings of \$1,700,000 for the 1998 Series A Bonds and \$1,100,000 for the 1998 Series B Bonds.

In October 2009, the Commission issued \$324,745,000 2009 Series D Turnpike Subordinate Revenue Bonds and \$200,004,558 2009 Series E Turnpike Subordinate Revenue, Capital Appreciation Bonds (CABs). The Series D and E Bonds were issued primarily to make payments to PennDOT in accordance with Act 44.

In December 2009, the Commission issued \$375,010,000 2009 Series B Turnpike Senior Revenue Refunding Bonds Series. The bonds were issued to refund 2001 Series U Bonds, 2002 Series B Bonds and partially refund 2002 Series A Bonds. In addition, the 2009 Series B Bonds were issued to fund the termination fees of certain swaps related to the 2001 Series U, 2002 Series A and 2002 Series B Bonds. The termination fees amounted to \$25,250,000 for the 2001 Series U Bonds, \$24,887,900 for the 2002 Series A Bonds and \$2,528,000 for the 2002 Series B Bonds. The reacquisition price exceeded the net carrying amount of the 2001 Series U Bonds by \$7,023,455; the 2002 Series A Bonds by \$2,979,426 and the 2002 Series B Bonds by \$1,866,873. The net carrying amount along with the swap termination fees will be amortized over the life of the old bonds for the 2001 Series U and 2002 Series B Bonds and over the life of the new bonds for the 2002 Series A Bonds. This refunding was undertaken to limit the Commission’s exposure to credit facility providers and to reduce its interest rate derivative portfolio. The 2009 Series B Bonds refunding produced an excess of \$10.8 million in net present value savings, assuming bond support costs for the refunded bonds at market levels at the time of the refunding.

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Notes to Financial Statements (continued)

6. Debt (continued)

In December 2009, the Commission also issued \$208,280,000 2009 Series C Turnpike Senior Revenue Refunding Bonds. The 2009 Series C Bonds were issued to refund the 1998 Series Q Bonds and to partially refund the 2002 Series A Bonds. The reacquisition price exceeded the net carrying amount of the 1998 Series Q Bonds by \$447,956 and the 2002 Series A Bonds by \$3,359,779 and will be amortized over the life of the new bonds. This refunding was undertaken to limit the Commission's exposure to credit facility providers and to reduce its interest rate derivative portfolio. The 2009 Series C Bonds are anticipated to be refinanced as they come due at then prevailing market levels.

In April 2010, the Commission issued \$225,095,000 2010 Sub-Series A-1 Subordinate Bond Anticipation Notes. The Sub-Series A-1 Bond Anticipation Notes were issued primarily to make payments to PennDOT in accordance with Act 44 to fund certain grants to mass transit agencies and various road, highway, bridge and capital projects of PennDOT.

In May 2010, the Commission issued \$79,900,000 2010 Sub-Series A-2 Subordinate Bond Anticipation Notes. The 2010 Sub-Series A-2 Bond Anticipation Notes were issued primarily to provide funds to redeem the 2008 Sub-Series C-4 Bond Anticipation Notes by their maturity date.

In July 2010, the Commission issued \$187,816,151 2010 Series A Motor License Fund-Enhanced Subordinate Special Revenue Bonds consisting of Sub-Series A-1, A-2 and A-3. Sub-Series A-1 Bonds were issued as current interest fixed rate bonds with a maturity date of December 1, 2038. Sub-Series A-2 Bonds were issued as convertible capital appreciation bonds with a maturity date of December 1, 2034. Sub-Series A-3 Bonds were issued as capital appreciation bonds with a maturity date of December 1, 2029. The proceeds of the 2010 A Motor License Fund-Enhanced Subordinate Special Revenue Bonds were used primarily to finance the costs of currently redeeming a portion of the 2010 Series A-1 Subordinate Revenue Bond Anticipation Note and to make payments to PennDOT in accordance with Act 44.

In July 2010, the Commission issued \$273,526,108 2010 Series B Subordinate Revenue Bonds consisting of Sub-Series B-1 and B-2. The Sub-Series B-1 Bonds were issued as current interest fixed rate bonds with a maturity date of December 1, 2037. The Sub-Series B-2 Bonds were issued as convertible capital appreciation bonds with a maturity date of December 1, 2034. The proceeds of the Series B Revenue Bonds were used primarily to finance the costs of redeeming a portion of the 2010 Series A-1 Subordinate Revenue Bond Anticipation Notes and to redeem all of the 2010 Series A-2 Subordinate Revenue Bond Anticipation Notes and to make payments to PennDOT in accordance with Act 44.

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Notes to Financial Statements (continued)

6. Debt (continued)

In July 2010, the Commission issued \$209,230,000 2010 Series A Multi-Modal Revenue Refunding Bonds at a variable rate with a maturity date of December 1, 2035. The Series A Bonds were issued primarily to refund the 2008 Series A Multi-Modal Refunding Bonds to better match the life of the financing to the average life of the capital projects being financed. The refunding increased the Commission's total debt service payments by approximately \$5.61 million. The transaction resulted in an economic loss of approximately \$2.00 million.

In September 2010, the Commission issued \$600,000,000 2010 Series B Senior Build America Bonds Federally taxable at a fixed rate with a maturity date of December 1, 2049. The 2010 Series B Senior Bonds were issued primarily to finance the cost of various capital expenditures set forth in the Commission's current Ten Year Capital Plan. The Commission has designated the 2010 Series B Senior Bonds as "Build America Bonds" for purposes of the American Recovery Reinvestment Act of 2009 and has elected to receive a cash subsidy from the United States Treasury equal to 35% of the interest payable on the 2010 Series B and E Bonds.

In October 2010, the Commission issued \$105,299,433 2010 Series B consisting of Sub-Series B-1, B-2, and B-3 Motor License Fund-Enhanced Subordinate Special Revenue Bonds. The Sub-Series B-1 Bonds were issued at a fixed rate with a maturity date of December 1, 2040. The Sub-Series B-2 Bonds were issued as convertible capital appreciation bonds with a maturity date of December 1, 2035. The Sub-Series B-3 Bonds were issued as capital appreciation bonds with a maturity date of December 1, 2025. The Sub-Series B Bonds were issued to provide funds to finance the cost of making payments to PennDOT in accordance with Act 44.

In October 2010, the Commission issued \$138,915,497 2010 Series C consisting of Sub-Series C-1, C-2, and C-3 Motor License Fund-Enhanced Subordinate Revenue Bonds. The Sub-Series C-1 Bonds were issued at a fixed rate with a maturity date of December 1, 2040. The Sub-Series C-2 Bonds were issued as convertible capital appreciation bonds with a maturity date of December 1, 2035. The Sub-Series C-3 Bonds were issued as capital appreciation bonds with a maturity date of December 1, 2025. The 2010 Sub-Series C Bonds were issued primarily to provide funds to finance the cost of making payments to PennDOT in accordance with Act 44.

In April 2011, the Commission issued \$135,655,000 2011 Series A Subordinate Revenue Bonds at a fixed rate with a maturity of December 1, 2041. The Series A Bonds were issued primarily to provide funds to finance the costs of making payments to PennDOT in accordance with Act 44.

In April 2011, the Commission issued \$102,620,000 2011 Series A Motor License Fund-Enhanced Subordinate Special Revenue Bonds at fixed rate with a maturity of December 1, 2041. The Series A Bonds were issued primarily to provide funds to finance the costs of making payment to PennDOT in accordance with Act 44.

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Notes to Financial Statements (continued)

6. Debt (continued)

In April 2011, the Commission issued \$68,660,000 2011 Series A Senior Revenue Bonds at a fixed rate with a maturity date of December 1, 2023. The Series A Bonds were issued primarily to partially advance refund the 2001 Series R Bonds. The refunding of the 2001 Series R Bonds allowed the Commission to reduce its debt service by approximately \$4.33 million. The transaction resulted in an economic gain of approximately \$3.13 million.

In April 2011, the Commission issued \$92,035,000 2011 Series B Senior Turnpike Revenue Bonds at a variable rate with a maturity date of June 1, 2015. The Series B Bonds were issued primarily to refund the 2001 Series S Bonds. The refunding of the 2001 Series S Bonds allowed the Commission to reduce its debt service by approximately \$6.45 million, but actual savings will vary based on the SIFMA rate resets during the term of the 2011 Series B Bonds. The transaction resulted in an economic of approximately \$6.16 million.

In May 2011, the Commission issued \$298,330,000 2011 Series C consisting of Sub-Series C-1 and C-2 Multi-Modal Revenue Bonds at variable rates with a maturity date of December 1, 2038 for both bond series. The Sub-Series C Bonds currently refunded the 2008 Sub-Series B-2, B-3, B-4, B-5 and B-6 Bonds because the related credit facility expired in May 2011. The refunding did not change the Commission's debt service. The transaction resulted in an economic loss of \$0.27 million.

In prior years, the Commission defeased certain revenue bonds by placing funds in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds were not included in the Commission's financial statements. At May 31, 2011 and 2010, the Commission had \$866.9 million and \$881.6 million, respectively, of defeased bonds outstanding.

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Notes to Financial Statements (continued)

6. Debt (continued)

Debt service requirements subsequent to May 31, 2011 related to all section debt are as follows:

Year Ending May 31	Principal Maturities	Interest	Total
<i>(In Thousands)</i>			
2012	\$ 304,540	\$ 300,600	\$ 605,140
2013	106,715	297,252	403,967
2014	170,800	293,876	464,676
2015	159,705	288,802	448,507
2016	113,850	284,472	398,322
2017-2021	652,662	1,586,060	2,238,722
2022-2026	1,013,039	1,463,340	2,476,379
2027-2031	1,179,675	1,258,459	2,438,134
2032-2036	1,695,027	968,694	2,663,721
2037-2041	1,586,655	493,240	2,079,895
2042-2046	470,795	130,682	601,477
2047 and thereafter	266,135	37,668	303,803
	<u>\$ 7,719,598</u>	<u>\$ 7,403,145</u>	<u>\$ 15,122,743</u>

Debt service requirements subsequent to May 31, 2011 related to the Mainline debt are as follows:

Year Ending May 31	Principal Maturities	Interest	Total
<i>(In Thousands)</i>			
2012	\$ 283,250	\$ 249,143	\$ 532,393
2013	84,470	246,742	331,212
2014	147,530	244,374	391,904
2015	135,365	240,365	375,730
2016	88,370	237,160	325,530
2017-2021	506,882	1,369,270	1,876,152
2022-2026	822,999	1,287,481	2,110,480
2027-2031	938,340	1,135,560	2,073,900
2032-2036	1,389,832	907,393	2,297,225
2037-2041	1,374,594	432,951	1,807,545
2042-2046	444,880	130,672	575,552
2047 and thereafter	266,135	37,668	303,803
	<u>\$ 6,482,647</u>	<u>\$ 6,518,779</u>	<u>\$ 13,001,426</u>

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Notes to Financial Statements (continued)

6. Debt (continued)

Debt service requirements subsequent to May 31, 2011 related to Oil Company Franchise Tax are as follows:

Year Ending May 31	Principal Maturities	Interest	Total
<i>(In Thousands)</i>			
2012	\$ 15,195	\$ 40,420	\$ 55,615
2013	15,850	39,788	55,638
2014	16,550	39,107	55,657
2015	17,290	38,386	55,676
2016	18,070	37,621	55,691
2017-2021	102,590	174,705	277,295
2022-2026	134,250	146,697	280,947
2027-2031	169,270	110,431	279,701
2032-2036	213,595	59,248	272,843
2037-2041	98,151	59,414	157,565
	<u>\$ 800,811</u>	<u>\$ 745,817</u>	<u>\$ 1,546,628</u>

Debt service requirements subsequent to May 31, 2011 related to Motor License Registration Fee debt are as follows:

Year Ending May 31	Principal Maturities	Interest	Total
<i>(In Thousands)</i>			
2012	\$ 6,095	\$ 11,037	\$ 17,132
2013	6,395	10,722	17,117
2014	6,720	10,395	17,115
2015	7,050	10,051	17,101
2016	7,410	9,691	17,101
2017-2021	43,190	42,085	85,275
2022-2026	55,790	29,162	84,952
2027-2031	72,065	12,468	84,533
2032-2036	91,600	2,053	93,653
2037-2041	113,910	875	114,785
2042-2046	25,915	10	25,925
	<u>\$ 436,140</u>	<u>\$ 138,549</u>	<u>\$ 574,689</u>

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Notes to Financial Statements (continued)

6. Debt (continued)

Swap Payments and Associated Debt

Net swap payments and related debt service requirements related to all segments subsequent to May 31, 2011, assuming current interest rates remain the same for the term of the agreements, are as follows:

Year Ending May 31	Principal Maturities	Interest	Hedging Derivative	Total
<i>(In Thousands)</i>				
2012	\$ 54,010	\$ 10,588	\$ 25,284	\$ 89,882
2013	54,105	10,167	25,287	89,559
2014	54,180	9,685	25,286	89,151
2015	54,265	9,074	25,286	88,625
2016	2,275	8,687	25,284	36,246
2017 – 2021	12,905	43,121	126,430	182,456
2022 – 2026	107,515	36,104	131,577	275,196
2027 – 2031	125,875	12,954	122,516	261,345
2032 – 2036	241,635	7,394	74,297	323,326
2037 – 2041	223,370	1,869	22,614	247,853
2042 – 2046	25,915	10	174	26,099
	<u>\$ 956,050</u>	<u>\$ 149,653</u>	<u>\$ 604,035</u>	<u>\$ 1,709,738</u>

Mainline net swap payments and related debt service requirements for the 2006 Series A, 2008 Series B Multi-Modal, 2009 Series C Senior, and 2011 Series C Senior bond issues are as follows:

Year Ending May 31	Principal Maturities	Interest	Hedging Derivative	Total
<i>(In Thousands)</i>				
2012	\$ 54,010	\$ 10,062	\$ 15,978	\$ 80,050
2013	54,105	9,644	15,980	79,729
2014	54,180	9,160	15,979	79,319
2015	54,265	8,549	15,979	78,793
2016	2,275	8,161	15,978	26,414
2017 – 2021	12,905	40,499	79,895	133,299
2022 – 2026	107,515	33,481	85,043	226,039
2027 – 2031	125,875	10,331	75,982	212,188
2032 – 2036	150,035	5,341	37,881	193,257
2037 – 2041	109,460	994	7,078	117,532
	<u>\$ 724,625</u>	<u>\$ 136,222</u>	<u>\$ 365,773</u>	<u>\$ 1,226,620</u>

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Notes to Financial Statements (continued)

6. Debt (continued)

Swap Payments and Associated Debt (continued)

Motor License net swap payments and related debt service requirements for the 2005 Series B, C, and D bond issues are as follows:

Year Ending May 31	Principal Maturities	Interest	Hedging Derivative	Total
<i>(In Thousands)</i>				
2012	\$ -	\$ 526	\$ 9,306	\$ 9,832
2013	-	523	9,307	9,830
2014	-	525	9,307	9,832
2015	-	525	9,307	9,832
2016	-	526	9,306	9,832
2017 – 2021	-	2,622	46,535	49,157
2022 – 2026	-	2,623	46,534	49,157
2027 – 2031	-	2,623	46,534	49,157
2032 – 2036	91,600	2,053	36,416	130,069
2037 – 2041	113,910	875	15,536	130,321
2042 – 2046	25,915	10	174	26,099
	<u>\$ 231,425</u>	<u>\$ 13,431</u>	<u>\$ 238,262</u>	<u>\$ 483,118</u>

As rates vary, variable rate bond interest payments and net swap payments will vary.

7. Retirement Benefits

Substantially all employees of the Commission participate in the Commonwealth of Pennsylvania State Employees' Retirement System (System), a cost-sharing multiple-employer public employee retirement system that was established under the provisions of Public Law 858, No. 331.

Membership in the System is mandatory for most Commission employees. The System provides retirement, death, and disability benefits, which were established by and can be amended according to statute.

Article II of the Pennsylvania Constitution provides the General Assembly the authority to establish or amend benefit provisions. Act 2001-9, signed into law on May 17, 2001, established Class AA membership whereby, generally, annual full retirement benefits for electing active members is 2.5% of the member's highest three-year average salary (final average salary) multiplied by years of service. Commission employees hired after June 30, 2001, but before January 1, 2011, are Class AA members. Members hired on or before June 30, 2001 had the option, but were not required, to elect Class AA membership.

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Notes to Financial Statements (continued)

7. Retirement Benefits (continued)

Those members not electing Class AA membership are considered Class A. The general annual benefit for full retirement for Class A members is 2% of the member's final average salary multiplied by years of service. Retirement benefits for Class A and AA employees vest after 5 years of credited service. Class A and AA employees who retire at age 60 with three years of service or with 35 years of service if under age 60 are entitled to an unreduced annual retirement benefit.

Act 120, signed into law on November 23, 2010, established Class A-3 and Class A-4 memberships. Effective January 1, 2011, all new members to the System must elect one of these new membership classes. New members who elect Class A-3 will accrue benefits at 2% of their final average salary multiplied by years of service. Those members choosing Class A-4 will accrue benefits at 2.5% of their final average salary multiplied by years of service. Under Act 120, retirement benefits for Class A-3 and A-4 vest after 10 years of credited service. Class A-3 and A-4 members who retire at age 65 with three years of service or when the member's age (last birthday) plus his/her completed years of credit service total at least 92 (Rule of 92) are entitled to an unreduced annual retirement benefit.

Covered Class A, Class AA, Class A-3 and A-4 employees are required by statute to contribute to the System at a rate of 5%, 6.25%, 6.25% and 9.3% respectively, of their gross pay. Employees' contributions are recorded in individually identified accounts, which are also credited with interest, calculated quarterly to yield 4% per annum, as mandated by statute. Accumulated employee contributions and credited interest vest immediately and are returned to the employee upon termination of service if the employee is not eligible for other benefits.

Participating agency contributions, including those for the Commission, are also mandated by statute and are based upon an actuarially determined percentage of gross pay that is necessary to provide the System with assets sufficient to meet the benefits to be paid to System members. The Commission's retirement contribution, as a percentage of covered payroll, by class is as follows:

Year Ended June 30	Class A	Class AA	Class A-3	Class A-4
2011	3.29%	4.11%	4.11%	4.11%
2010	2.52%	3.15%	-	-
2009	2.64%	3.29%	-	-

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Notes to Financial Statements (continued)

7. Retirement Benefits (continued)

The Commission's required contributions and percentage contributed are as follows:

Year Ended May 31	Commission Required Contribution (In Millions)	% Contributed
2011	\$ 5.3	100%
2010	\$ 3.9	100%
2009	\$ 3.8	100%

A copy of the System's annual financial statements can be obtained by writing to: State Employees' Retirement System, 30 North Third Street, P.O. Box 1147, Harrisburg, Pennsylvania 17108-1147.

8. Commitments and Contingencies

Litigation

The Commission is a defendant in a number of legal proceedings pertaining to matters normally incidental to routine operations. Such litigation includes, but is not limited to, claims asserted against the Commission arising from alleged torts, alleged breaches of contracts, and condemnation proceedings. Tort claims against the Commission are generally barred by sovereign immunity, except as waived by statute. Further, to the extent waived, damages for any loss are limited by sovereign immunity to \$250,000 for each person and \$1,000,000 for each accident. Based on the current status of all of the Commission's legal proceedings, it is the opinion of Commission management and counsel that they will not have a material effect on the Commission's financial position.

Recent Correspondence from the Internal Revenue Service

The Commission received correspondence from the IRS dated September 27, 2010. In that letter, the IRS states that the Commission's \$275,000,000 Turnpike Revenue Bonds, Series A of 2009 (Federally Taxable-Issuer Subsidy-Build America Bonds) have been named for examination. The IRS further states that it "routinely" examines municipal debt issuances to determine compliance with Federal tax requirements and that at this time, the IRS has no reason to believe that the Commission's debt issuance fails to comply with any of the applicable tax requirements.

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Notes to Financial Statements (continued)

8. Commitments and Contingencies (continued)

Recent Correspondence from the Internal Revenue Service (continued)

The Commission received additional correspondence from the IRS dated June 7, 2011. In that letter, the IRS states that they have completed their examination of the Commission's \$275,000,000 Turnpike Revenue Bonds, Series A of 2009 (Federally Taxable-Issuer Subsidy-Build America Bonds). As a result, the IRS made a determination to close the examination with no-change to the position that the Commission is allowed a refundable credit with respect to each interest payment under the Bonds as provided in section 54AA and section 6431 of the Internal Revenue Code of 1986, as amended (the "Code").

Open Purchase Order Commitments

The Commission had open purchase order commitments of approximately \$694,760,010 and \$676,740,000 and at May 31, 2011 and 2010, respectively.

Lease and Funding Agreement between the Commission and PennDOT

On July 18, 2007, Pennsylvania Governor Rendell signed Act 44 into law, creating a "public-public partnership" between the Commission and PennDOT to provide funding for roads, bridges and transit throughout the Commonwealth. Under Act 44, a Lease and Funding Agreement (the "Funding Agreement") was entered into by the Commission and PennDOT on October 14, 2007. Many of the terms of Act 44 are incorporated in the Funding Agreement. The term of the Funding Agreement is fifty years.

The Funding Agreement requires the Commission to make scheduled annual payments to PennDOT, payable in equal quarterly installments, to be used to provide funding for roads, bridges and transit. The Commission's obligation to pay the annual debt service on any Special Revenue Bonds (as defined in Act 44) on a timely basis is also part of its payment obligation under the Funding Agreement. The Funding Agreement also granted the Commission the option to lease the portion of I-80 located in the Commonwealth from PennDOT, assuming approval by the Federal Highway Administration ("FHWA") of the conversion of I-80 into a toll road (the "Conversion"). The Funding Agreement granted the unilateral option to the Commission to effectuate the Conversion at any time before the third anniversary of the Funding Agreement, which was October 14, 2010 (the "Conversion Period"), subject to extension as provided in the Funding Agreement.

Pennsylvania Turnpike Commission
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Notes to Financial Statements (continued)

8. Commitments and Contingencies (continued)

Lease and Funding Agreement between the Commission and PennDOT (continued)

On April 6, 2010, the Federal Highway Association ("FHWA") denied the Commission's application to toll I-80. The Commission has not appealed the FHWA's decision and does not currently expect to do so.

The Funding Agreement commits the Commission to make certain payments to PennDOT. The Commission made payments of \$450 million and \$900 million (recorded as nonoperating expense) in fiscal 2011 and fiscal 2010, respectively.

Act 44 provides that under certain circumstances, payments to PennDOT drop to \$450 million annually for the remaining term of the Funding Agreement. It has been the Commission's position that the reduced annual payment under the Funding Agreement of \$450 million was effective beginning with the 2010-2011 Fiscal Year. The Commission made quarterly payments in the amount of \$112.5 million each on July 29, 2010, October 28, 2010, January 31, 2011 and April 28, 2011.

PennDOT disputed that the reduced annual payment under the Funding Agreement of \$450 million was effective beginning with Fiscal Year 2010-2011. PennDOT claimed it was not aware of a basis for a reduction in the Commission's annual payment obligation until the beginning of Fiscal Year 2011-2012 and that the Commission owed PennDOT the additional amount of \$472,500,000 for Fiscal Year 2010-2011. The Commission was also advised during the prior administration that the Office of the Budget of the Commonwealth might assert that the reduced annual payment obligation was not effective until Fiscal Year 2011-2012 and that the higher amount, a maximum of \$922,500,000, was payable for Fiscal Year 2010-2011.

By Settlement Agreement and Mutual Release Regarding Lease Payments dated September 30, 2011 (the "Agreement"), PennDOT and the Office of the Budget, each acting individually and on behalf of the Commonwealth, among other things (1) agreed that the amounts previously paid by the Commission for Fiscal Year 2010-2011 on account of its Funding Agreement obligation constituted full payment of that obligation; (2) agreed that the Commission's payment obligation under the Funding Agreement for Fiscal Year 2010-2011 had been fully discharged; and (3) released the Commission of any further payment obligation under the Funding Agreement with respect to Fiscal Year 2010-2011.

Pennsylvania Turnpike Commission
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Notes to Financial Statements (continued)

8. Commitments and Contingencies (continued)

Lease and Funding Agreement between the Commission and PennDOT (continued)

The Commission is required by the terms of the Funding Agreement and Act 44 to fix and adjust tolls at levels that will generate revenues (together with other available moneys) sufficient to pay, among other things, amounts to PennDOT pursuant to the Funding Agreement when due and other obligations of the Commission, and the Commission has covenanted in the Subordinate Indenture to set tolls at a level sufficient to meet its coverage obligations taking into account any additional debt incurred in order to make such payments.

As part of its operating plan, the Commission plans to continue to increase toll rates to meet its obligations. However, because of the significance of the quarterly payments due to PennDOT, and because of insufficient sources of cash flows from current operations, the Commission plans to issue debt for the foreseeable future to finance its required payments to PennDOT. There can be no assurance that the Commission will be able to continue to issue debt on terms that are acceptable, or at all, to finance these obligations. The sole and exclusive remedy for the failure to make the required payments to PennDOT under the Funding Agreement is that all actions of the Commission taken by a vote of the Commissioners require a unanimous vote of all Commissioners until such time that the required payments are made. Under Act 44, this requirement for a unanimous vote of the Commissioners does not apply if it would prevent the Commission from complying with covenants with “current bondholders, debt holders or creditors.” The Funding Agreement does not refer to “current bondholders, debt holders or creditors,” but provides that a unanimous vote is not required if it would prevent the Commission from complying with covenants with “bondholders, debt holders or creditors having such status as of the Effective Date” which under the Funding Agreement is defined as October 14, 2007.

The payment obligations of the Commission under the Funding Agreement are subordinate obligations of the Commission, payable from amounts in the General Reserve Fund only as permitted by any financing documents, financial covenants, liquidity policies, or other agreements in effect for the Commission. However, the Commission is required by the terms of the Funding Agreement to fix and adjust tolls at levels that will generate revenues (together with other available moneys) sufficient to pay, among other things, amounts to PennDOT pursuant to the Funding Agreement when due and other obligations of the Commission.

Pennsylvania Turnpike Commission
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Notes to Financial Statements (continued)

8. Commitments and Contingencies (continued)

Interest Rate Swaps

The fair value and notional amount of derivative instruments outstanding at May 31, 2011 and May 31, 2010, classified by type and the changes in fair value of such derivative instruments for the years then ended as reported in the fiscal year 2011 and fiscal year 2010 financial statements are as follows:

(In Thousands)						
		<u>Changes in fair value</u>		<u>Fair Value at May 31, 2011</u>		
	<u>May 31, 2010</u>	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	<u>Notional</u>
Cash flow hedges:						
Pay-fixed interest rate swap	\$ (99,619)	Deferred outflow	\$ 32,464	Noncurrent liabilities	\$ (67,155)	\$ 685,455
Fair value hedges:						
Receive-fixed rate swap	14,385	Deferred inflow	3,279	Noncurrent liabilities	17,664	118,015
Investment derivative instruments:						
Basis swaps	<u>20,853</u>	Investment earnings	<u>(711)</u>	Long-Term investments	<u>20,142</u>	1,320,602
Total PTC	<u>\$ (64,381)</u>		<u>\$ 35,032</u>		<u>\$ (29,349)</u>	

(In Thousands)						
	May 31, 2009	Changes in fair value		Fair Value at May 31, 2010		Notional
		Classification	Amount	Classification	Amount	
Cash flow hedges:						
Pay-fixed interest rate swap	\$ (182,827)	Deferred outflow	\$ 83,208	Noncurrent liabilities	\$ (99,619)	\$ 685,455
Fair value hedges:						
Receive-fixed rate swap	11,529	Deferred inflow	2,856	Noncurrent liabilities	14,385	118,015
Investment derivative instruments:						
Basis swaps	25,744	Investment earnings	(4,891)	Long-Term investments	20,853	1,078,085
Total PTC	\$ (145,554)		\$ 81,173		\$ (64,381)	

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Notes to Financial Statements (continued)

8. Commitments and Contingencies (continued)

Interest Rate Swaps (continued)

Fair Values

Fair values of the Commission's derivative instruments were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bonds due on the date of each future net settlement payment on the swaps.

Recent Activity

In December 2009, the Commission fully terminated the swaps related to the Mainline 2002 B and the 2001 U bonds. The Commission partially terminated the 2002 A swaps. The remaining portion of the 2002 A swap contracts are now associated with the 2009 C bonds which were used in part to refund the 2002 A bonds. Termination fees of \$52.7 million were paid to the counterparties. Such fees were added to the basis of the refunded bonds in calculating the gain/loss on extinguishment, which will be amortized over the shorter of the term of the new bonds or the old bonds.

In May 2010, the Commission executed suspensions of approximately three to four years with counterparties related to certain constant maturity swaps. The suspensions provided for lump-sum payments to the Commission totaling \$20.7 million. These payments were in lieu of interest payments that may have been received by the Commission during the term of the suspensions and will be recognized over the term of the suspensions. At the end of the suspensions, these constant maturity swaps will revert back to their original terms.

On February 3, 2011 the Commission entered into an interest rate swap with Deutsche Bank AG (DBAG) in the amount of \$107.784 million. The swap has an effective date of January 1, 2011 and will terminate on January 1, 2015. As part of the interest rate swap, the Commission received an upfront payment from DBAG in the amount of \$6.327 million, which will be recognized as a reduction in interest expense over the term of the swap. The future cash flows of the interest rate swap are designed to be fully offset (whether positive or negative) by an existing interest rate swap in the Commission's portfolio for the duration of the swap.

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Notes to Financial Statements (continued)

8. Commitments and Contingencies (continued)

Interest Rate Swaps (continued)

On February 3, 2011 the Commission entered into an interest rate swap with Deutsche Bank AG (DBAG) in the amount of \$134.733 million. The swap has an effective date of January 1, 2011 and will terminate on January 1, 2015. As part of the interest rate swap, the Commission received an upfront payment from DBAG in the amount of \$7.909 million, which will be recognized as a reduction in interest expense over the term of the swap. The future cash flows of the interest rate swap are designed to be fully offset (whether positive or negative) by an existing interest rate swap in the Commission's portfolio for the duration of the swap.

Following is a summary of the hedging derivatives in place as of May 31, 2011. These hedging derivatives contain certain risks and collateral requirements as described below (in thousands):

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty	Moody's/ S&P/Fitch	Book Fair Value	Full Value (to) from Counterparty
Pay fixed Interest Rate Swap	Hedge of changes in cash flows of Series C 2009 Bonds (formerly 2002 A)	\$ 38,520 76,990 38,520 \$ 154,030	12/9/2009	12/1/2030	Pay 4.403%, receive 67.00% of 1-month LIBOR	BankofAmerica JP Morgan UBS AG	Aa3/A+/A+ Aa1/AA-/AA- Aa3/A+/A+	\$ (1,391) (2,785) (1,391) \$ (5,567)	\$ (9,970) (19,937) (9,970) \$ (39,877)
Pay fixed Interest Rate Swap	Hedge of changes in cash flows on the Series B,C,D 2005 Bonds	\$ 57,860 57,845 57,860 57,860 \$ 231,425	8/17/2005	7/15/2041	Pay 4.2015%, receive SIFMA	Citibank JP Morgan Merrill Lynch Morgan Stanley	A1/A+/A+ Aa1/AA-/AA- A2/A/A+ A2/A/A	\$ (8,535) (8,528) (8,530) (8,530) \$ (34,123)	\$ (8,535) (8,528) (8,530) (8,530) \$ (34,123)
Pay fixed Interest Rate Swap	Hedge of changes in cash flow on the Series B 2008 Bonds	\$ 33,333 33,333 33,334 \$ 100,000	6/1/2008	12/1/2038	Pay 4.887%, receive SIFMA	Goldman Sachs Merrill Lynch Morgan Stanley	Aa1/AAA/NR A2/A/A+ A2/A/A	\$ (8,596) (8,600) (8,596) \$ (25,792)	\$ (8,596) (8,600) (8,596) \$ (25,792)
Pay fixed Interest Rate Swap	Hedge of changes in cash flow on the Series C 2011 Bonds (formerly 2008 B)	\$ 66,667 66,667 66,666 \$ 200,000	5/26/2011	12/1/2038	Pay 4.887%, receive SIFMA	Goldman Sachs Merrill Lynch Morgan Stanley	Aa1/AAA/NR A2/A/A+ A2/A/A	\$ (556) (561) (556) \$ (1,673)	\$ (17,192) (17,200) (17,193) \$ (51,585)
Pay fixed Interest Rate Swap	Hedge of changes in fair value of Series A 2006 Bonds	\$ 118,015	6/9/2006	12/1/2026	Receive 4.186%, Pay SIFMA	Citibank	A1/A+/A+	\$ 17,664	\$ 17,664

1-month LIBOR was .19043% at May 31, 2011.

SIFMA was .18 % at May 31, 2011.

The full value (to) from Counterparty listed is the mid-market value at May 31, 2011. The difference between full value and book fair value is related to the value of the swaps at the time the related bonds were refunded.

This value is being amortized over the life of the refunding bonds.

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Notes to Financial Statements (continued)

8. Commitments and Contingencies (continued)

Interest Rate Swaps (continued)

- **Credit Risk** – The Commission is exposed to credit risk for both hedging derivatives and investment derivatives (see Note 4) that have positive fair values. The Commission was exposed to credit risk with respect to the Series A of 2006 swaps at May 31, 2010. The Commission is also exposed to credit risk with respect to the (A), (C), (D) and (E) basis swaps listed in Note 4. However, should interest rates change and the fair values of the other swaps become positive, the Commission would have additional credit risk exposure.

To mitigate the exposure to credit risk, the swap agreements include collateral provisions in the event of downgrades to the swap counterparties' credit ratings. Collateral would be posted with a third-party custodian and would be in the form of cash, U.S. Treasury Obligations, or U.S. Government Agency Securities.

It is generally the case that the Commission's derivative agreements contain netting provisions, under which transactions executed with a single counterparty are netted in the event of default or counterparty insolvency. At May 31, the Commission had net credit risk exposure to three counterparties, one of which posted collateral in the amount of \$15.3 million, pursuant to the provisions of the derivative agreement, which represented approximately 87% of the full value from the counterparty.

- **Interest Rate Risk** – The Commission is exposed to variable interest rates with respect to the fixed-to-variable swap agreement associated with the Series A of 2006 Revenue Bonds. Additionally, the Commission will be exposed to variable interest rates if the swap provider for a variable-to-fixed swap agreement defaults or if a variable-to-fixed swap is terminated.
- **Basis Risk** – The Commission is exposed to basis risk on its basis swaps because the variable-rate payments received by the Commission on these derivative instruments are based on rates other than the interest rates the Commission pays on these derivative instruments. See the basis swap schedule in Note 4 for the terms of the interest rate swap agreements. The Commission's exposure to basis risk for the swaps listed in Note 4 is as follows:

(A) - To the extent 67% of 1-month LIBOR exceeds 60.08% of 10-year LIBOR

(B) – To the extent SIFMA exceeds 63% of 1-month LIBOR + 20 basis points

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Notes to Financial Statements (continued)

8. Commitments and Contingencies (continued)

Interest Rate Swaps (continued)

- (C) – To the extent 67% of 1-month LIBOR exceeds 60.15% of 10-year LIBOR
- (D) – To the extent SIFMA exceeds 99.80% of 3-month LIBOR
- (E) – To the extent SIFMA exceeds 99.68% of 3-month LIBOR
- (F) – To the extent 60.08% of 10-year LIBOR exceeds 67% of 1-month LIBOR
- (G) – To the extent 60.08% of 10-year LIBOR exceeds 67% of 1-month LIBOR
- **Termination Risk** – The swap agreements may be terminated due to a number of circumstances and the Commission retains the option to terminate the swaps at any time. If a swap agreement is terminated (by either party), the respective variable-rate bond would no longer carry a synthetic fixed interest rate. Also, if at the time of termination, the swap had a negative fair value, the Commission would be liable to the swap counterparty for a liability equal to the swap's fair value. It is generally the Commission's intent at the time of swap execution to maintain the swap transactions for the life of the financing.
- **Collateral Requirements** - The Commission's derivative instruments related to its Mainline Turnpike Revenue Bonds require the Commission to post collateral in the form of eligible securities or cash if its senior credit rating falls below specified thresholds. These thresholds vary from agreement to agreement, with most in the A3 (Moody's Investors Service) and A- (Standard & Poors and Fitch Rating Service) levels. The Commission's Mainline senior bond rating was Aa3 from Moody's and A+ from both Standard & Poors and Fitch at May 31, 2011. Based on May 31, 2011 full values, the Commission could be required to post \$88.4 million in collateral for its derivative instruments if its ratings fall below the agreement thresholds.

The Commission's derivative instruments related to its Oil Company Franchise Tax Revenue Bonds require the Commission to post collateral in the form of eligible securities or cash if its credit rating falls below specified thresholds. These thresholds vary from agreement to agreement, with most in the A3 (Moody's Investors Service) and A- (Standard & Poors and Fitch Rating Service) levels. The Commission's Oil Company Franchise Tax bond rating is currently Aa3 from Moody's and AA from Standard & Poors. Based on May 31, 2011 full values, the Commission could be required to post \$11.7 million in collateral for its derivative instruments if its ratings fall below the agreement thresholds.

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania

Notes to Financial Statements (continued)

8. Commitments and Contingencies (continued)

Interest Rate Swaps (continued)

The Commission's derivative instruments related to its Motor Vehicle Registration Fee Revenue Bonds require the Commission to post collateral in the form of eligible securities or cash if its credit rating falls below specified thresholds and/or in the event of certain uncured insurer events of default. These thresholds vary from agreement to agreement.

Based on May 31, 2011 full values, the Commission could be required to post \$34.1 million in collateral for its derivative instruments if its ratings fall below the agreement thresholds.

9. Related Party Transactions

The Commission incurred costs of \$35.3 and \$36.4 million for the fiscal years ended May 31, 2011 and 2010 respectively, related to its use of the Commonwealth's State Police in patrolling the Turnpike System.

10. Postemployment Benefits

Plan Description

The Commission maintains a welfare plan program (the Plan), one purpose of which is to provide benefits to eligible retirees and their dependents. The Plan is a single employer, defined benefit plan. The Plan's financial statements are not included in the financial statements of a public employee retirement system. The Plan issues a stand-alone financial report, which can be obtained by contacting the Commission's Accounting Department.

Plan benefit provisions and employee contribution rates are established and may be amended by the Commission. The Plan provides certain postemployment medical, prescription drug, dental and vision benefits to management employees who have reached 20 years of service and are under age 60; benefit eligibility changes from 20 to 10 years for retirees 60 years of age or older. The Plan provides certain postemployment medical and prescription drug benefits to union employees who have reached 20 years of service and are under age 60; benefit eligibility changes from 20 to 10 years for retirees 60 years of age or older.

The Commission established The Pennsylvania Turnpike Commission Retiree Medical Trust to provide these postemployment benefits other than pensions (OPEB). The Trust is administered by the Trustees. PNC Bank serves as custodian of the assets of the Trust. Payments from the Trust are made by the custodian at the direction of the Trustees.

Pennsylvania Turnpike Commission
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Notes to Financial Statements (continued)

10. Postemployment Benefits (continued)

Funding Policy

The Commission approved a Retiree Medical Trust Funding Policy whereby the Commission anticipates approving an annual contribution to the Trust in the amount of the Annual Required Contribution (ARC) as determined by the Commission's actuary during the approval of each Operating Budget.

Annual OPEB Cost and Net OPEB Asset

For fiscal year 2011, the Commission's ARC was \$26,703,000. The Commission made contributions towards the ARC totaling \$28,504,790 which consisted of \$30,000,000 transferred to the Retiree Medical Trust offset by \$1,495,210 in retirees' contributions. The contributions were also offset by a \$26,722 ARC adjustment resulting in a net OPEB cost of \$26,729,722 for the fiscal year ended May 31, 2011. The Commission had an OPEB asset totaling \$3,539,250, which was recorded in other assets on the balance sheet at year end.

The Commission's ARC for fiscal 2010 was \$29,144,000. The Commission made contributions towards the ARC totaling \$28,677,160. The contributions towards the ARC consisted of \$30,000,000 transferred to the Retiree Medical Trust offset by \$1,322,840 in contributions from retirees. The contributions were also offset by a \$45,299 ARC adjustment resulting in a net OPEB cost of \$29,182,299 for the year ended May 31, 2010. The Commission had an OPEB asset totaling \$1,764,182 which was recorded in other assets on the balance sheet at year end.

The following chart summarizes the components of the Commission's annual OPEB cost for the years ended May 31, 2011, 2010 and 2009 and the amount contributed to the Plan.

Fiscal Year Ended May 31	Normal Cost	30-Year Level Dollar Amortization of the Unfunded Actuarial Accrued Liability (UAAL)		Mid-Year Contribution Interest	ARC Adjustment	Annual OPEB Cost	Actual Contributions	Percentage Contributed	Ending Net OPEB Asset							
(Dollar Amounts in Thousands)																
2011	\$	6,931	\$	18,745	\$	1,027	\$	27	\$	26,730	\$	28,505	106.64%		\$	3,539
2010		6,655		21,389		1,100		45		29,189		28,677	98.25%			1,764
2009		6,373		20,391		1,071		17		27,852		29,034	104.24%			2,276

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Notes to Financial Statements (continued)

10. Postemployment Benefits (continued)

Annual OPEB Cost and Net OPEB Asset (continued)

The ARC and its components (normal cost, UAAL, and mid-year contribution interest) were obtained from the biennial actuarial valuations, prepared by an independent actuary. The most recent valuation was prepared as of March 1, 2010 using census data collected as of March 1, 2010 and health care claims for the period ended March 1, 2010.

Retiree and spouse contribution rates at May 31, 2011 are as follows:

- Management employees and union employees who retired prior to July 1, 1998 and October 1, 1997, respectively—the retiree/spouse contributes the full cost of coverage less the Commission’s monthly subsidy of \$19.28 once the retiree turns 65.
- Union employees who retired on October 1, 1997 or later—the retiree/spouse contributes the full cost of coverage less the Commission’s monthly subsidy of \$73.50 when the retiree or spouse reach age 65.
- Surviving spouses are paying 100% of the premiums, except for surviving spouses of Management employees who retired after March 1, 2001.

Funding Status and Funding Progress

Fiscal Year Ended May 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<i>(Dollar Amounts in Thousands)</i>						
2010	\$ 66,436	\$ 263,398	\$ 196,962	25.2%	\$ 123,754	159.2%

The actuarial value of assets, AAL, and UAAL amounts for the fiscal year ended May 31, 2010 in the above chart was obtained from an actuarial valuation, prepared by an independent actuary, as of March 1, 2010.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, is to present multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Pennsylvania Turnpike Commission
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Notes to Financial Statements (continued)

10. Postemployment Benefits (continued)

Actuarial Methods and Assumptions

The valuation measurements in the above charts are, in part, the result of estimates of the value of reported amounts and assumptions about the probability of events far into the future and such actuarially determined estimates are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Also, the valuation measurements are based, in part, on the types of benefits provided under the terms of the substantive plan at the time of the valuation and on the pattern of sharing of costs between the Commission and the plan members through the respective valuation dates. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Following is a summary of the actuarial methods and assumptions used in the March 1, 2010 valuation.

Actuarial cost method	Projected Unit Credit
Discount rate	8%
Rate of return on assets	8%
Amortization method	Level dollar
Amortization period	30 years (closed)
Asset valuation method	Fair value

	Health Care Trend	Medical	Prescription Drugs	Dental	Vision
Initial Rate		10%	12%	5%	4%
Ultimate Rate		5% in 2020	5% in 2024	5%	4%
Annual Change		0.5% decrease	0.5% decrease	NA	NA
Cost		Incurred costs	Incurred costs	Incurred costs	Incurred costs

Salary increases were not considered as OPEB benefits are not based upon pay.

Pennsylvania Turnpike Commission
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Notes to Financial Statements (continued)

11. Self-Insurance

The Commission is exposed to various risks of losses such as theft of, damage to, and destruction of assets, errors and omissions, third-party torts, injuries to employees, injuries to third parties due to accidents caused by Commission automobiles, and natural disasters. The Commission has purchased commercial insurance for all risks of losses, including employee medical benefits, except for torts, injuries to employees and injuries to third parties due to accidents caused by Commission automobiles. No settlements exceeded insurance coverage for each of the past three years.

The Commission recorded a liability of \$26.8 million and \$30.3 million for loss and loss adjustment expenses on claims relating to self-insurance that have been incurred but not reported as of May 31, 2011 and 2010, respectively. This liability is based on GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be recorded if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability is calculated based on the Commission's past loss experience. The liability for automobile and general tort was not discounted. The liability for workers' compensation was discounted using a rate of 4.05% for each of the fiscal years ended May 31, 2011 and 2010. The liability includes amounts for claims adjustment expense and is net of any salvage and subrogation. Salvage and subrogation were not material for the years ended May 31, 2011 and 2010. The Commission believes the liability established is reasonable and appropriate to provide for settlement of losses and related loss adjustment expenses.

Management believes that its reserve for claims incurred but not reported is determined in accordance with generally accepted actuarial principles and practices. However, estimating the ultimate liability is a complex and judgmental process inasmuch as the amounts are based on management's informed estimates and judgments using data currently available. As additional experience and data become available regarding claim payments and reporting patterns, legislative developments and economic conditions, the estimates are revised accordingly and the impact is reflected currently in the Commission's financial statements.

The self-insurance liabilities of \$26.8 million and \$30.3 million for fiscal years ended May 31, 2011 and 2010, respectively, are recorded as other noncurrent liabilities.

Pennsylvania Turnpike Commission
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Notes to Financial Statements (continued)

11. Self-Insurance (continued)

The following summary provides aggregated information on self-insurance liabilities:

	June 1, 2010 Liability	Effects of Discount as of June 1, 2009	Incurred Claims		Paid Claims		Effects of Discount as of May 31, 2011	May 31, 2011 Liability
			Current Year	Prior Years	Current Year	Prior Years		
<i>(In Thousands)</i>								
Year ended May 31, 2011								
Workers' compensation	\$ 7,164	\$ 1,995	\$ 1,130	\$ 366	\$ (712)	\$ (1,782)	\$ (1,833)	\$ 6,328
Automobile/general tort	23,181	-	156	(2,464)	(107)	(289)	-	20,477
	<u>\$ 30,345</u>	<u>\$ 1,995</u>	<u>\$ 1,286</u>	<u>\$ (2,098)</u>	<u>\$ (819)</u>	<u>\$ (2,071)</u>	<u>\$ (1,833)</u>	<u>\$ 26,805</u>

	June 1, 2009 Liability	Effects of Discount as of June 1, 2009	Incurred Claims		Paid Claims		Effects of Discount as of May 31, 2010	May 31, 2010 Liability
			Current Year	Prior Years	Current Year	Prior Years		
<i>(In Thousands)</i>								
Year ended May 31, 2010								
Workers' compensation	\$ 7,724	\$ 2,099	\$ 902	\$ 1,133	\$ (491)	\$ (2,208)	\$ (1,995)	\$ 7,164
Automobile/general tort	19,061	-	2,810	1,384	(21)	(53)	-	23,181
	<u>\$ 26,785</u>	<u>\$ 2,099</u>	<u>\$ 3,712</u>	<u>\$ 2,517</u>	<u>\$ (512)</u>	<u>\$ (2,261)</u>	<u>\$ (1,995)</u>	<u>\$ 30,345</u>

The foregoing reflects an adjustment for a net redundancy \$2.1 million and a deficiency of \$2.5 million for the fiscal years ended May 31, 2011 and 2010, respectively, for prior years' incurred claims that resulted from a change in estimate as more information became available.

12. Compensated Absences

Sick leave is earned at a rate of 3.08 hours every two weeks, or ten days per year. Unused sick leave may be carried over from year to year up to a maximum of 18 days. In November of each year, employees are reimbursed for all accumulated unused sick leave above the maximum. Sick leave payouts were \$1.9 and \$2.0 million in November 2010 and 2009 respectively.

Vacation leave is earned at varying rates, depending on years of service. Management employees earn between 4.62 and 8.93 hours every two weeks. Union employees earn between 3.08 and 8.93 hours every two weeks.

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Notes to Financial Statements (continued)

12. Compensated Absences (continued)

Upon termination of employment, all unused sick and vacation leave is paid to the employee. The compensated absences liabilities of \$16.2 million and \$17.0 million for fiscal years ended May 31, 2011 and 2010, respectively, are recorded as accounts payable and accrued liabilities and other noncurrent liabilities.

A summary of changes to compensated absences for the years ended May 31, 2011 and 2010 is as follows:

Fiscal Year Ended May 31	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>(In Thousands)</i>					
2011	\$ 16,970	\$ 11,841	\$ 12,629	\$ 16,182	\$ 10,182
2010	16,908	12,944	12,882	16,970	10,145

13. Subsequent Events

On September 21, 2011, Moody's Investors Service, Inc. lowered the long-term issuer rating and long-term senior unsecured debt rating of Merrill Lynch & Co., Inc. from A2 to Baa1. There has been no subsequent change in the ratings of Merrill Lynch & Co. by either Standard & Poor's Rating Services or Fitch Investors Service.

Required Supplementary Information

Pennsylvania Turnpike Commission
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Required Supplementary Information

Schedule of Funding Progress – Postemployment Healthcare Benefits
(In Thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
March 1, 2010	\$ 66,436	\$ 263,398	\$ 196,962	25.20%	\$ 123,754	159.16%
March 1, 2008	14,000	228,067	214,067	6.10%	118,559	180.56%
February 28, 2006	-	167,785	167,785	0.00%	109,022	153.90%

Other Supplementary Information

Pennsylvania Turnpike Commission
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Other Supplementary Information

Section Information

For accounting purposes, the Pennsylvania Turnpike Commission maintains its records in three sections: Mainline, Oil Franchise, and Motor License. These sections are based on the types of revenues and the associated bond issues.

The Mainline section consists of income and expenses directly associated with the operations of the toll road. In addition, all bonds pledged against this revenue source are included in this section.

The Oil Company Franchise section consists of revenues received from the Commission's allocation of the Commonwealth's Oil Company Franchise Tax. This revenue is pledged against the Oil Company Franchise Tax Debt as listed in Note 6.

The Motor License section consists of an annual income of \$28 million which has been provided to the Commission pursuant to Section 20 of Act 3 of the Commonwealth of Pennsylvania. This income is pledged against the Motor License Registration Fee Debt as listed in Note 6.

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Other Supplementary Information (continued)

Section Information (continued)

Balance Sheets

	May 31, 2011			
	Mainline	Oil Franchise	Motor License	Total
	<i>(In Thousands)</i>			
Assets and deferred outflow of resources				
Current assets:				
Cash and cash equivalents	\$ 126,084	\$ -	\$ -	\$ 126,084
Short-term investments	8,196	-	-	8,196
Accounts receivable	34,032	-	-	34,032
Accrued interest receivable	1,632	-	-	1,632
Inventories	23,549	-	-	23,549
Restricted current assets:				
Cash and cash equivalents	380,200	64,605	25,656	470,461
Short-term investments	218,191	21,177	2,114	241,482
Accounts receivable	2	3,705	-	3,707
Accrued interest receivable	3,633	1,694	121	5,448
Total current assets	795,519	91,181	27,891	914,591
Noncurrent assets:				
Long-term investments unrestricted	175,564	-	-	175,564
Long-term investments restricted	803,145	184,192	19,794	1,007,131
Total long-term investments	978,709	184,192	19,794	1,182,695
Capital assets not being depreciated:				
Land and intangibles	248,011	-	-	248,011
Assets under construction	1,151,520	-	-	1,151,520
Capital assets being depreciated:				
Buildings	813,936	-	-	813,936
Improvements other than buildings	92,725	-	-	92,725
Equipment	498,255	-	-	498,255
Infrastructure	6,041,749	-	-	6,041,749
Total capital assets before accumulated depreciation	8,846,196	-	-	8,846,196
Less accumulated depreciation	4,281,338	-	-	4,281,338
Total capital assets after accumulated depreciation	4,564,858	-	-	4,564,858
Other assets:				
Other assets	3,586			3,586
Deferred costs	55,793	13,043	4,320	73,156
Total other assets	59,379	13,043	4,320	76,742
Total noncurrent assets	5,602,946	197,235	24,114	5,824,295
Total assets	6,398,465	288,416	52,005	6,738,886
Deferred outflow of resources	33,033	-	34,122	67,155
Total assets and deferred outflow of resources	\$ 6,431,498	\$ 288,416	\$ 86,127	\$ 6,806,041

Pennsylvania Turnpike Commission
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Other Supplementary Information (continued)

Section Information (continued)

Balance Sheets (continued)

	May 31, 2011			
	Mainline	Oil Franchise	Motor License	Total
	<i>(In Thousands)</i>			
Liabilities, deferred inflow of resources, and net assets				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 256,472	\$ 44,261	\$ 6,386	\$ 307,119
Current portion of debt	283,250	15,195	6,095	304,540
Unearned income	35,876	-	-	35,876
Total current liabilities	575,598	59,456	12,481	647,535
Noncurrent liabilities:				
Debt, less current portion, net of unamortized premium/ discount and net of unamortized refunding loss	6,115,311	791,701	423,653	7,330,665
Other noncurrent liabilities	139,581	4,612	34,122	178,315
Total noncurrent liabilities	6,254,892	796,313	457,775	7,508,980
Total liabilities	6,830,490	855,769	470,256	8,156,515
Deferred inflow of resources	17,664	-	-	17,664
Net assets (deficit):				
Invested in capital assets, net of related debt	2,317,819	(804,104)	(427,375)	1,086,340
Restricted for construction purposes	-	225,380	43,246	268,626
Restricted for debt service	28,062	11,371	-	39,433
Unrestricted (deficit)	(2,762,537)	-	-	(2,762,537)
Total net assets (deficit)	(416,656)	(567,353)	(384,129)	(1,368,138)
Total liabilities, deferred inflow of resources and net assets	\$ 6,431,498	\$ 288,416	\$ 86,127	\$ 6,806,041

Pennsylvania Turnpike Commission
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Other Supplementary Information (continued)

Section Information (continued)

Statements of Revenues, Expenses, and Changes in Net Assets

	Year Ended May 31, 2011			
	Mainline	Oil Franchise	Motor License	Total
	<i>(In Thousands)</i>			
Operating revenues:				
Net fares	\$ 739,704	\$ -	\$ -	\$ 739,704
Other	18,944	-	-	18,944
Total operating revenues	758,648	-	-	758,648
Operating expenses:				
Cost of services	358,157	1,679	34	359,870
Depreciation	281,587	-	-	281,587
Total operating expenses	639,744	1,679	34	641,457
Operating income (loss)	118,904	(1,679)	(34)	117,191
Nonoperating revenues (expenses):				
Investment earnings	10,327	13,270	969	24,566
Other nonoperating revenues	17,251	2,458	-	19,709
Act 44 payments to PennDOT	(450,000)	-	-	(450,000)
Capital assets transferred to PennDOT	-	-	-	-
Interest and bond expenses	(277,838)	(36,963)	(18,474)	(333,275)
Nonoperating expenses, net	(700,260)	(21,235)	(17,505)	(739,000)
Loss before capital contributions	(581,356)	(22,914)	(17,539)	(621,809)
Capital contributions	9,476	60,966	28,000	98,442
(Decrease) increase in net assets	(571,880)	38,052	10,461	(523,367)
Net assets (deficit) at beginning of year	32,820	(479,504)	(398,087)	(844,771)
Intersection transfers	122,404	(125,901)	3,497	-
Net deficit at end of year	\$ (416,656)	\$ (567,353)	\$ (384,129)	\$ (1,368,138)

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania

Other Supplementary Information (continued)

Section Information (continued)

Statements of Cash Flows

	Year Ended May 31, 2011			
	Mainline	Oil Franchise	Motor License	Total
	<i>(In Thousands)</i>			
Operating activities				
Cash received from customer tolls and deposits	\$ 754,954	\$ -	\$ -	\$ 754,954
Cash payments for goods and services	(232,229)	(909)	(45)	(233,183)
Cash payments to employees	(133,501)	(713)	-	(134,214)
Cash received from other operating activities	8,643	-	-	8,643
Net cash provided by (used for) operating activities	397,867	(1,622)	(45)	396,200
Investing activities				
Proceeds from sales and maturities of investments	2,835,253	626,977	46,851	3,509,081
Interest received on investments	13,465	7,902	748	22,115
Purchases of investments	(3,534,090)	(550,335)	(45,471)	(4,129,896)
Net cash (used for) provided by investing activities	(685,372)	84,544	2,128	(598,700)
Capital and related financing activities				
Capital grants received	13,202	30	-	13,232
Cash proceeds from motor license grant	-	-	28,000	28,000
Cash proceeds from oil company franchise tax	-	60,996	-	60,996
Construction and acquisition of capital assets	(351,573)	(122,108)	-	(473,681)
Proceeds from sale of capital assets	2,976	-	-	2,976
Payments for bond and swap expenses	(2,631)	(707)	(12)	(3,350)
Payments for redemption of debt	(545,215)	(14,605)	(5,880)	(565,700)
Interest paid on debt	(95,448)	(42,882)	(20,512)	(158,842)
Interest subsidy from Build America Bonds	16,746	2,446	-	19,192
Swap upfront payments	14,236	-	-	14,236
Proceeds from debt issuances	1,508,681	-	-	1,508,681
Net cash provided by (used for) capital and related financing activities	\$ 560,974	\$ (116,830)	\$ 1,596	\$ 445,740

Pennsylvania Turnpike Commission
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Other Supplementary Information (continued)

Section Information (continued)

Statements of Cash Flows (continued)

	Year Ended May 31, 2011			
	Mainline	Oil Franchise	Motor License	Total
	<i>(In Thousands)</i>			
Noncapital financing activities				
Cash payments to PennDOT	\$(450,000)	\$ -	\$ -	\$(450,000)
Payments for bond and swap expenses	(796)	-	-	(796)
Payments for redemption of debt	(394,525)	-	-	(394,525)
Interest paid on debt	(123,043)	-	-	(123,043)
Proceeds from debt issuances	706,239	-	-	706,239
Net cash (used for) provided by noncapital activities	(262,125)	-	-	(262,125)
Net increase (decrease) in cash and cash equivalents	11,344	(33,908)	3,679	(18,885)
Cash and cash equivalents, beginning of year	494,940	98,513	21,977	615,430
Cash and cash equivalents, end of year	<u>\$ 506,284</u>	<u>\$ 64,605</u>	<u>\$ 25,656</u>	<u>\$ 596,545</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 118,904	\$ (1,679)	\$ (34)	\$ 117,191
Adjustments to reconcile operating income (loss) to net provided by (used for) operating activities:				
Depreciation	281,587	-	-	281,587
Change in operating assets and liabilities:				
Accounts receivable	79	-	-	79
Inventories	(1,247)	-	-	(1,247)
Other assets	(1,746)	-	-	(1,746)
Accounts payable and accrued liabilities	4,549	63	(11)	4,601
Other noncurrent liabilities	(4,259)	(6)	-	(4,265)
Net cash provided by (used for) operating activities	\$ 397,867	\$ (1,622)	\$ (45)	\$ 396,200

Pennsylvania Turnpike Commission
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Other Supplementary Information (continued)

Section Information (continued)

Statements of Cash Flows (continued)

Noncash activities

The Commission recorded a net decrease of \$0.3 million in the fair value of its investments for the year ended May 31, 2011. (Decreases) Increases by section were: Mainline, \$(6.6) million; Oil Franchise, \$6.1 million and Motor License, \$0.2 million.

The Commission recorded \$5.8 million for the amortization of bond premium for the year ended May 31, 2011. Amortization by section was: Mainline, \$4.0 million; Oil Franchise, \$1.1 million and Motor License, \$0.7 million.

The Commission recorded \$20 million for the amortization of deferred refunding losses, amortization of bond issuance costs and amortization of swap agreement costs for the year ended May 31, 2011. Amortization by section was: Mainline, \$17.6 million; Oil Franchise, \$1.3 million and Motor License, \$1.1 million.

The Commission recorded an interest expense reduction of \$6.7 million in the Mainline section for the year ended May 31, 2011 related to GASB 53 entries.

The Commission records intersection activity related to revenue, expense, asset and liability transfer between its sections. Some of the intersection entries are related to cash transfers; others are noncash transfers as required. Net intersection transfers for the year ended May 31, 2011 were: to Mainline, \$122.4 million; from Oil Franchise, \$125.9 million; and to Motor License, \$3.5 million.

Pennsylvania Turnpike Commission
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Other Supplementary Information (continued)

Section Information (continued)

Balance Sheets (*Restated*)¹

	May 31, 2010			
	Mainline	Oil Franchise	Motor License	Total
	(In Thousands)			
Assets and deferred outflow of resources				
Current assets:				
Cash and cash equivalents	\$ 190,588	\$ -	\$ -	\$ 190,588
Short-term investments	8,549	-	-	8,549
Accounts receivable	37,968	-	-	37,968
Accrued interest receivable	478	-	-	478
Inventories	22,302	-	-	22,302
Restricted current assets:				
Cash and cash equivalents	304,352	98,513	21,977	424,842
Short-term investments	85,997	57,210	2,595	145,802
Accounts receivable	2	118	-	120
Accrued interest receivable	1,320	2,427	151	3,898
Total current assets	651,556	158,268	24,723	834,547
Noncurrent assets:				
Long-term investments:				
Long-term investments unrestricted	54,179	-	-	54,179
Long-term investments restricted	355,338	218,702	20,401	594,441
Total long-term investments	409,517	218,702	20,401	648,620
Capital assets not being depreciated:				
Land and intangibles	234,543	-	-	234,543
Assets under construction	1,200,456	-	-	1,200,456
Capital assets being depreciated:				
Buildings	765,723	-	-	765,723
Improvements other than buildings	87,312	-	-	87,312
Equipment	472,246	-	-	472,246
Infrastructure	5,653,976	-	-	5,653,976
Total capital assets before accumulated depreciation	8,414,256	-	-	8,414,256
Less accumulated depreciation	4,023,581	-	-	4,023,581
Total capital assets after accumulated depreciation	4,390,675	-	-	4,390,675
Other assets:				
Other assets	1,840	-	-	1,840
Deferred costs	46,947	13,636	4,451	65,034
Total other assets	48,787	13,636	4,451	66,874
Total noncurrent assets	4,848,979	232,338	24,852	5,106,169
Total assets	5,500,535	390,606	49,575	5,940,716
Deferred outflow of resources	72,649	-	26,970	99,619
Total assets and deferred outflow of resources	\$ 5,573,184	\$ 390,606	\$ 76,545	\$ 6,040,335

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania

Other Supplementary Information (continued)

Section Information (continued)

Balance Sheets (Restated)¹ (continued)

	May 31, 2010			
	Mainline	Oil Franchise	Motor License	Total
	(In Thousands)			
Liabilities, deferred inflow of resources, and net assets				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 246,016	\$ 42,301	\$ 12,246	\$ 300,563
Current portion of debt	135,070	14,605	5,880	155,555
Unearned income	31,885	-	-	31,885
Total current liabilities	412,971	56,906	18,126	488,003
Noncurrent liabilities:				
Debt, less current portion, net of unamortized premium/discount and net of unamortized refunding loss	4,977,689	806,457	429,536	6,213,682
Other noncurrent liabilities	135,319	6,747	26,970	169,036
Total noncurrent liabilities	5,113,008	813,204	456,506	6,382,718
Total liabilities	5,525,979	870,110	474,632	6,870,721
Deferred inflow of resources	14,385	-	-	14,385
Net assets (deficit):				
Invested in capital assets, net of related debt	2,357,832	(732,230)	(438,610)	1,186,992
Restricted for construction purposes	-	240,256	40,523	280,779
Restricted for debt service	47,236	12,470	-	59,706
Unrestricted (deficit)	(2,372,248)	-	-	(2,372,248)
Total net assets (deficit)	32,820	(479,504)	(398,087)	(844,771)
Total liabilities, deferred inflow of resources and net assets	\$ 5,573,184	\$ 390,606	\$ 76,545	\$ 6,040,335

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania

Other Supplementary Information (continued)

Section Information (continued)

Statements of Revenues, Expenses, and Changes in Net Assets (Restated)¹

	Year Ended May 31, 2010			
	Mainline	Oil Franchise	Motor License	Total
	<i>(In Thousands)</i>			
Operating revenues:				
Net fares	\$ 693,827	\$ -	\$ -	\$ 693,827
Other	16,274	-	-	16,274
Total operating revenues	710,101	-	-	710,101
Operating expenses:				
Cost of services	375,819	2,193	414	378,426
Depreciation	260,316	-	-	260,316
Total operating expenses	636,135	2,193	414	638,742
Operating income (loss)	73,966	(2,193)	(414)	71,359
Nonoperating revenues (expenses):				
Investment earnings	8,444	8,340	1,246	18,030
Other nonoperating revenues	4,103	3,071	-	7,174
Act 44 payments to PennDOT	(900,000)	-	-	(900,000)
Capital assets transferred to PennDOT	(64,058)	-	-	(64,058)
Interest and bond expenses	(213,695)	(31,327)	(18,909)	(263,931)
Nonoperating expenses, net	(1,165,206)	(19,916)	(17,663)	(1,202,785)
Loss before capital contributions	(1,091,240)	(22,109)	(18,077)	(1,131,426)
Capital contributions	40,894	61,030	28,248	130,172
(Decrease) increase in net assets	(1,050,346)	38,921	10,171	(1,001,254)
Net assets (deficit) at beginning of year	861,911	(337,791)	(367,637)	156,483
Intersection transfers	221,255	(180,634)	(40,621)	-
Net assets (deficit) at end of year	\$ 32,820	\$ (479,504)	\$ (398,087)	\$ (844,771)

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania

Other Supplementary Information (continued)

Section Information (continued)

Statements of Cash Flows (Restated)¹

	Year Ended May 31, 2010			
	Oil	Motor		
	Mainline	Franchise	License	Total
	(In Thousands)			
Operating activities				
Cash received from customer tolls and deposits	\$ 699,626	\$ -	\$ -	\$ 699,626
Cash payments for goods and services	(240,794)	(1,313)	(319)	(242,426)
Cash payments to employees	(131,120)	(794)	(116)	(132,030)
Cash received from other operating activities	8,363	-	-	8,363
Net cash provided by (used for) operating activities	336,075	(2,107)	(435)	333,533
Investing activities				
Proceeds from sales and maturities of investments	1,105,454	219,040	25,638	1,350,132
Interest received on investments	9,255	8,064	1,018	18,337
Purchases of investments	(1,410,643)	(305,237)	(7,596)	(1,723,476)
Net cash (used for) provided by investing activities	(295,934)	(78,133)	19,060	(355,007)
Capital and related financing activities				
Capital grants received	2,888	6,813	984	10,685
Cash proceeds from motor license grant	-	-	28,000	28,000
Cash proceeds from oil company franchise tax	-	59,733	-	59,733
Construction and acquisition of capital assets	(419,685)	(170,764)	(39,402)	(629,851)
Proceeds from sale of capital assets	1,140	-	-	1,140
Payments for bond and swap expenses	(11,934)	(174)	(346)	(12,454)
Payments for redemption of debt	(601,300)	(55,245)	(5,685)	(662,230)
Interest paid on debt	(73,381)	(25,130)	(20,947)	(119,458)
Interest subsidy from Build America Bonds	5,386	3,071	-	8,457
Swap suspension payments received	11,835	8,873	-	20,708
Proceeds from debt issuances	894,109	297,287	-	1,191,396
Net cash (used for) provided by capital and related financing activities	\$ (190,942)	\$ 124,464	\$ (37,396)	\$ (103,874)

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania

Other Supplementary Information (continued)

Section Information (continued)

Statements of Cash Flows (Restated)¹ (continued)

	Year Ended May 31, 2010			
	Mainline	Oil Franchise	Motor License	Total
	<i>(In Thousands)</i>			
Noncapital financing activities				
Cash payments to PennDOT	\$ (900,000)	\$ -	\$ -	\$ (900,000)
Payments for bond expenses	(1,154)	-	-	(1,154)
Payments for redemption of debt	(636,470)	-	-	(636,470)
Interest paid on debt	(84,422)	-	-	(84,422)
Proceeds from debt issuances	1,770,689	-	-	1,770,689
Net cash provided by noncapital financing activities	148,643	-	-	148,643
(Decrease) increase in cash and cash equivalents	(2,158)	44,224	(18,771)	23,295
Cash and cash equivalents at beginning of year	497,098	54,289	40,748	592,135
Cash and cash equivalents at end of year	<u>\$ 494,940</u>	<u>\$ 98,513</u>	<u>\$ 21,977</u>	<u>\$ 615,430</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 73,966	\$ (2,193)	\$ (414)	\$ 71,359
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	260,316	-	-	260,316
Change in operating assets and liabilities:				
Accounts receivable	(3,257)	-	-	(3,257)
Inventories	(3,158)	-	-	(3,158)
Other assets	492	-	-	492
Accounts payable and accrued liabilities	3,744	86	(21)	3,809
Other noncurrent liabilities	3,972	-	-	3,972
Net cash provided by (used in) operating activities	\$ 336,075	\$ (2,107)	\$ (435)	\$ 333,533

¹Note that amounts for 2009 have been restated as discussed in Note 2.

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania

Other Supplementary Information (continued)

Section Information (continued)

Statements of Cash Flows (continued)

Noncash activities

The Commission recorded a net decrease of \$1.2 million in the fair value of its investments for the year ended May 31, 2010. (Decreases) Increases by section were: Mainline, \$(1.4) million; Oil Franchise, \$(0.1) million and Motor License, \$0.3 million.

The Commission recorded \$4.4 million for the amortization of bond premium for the year ended May 31, 2010. Amortization by section was: Mainline, \$2.6 million; Oil Franchise, \$1.1 million and Motor License, \$0.7 million.

The Commission recorded \$14.2 million for the amortization of deferred refunding losses, amortization of bond issuance costs and amortization of swap agreement costs for the year ended May 31, 2010. Amortization by section was: Mainline, \$11.9 million; Oil Franchise, \$1.2 million and Motor License, \$1.1 million.

The Commission recorded an interest expense reduction of \$3.3 million in the Mainline section for the year ended May 31, 2010 related to GASB 53 entries.

The Commission recorded \$34.0 million in total fair value for capital contributions for the year ended May 31, 2010. The capital contributions were recorded for the Mainline section only.

The Commission records intersection activity related to revenue, expense, asset and liability transfer between its sections. Some of the intersection entries are related to cash transfers; others are noncash transfers as required. Net intersection transfers for the year ended May 31, 2010 were: to Mainline, \$221.2 million; from Oil Franchise, \$180.6 million; and from Motor License, \$40.6 million.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE

DEFINITIONS OF CERTAIN TERMS

In addition to words and terms elsewhere defined in this Official Statement, the following words and terms as used in this Official Statement, including this APPENDIX C, and the Subordinate Indenture shall have the following meanings unless the context clearly indicates otherwise:

"Act 44" -- an Act of the General Assembly of Pennsylvania approved July 18, 2007, No. 2007-44, including all amendments and any successor act, as amended.

"Additional Subordinate Indenture Bonds" -- Subordinate Indenture Bonds of any Series, other than the Original Subordinate Indenture Bonds, authorized to be issued under the Subordinate Indenture.

"Administrative Expenses" -- costs and fees in connection with the Subordinate Indenture Bonds and Parity Obligations including, without limitation, costs and fees of the Trustee, Consultants, Counsel, Bond Counsel and the Commission.

"Administrative Expenses Fund" -- the fund created under the section "Creation of Funds."

"Annual Debt Service" -- (a) the amount of principal and interest paid or payable with respect to Subordinate Indenture Bonds in a Fiscal Year plus (b) Reimbursement Obligations paid or payable by the Commission in such Fiscal Year (but only to the extent they are not duplicative of such principal and interest), plus (c) Approved Swap Agreement payments paid or payable by the Commission in such Fiscal Year, minus (d) the amounts, if any, paid or payable to the Commission in such Fiscal Year with respect to Approved Swap Agreements, provided that the difference between the amounts described in clauses (c) and (d) shall be included only to the extent that such difference would not be recognized as a result of the application of the assumptions set forth below. The following assumptions shall be used to determine the Annual Debt Service becoming due in any Fiscal Year:

1. in determining the principal amount paid or payable with respect to Subordinate Indenture Bonds or Reimbursement Obligations in each Fiscal Year, payment shall be assumed to be made in accordance with any amortization schedule established for such Indebtedness, including amounts paid or payable pursuant to any mandatory redemption schedule for such Indebtedness;
2. if any of the Indebtedness or proposed Indebtedness constitutes Balloon Indebtedness, then such amounts thereof as constitute Balloon Indebtedness shall be treated as if such Indebtedness is to be amortized in substantially equal annual installments of principal and interest over a term of 25 years from the date of issuance of such Indebtedness. Anything to the contrary in the Subordinate Indenture notwithstanding, during the year preceding the final maturity date of such Indebtedness, all of the principal thereof shall be considered to be due on such maturity date unless the Commission provides to the Trustee a certificate of a Financial Consultant certifying that, in its judgment, the Commission will be able to refinance such Balloon Indebtedness, in which event the Balloon Indebtedness shall be amortized over the term of the Indebtedness expected to refinance such Balloon Indebtedness and shall bear the interest rate specified in the certificate of the Financial Consultant;
3. if any of the Indebtedness or proposed Indebtedness constitutes Variable Rate Indebtedness, then interest in future periods shall be based on the Assumed Variable Rate; and
4. termination or similar payments under an Approved Swap Agreement shall not be taken into account in any calculation of Annual Debt Service.

"Applicable Long-Term Indebtedness" -- includes Subordinate Indenture Bonds, Additional Subordinate Indenture Bonds and Parity Obligations.

"Approved Swap Agreement" -- shall have the meaning set under "Approved and Parity Swap Obligations."

"Assumed Variable Rate" -- in the case of (a) Outstanding Variable Rate Indebtedness, the average interest rate on such Indebtedness for the most recently completed 12-month period; and (b) proposed Variable Rate Indebtedness, (1) which will, in the opinion of Bond Counsel delivered at the time of the issuance thereof be excluded from gross income for federal income tax purposes, the average of the Security Industry and Financial Markets Association Municipal Swap Index as the successor to the Bond Market Association Swap Index ("SIFMA Index") for the 12 months ending 7 days preceding the date of calculation plus 100 basis points, or (2) in the case of Subordinate Indenture Bonds not described in clause (1), the London Interbank Offered Rate ("LIBOR") most closely resembling the reset period for the Variable Rate Indebtedness plus 100 basis points; provided that if the SIFMA Index or LIBOR shall cease to be published, the index to be used in its place shall be that index which the Commission in consultation with the Financial Consultant determines most closely replicates such index, as set forth in a certificate of a Commission Official filed with the Trustee.

"Authenticating Agent" -- that Person designated and authorized to authenticate any series of Subordinate Indenture Bonds or such Person designated by the Authenticating Agent to serve such function, and shall initially be the Trustee.

"Authorized Denominations" -- with respect to any Additional Subordinate Indenture Bonds issued under a Supplemental Indenture, those denominations specified in such Supplemental Indenture.

"Balloon Indebtedness" -- Long-Term Indebtedness of which 25% or more of the principal matures in the same Fiscal Year and is not required by the documents pursuant to which such Indebtedness was issued to be amortized by payment or redemption prior to that Fiscal Year, provided that such Indebtedness will not constitute Balloon Indebtedness if the Trustee is provided a certificate of a Commission Official certifying that such Indebtedness is not to be treated as Balloon Indebtedness (because, by way of example, such Indebtedness is intended to serve as "wrap around" Indebtedness).

"Bank" -- as to any particular Series of Subordinate Indenture Bonds, each Person (other than a Bond Insurer or PennDOT) 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 Subordinate Indenture Bonds.

"Bank Fee" -- 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).

"Bankruptcy Law" -- Title 9 of the United States Code, as amended from time to time, and any successor to or replacement of such Title and any other applicable federal or state bankruptcy, insolvency or similar law.

"Beneficial Owner" -- the beneficial owner of any Subordinate Indenture Bond which is held by a nominee.

"Bond Buyer Index" -- shall mean the Bond Buyer 20 Bond Index as published weekly in "The Bond Buyer". If such Index shall cease to be published, the Financial Consultant shall select another index which shall be reflective of the Commission's fixed borrowing cost.

"Bond Counsel" -- any attorney or firm of attorneys whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized.

"Bond Insurer" -- as to any particular maturity or any particular Series of Subordinate Indenture Bonds, the Person undertaking to insure such Subordinate Indenture Bonds as designated in a Supplemental Indenture providing for the issuance of such Subordinate Indenture Bonds.

"Book-Entry-Only System" -- a system similar to the system described in the Subordinate Indenture pursuant to which bonds are registered in book-entry form.

"Business Day" -- 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 city in which the designated office of the Trustee or any Bank is located, in the Commonwealth or in the City of New York.

"Capital Appreciation Bonds" -- any Additional Subordinate Indenture Bonds of any Series so designated in a Supplemental Indenture; provided, however, that the term "Capital Appreciation Bonds" shall only be used with respect to such Additional Subordinate Indenture Bonds of any Series the interest on which is payable only at maturity or earlier redemption in amounts determined by reference to the Compounded Amount of such Subordinate Indenture Bond.

"Chief Engineer" -- the employee of the Commission designated its "Chief Engineer" or any successor title.

"Class" -- the Revenue Bonds or their Holders, collectively, or the Special Revenue Bonds or their Holders, collectively, or any future type of Subordinate Indenture Bond, unique in its security or purposes in relation to other Subordinate Indenture Bonds, or its Holders, collectively.

"Code" -- the Internal Revenue Code of 1986, as amended, and the regulations proposed or in effect with respect thereto.

"Commonwealth" -- the Commonwealth of Pennsylvania.

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

"Commission Payments" -- the covenant by the Commission and the payments made by the Commission, all as set forth in the section "Commission Payments," with respect to payments to be made to the Trustee.

"Commission Payments Fund" -- the fund created under the section "Creation of Funds."

"Compounded Amount" -- any date and with respect to any particular Capital Appreciation Bond or Convertible Capital Appreciation Bond, the Original Principal Amount of such Capital Appreciation Bond or Convertible Capital Appreciation Bond plus accretion of principal, based on compounding on each Compounding Date to the date of maturity thereof (with respect to a Capital Appreciation Bond) or the Current Interest Commencement Date (with respect to a Convertible Capital Appreciation Bond) at the same interest rate as shall produce a compound amount on such date of maturity or Current Interest Commencement Date, as applicable, equal to the principal amount thereof on such date; provided that Compounded Amount on any day which is not a Compounding Date shall be determined on the assumption that the Compounded Amount accrues in equal daily amounts between Compounding Dates.

"Compounding Date" -- the date on which interest on a Capital Appreciation Bond or Convertible Capital Appreciation Bond (prior to the Current Interest Commencement Date) is compounded and added to principal.

"Conditional Redemption" -- shall have the meaning set forth in the section "Notice of Redemption."

"Consultant" -- 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 be a broker or agent with whom the Commission transacts business.

"Convertible Capital Appreciation Bond" -- any Additional Subordinate Indenture Bonds of any Series so designated in a Supplemental Indenture as to which prior to the Current Interest Commencement Date with respect thereto, interest will not be paid on a current basis, but will be added to the principal on each Compounding Date,

and after the Current Interest Commencement Date interest will be paid on a current basis on the Compounded Amount as of the Current Interest Commencement Date.

"Counsel" -- an attorney or law firm (who may, without limitation, be counsel for the Commission, the Commonwealth or other governmental entity or agency of the Commonwealth) not unsatisfactory to the Trustee.

"Credit Facility" -- any letter of credit, line of credit, standby letter of credit, DSRF Security, indemnity or surety 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 responsible financial or insurance institution, to provide for or to secure payment of principal and purchase price of, and/or interest on Subordinate Indenture Bonds pursuant to the provisions of a Supplemental Indenture under which such Subordinate Indenture Bonds are issued. The use of such definition is not intended to preclude the Commission from providing the credit or liquidity support with respect to one or more series of Subordinate Indenture Bonds directly rather than through a financial or insurance institution.

"Current Interest Commencement Date" -- the date established prior to the issuance of each series of Convertible Capital Appreciation Bonds, as set forth in a Supplemental Indenture, at which time the semiannual compounding of interest ceases and after such date interest is payable currently on the Compounded Amount on the ensuing interest payment dates.

"Debt Service Fund" -- the fund described under the section "Creation of Funds."

"Debt Service Reserve Fund" -- the fund described under the section "Creation of Funds."

"Debt Service Reserve Fund Bonds" -- shall mean the Long-Term Indebtedness specified by the Commission in the Subordinate Indenture or any Supplemental Indenture that is secured by the Debt Service Reserve Fund as described in the section "Debt Service Reserve Fund."

"Debt Service Reserve Requirement" -- the amount equal to the lesser of (1) Maximum Annual Debt Service on account of all the Debt Service Reserve Fund Bonds, (2) 10% of the aggregate Outstanding principal amount of all the Debt Service Reserve Fund Bonds, and (3) 125% of average Annual Debt Service for all Debt Service Reserve Fund Bonds for each Fiscal Year for the remaining life of such Bonds, provided in any such case that such amount does not exceed what is permitted by the Code.

"Defeasance Securities" --

- (a) Cash,
- (b) Government Obligations,
- (c) Government Obligations which have been stripped by the U.S. Treasury and CATS, TIGRS and similar securities,
- (d) Resolution Funding Corp. strips which have been stripped by the Federal Reserve Bank of New York,
- (e) Pre-refunded obligations of a state or municipality rated in the highest rating category by the Rating Agency, and
- (f) Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:
 - 1) Farmers Home Administration
Certificates of beneficial ownership

- 2) Federal Financing Bank
- 3) General Services Administration
Participation certificates
- 4) U.S. Maritime Administration
Guaranteed Title XI financing
- 5) U.S. Department of Housing and Urban Development
Project Notes Local Authority Bonds New Communities
Debentures - U.S. government guaranteed debentures
- 6) U.S. Public Housing Notes and Bonds
U.S. government guaranteed public housing notes and Bonds

"Depository" -- a bank or trust company designated as such by the Commission to receive moneys under the provisions of the Subordinate Indenture and approved by the Trustee, and shall include the Trustee.

"Depository Participants" -- any Person for which the Securities Depository holds Subordinate Indenture Bonds as securities depository.

"DSRF Security" -- shall have the meaning set forth in the section "Debt Service Reserve Fund."

"DTC" -- shall mean The Depository Trust Company.

"Enabling Acts" -- shall mean the Act approved May 21, 1937, P.L. 774, as amended by Acts approved on various dates, including May 24, 1945 P.L. 972, February 26, 1947, P.L. 17, May 23, 1951, P.L. 335, August 14, 1951, P.L. 1232 and September 30, 1985, P.L. 240 and Act 44, as amended, and any successor acts, as amended.

"Event of Bankruptcy" -- the filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceedings) by or against the Commission as debtor, under Bankruptcy Law.

"Event of Default" -- those events specified in the section "Events of Default" in the Subordinate Indenture and such other events specified in any Supplemental Indentures.

"Financial Consultant" -- any financial advisor or firm of financial advisors of favorable national reputation for skill and experience in performing the duties for which a Financial Consultant is required to be employed pursuant to the provisions in the Subordinate Indenture and who is retained by the Commission as a Financial Consultant for the purposes of the Subordinate Indenture.

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

"Fitch" -- Fitch, Inc., its successors and assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized rating agency designated by the Commission.

"Fixed Rate Bonds" -- Subordinate Indenture Bonds issued at a fixed interest rate.

"Funding Agreement" -- the Lease and Funding Agreement dated as of October 14, 2007, as it may be amended, between the Commission and PennDOT.

"Funding Agreement Rental Payments" -- rental payments required by the Funding Agreement.

"General Reserve Fund" -- the General Reserve Fund created under the Senior Indenture.

"Government Obligations" --

- (a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed as to full and timely payment by, the U.S.,
- (b) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the U.S., the payment of the principal of and interest on which is fully and unconditionally guaranteed as a full faith and credit obligation of the U.S. (including any securities described in clause (a) above issued or held in book entry form in the name of the Trustee only on the books of the Department of Treasury of the U.S.),
- (c) any certificates or any other evidences of an ownership interest in obligations or specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in clause (a) or (b) above, which obligations are held by a bank or trust company organized and existing under the laws of the U.S. or any state thereof in the capacity of custodian,
- (d) stripped obligations of interest issued by the Resolution Funding Corporation pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"), the interest on which, to the extent not paid from other specified sources, is payable when due by the Secretary of the Treasury pursuant to FIRREA, and
- (e) obligations of any state or political subdivision thereof or any agency or instrumentality of such a state or political subdivision, provided that cash, obligations described in clause (a), (b), (c) or (d) above, or a combination thereof have been irrevocably pledged to and deposited into a segregated escrow account for the payment when due of the principal or redemption price of and interest on such obligations, and provided further that, at the time of purchase, such obligations are rated by the Rating Agency in its highest rating category.

"Immediate Notice" -- notice transmitted by electronic means, in writing, by telecopier or other electronic means or by telephone (promptly confirmed in writing) and received by the Person to whom it was addressed.

"Indebtedness" -- any obligation or debt incurred for money borrowed.

"Interest Payment Date" -- with respect to each series of Subordinate Indenture Bonds, the dates which are defined as such in the Supplemental Indenture under which such Subordinate Indenture Bonds are issued. However, in each case, if the date specified above is not a Business Day then the Interest Payment Date shall be the Business Day next succeeding the date specified above.

"Interest Sub-Account" -- the account described under the section "Debt Service Fund."

"Issuance Cost" -- costs incurred by or on behalf of the Commission in connection with the issuance of Subordinate Indenture Bonds including, without limitation, the following: payment of financial, legal, accounting and appraisal fees and expenses, the Commission's fees and expenses attributable to the issuance of the Subordinate Indenture Bonds, the cost of printing, engraving and reproduction services, fees and expenses incurred in connection with any Credit Facility and any Approved Swap Obligation, legal fees and expenses for Bond Counsel, Commission's counsel, Trustee's counsel and Underwriter's counsel relating to the issuance of the Subordinate Indenture Bonds, the initial or acceptance fee of the Trustee, and all other fees, charges and expenses incurred in connection with the issuance of the Subordinate Indenture Bonds and the preparation of the Subordinate Indenture.

"Letter of Representations" -- the letter of representations or similar document executed by the Commission and delivered to the Securities Depository (and any amendments thereto or successor agreements) for one or more Series of Book Entry Bonds.

"Long-Term Indebtedness" -- all Indebtedness, which is not (a) Short-Term Indebtedness or (b) Subordinated Indebtedness.

"Maximum Annual Debt Service" -- at any point in time, the maximum amount of annual Debt Service on all applicable Long-Term Indebtedness paid or payable in the then current or any future Fiscal Year.

"Moody's" -- Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized rating agency designated by the Commission.

"Motor License Fund" -- the Commonwealth Motor License Fund.

"Motor License Fund Repayment Fund" -- the fund described under the section "Creation of Funds."

"Original Principal Amount" -- the Compounded Amount of any Capital Appreciation Bond or Convertible Capital Appreciation Bond as of the date of original issuance.

"Original Subordinate Indenture Bonds" -- the Commission's Subordinated Turnpike Revenue Bonds, Series 2008A, in an aggregate principal amount of \$244,855,000.

"Outstanding" or "outstanding" in connection with Subordinate Indenture Bonds -- all Subordinate Indenture Bonds which have been authenticated and delivered under the Subordinate Indenture, except:

- (a) Subordinate Indenture Bonds theretofore cancelled or delivered to the Trustee for cancellation under the Subordinate Indenture;
- (b) Subordinate Indenture Bonds which are deemed to be no longer Outstanding in accordance with the section "Defeasance; Deposit of Funds for Payment of Subordinate Indenture Bonds"; and
- (c) Subordinate Indenture Bonds in substitution for which other Subordinate Indenture Bonds have been authenticated and delivered pursuant to the Subordinate Indenture.

In determining whether the owners of a requisite aggregate principal amount of Subordinate Indenture Bonds Outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions in the Subordinate Indenture, Subordinate Indenture Bonds which are held by or on behalf of the Commission (unless all of the Outstanding Subordinate Indenture Bonds are then owned by the Commission) shall be disregarded for the purpose of any such determination.

"Parity Obligations" -- Revenue Bonds Parity Obligations and Special Revenue Bonds Parity Obligations as separately secured in accordance with the Subordinate Indenture.

"Parity Swap Agreement" -- shall have the meaning set forth in the section "Approved and Parity Swap Obligations."

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

"Paying Agent" -- with respect to any series of Subordinate Indenture Bonds, that Person appointed pursuant to the Subordinate Indenture to make payments to Subordinate Indenture Bondholders of interest and/or principal pursuant to the terms of the Subordinate Indenture, which initially shall be the Trustee.

"Payments" -- Funding Agreement, grant or other payments to PennDOT pursuant to the provisions of Act 44 or the Funding Agreement.

"PennDOT" -- Pennsylvania Department of Transportation.

"Permitted Investments" -- (to the extent permitted by law)

- (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 U.S., pursuant to authority granted by the U.S. Congress;
- (c) obligations of the Governmental National Mortgage Association, Farmers Home Administration, Federal Financing Bank, Federal Housing Administration, Maritime Administration and Public Housing Authorities, provided that the full and timely payment of the principal and interest on such obligations shall be unconditionally guaranteed by the U.S.;
- (d) obligations of the Federal Intermediate Credit Corporation and of the Federal National Mortgage Association;
- (e) obligations of the Federal Banks for Cooperation;
- (f) obligations of Federal Land Banks;
- (g) obligations of Federal Home Loan Banks; provided that the obligations described in clauses (c) through (f) above shall constitute Permitted Investments only to the extent that the Rating Agency has assigned a rating to such obligations which is not lower than the highest rating assigned by such Rating Agency to any series of Subordinate Indenture Bonds then Outstanding;
- (h) certificates of deposit of any bank, savings and loan or trust company organized under the laws of the U.S. or any state thereof, including the Trustee or any holder of the Subordinate Indenture Bonds, provided that such certificates of deposit shall be fully collateralized (with a prior perfected security interest), to the extent they are not insured by the Federal Deposit Insurance Corporation, by Permitted Investments described in (a), (b), (c), (d), (e), (f) or (g) above having a market value at all times equal to the uninsured amount of such deposit;
- (i) Money market funds registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, including funds for which the Trustee, its parent, its affiliates or its subsidiaries provide investment advisory or other management services, and which are rated by S&P, Moody's and Fitch in one of their two highest rating categories;
- (j) investment agreements (which term, for purposes of this clause, shall not include repurchase agreements) with a Qualified Financial Institution;
- (k) repurchase agreements with banks or primary government dealers reporting to the Federal Reserve Bank of New York ("Repurchasers"), including but not limited to the Trustee and any of its affiliates, provided that each such repurchase agreement results in transfer to the Trustee of legal and equitable title to, or the granting to the Trustee of a prior perfected security interest in, identified Permitted Investments described in (a), (b), (c), (d), (e), (f) or (g) above which are free and clear of any claims by third parties and are segregated in a custodial or trust account held either by the Trustee or by a third party (other than the Repurchaser) as the agent solely of, or in trust solely for the benefit of, the Trustee, provided that Government Obligations acquired pursuant to such repurchase agreements shall be valued at the lower of the then current market value of such Government Obligations or the repurchase price thereof set forth in the applicable repurchase agreement;

- (l) Bonds or notes issued by any state or municipality which are rated by S&P, Moody's and Fitch in one of their two highest rating categories;
- (m) Commercial paper rated in the highest short term, note or commercial paper Rating Category by S&P, Moody's and Fitch;
- (n) Any auction rate certificates which are rated by S&P, Moody's and Fitch in one of their two highest rating categories;
- (o) Corporate bonds and medium term notes rated at least "AA-" by Moody's and S&P;
- (p) Asset-backed securities rated in the highest rating category by Moody's and S&P; or
- (q) Any other investment approved by the Commission for which confirmation is received from the Rating Agency that such investment will not adversely affect such Rating Agency's rating on such Subordinate Indenture Bonds.

"Person" -- an individual, public body, a public instrumentality, a corporation, a limited liability company, a partnership, limited liability partnership, an association, a joint stock company, a trust and any unincorporated organization.

"Policy Costs" -- a periodic fee or charge required to be paid to maintain a DSRF Security.

"Principal Sub-Account"-- the account described under the section "Debt Service Fund."

"Project" or "Cost"-- any financing which is authorized by the Enabling Acts or which may be hereafter authorized by law.

"Projected Annual Debt Service" -- for any future period of time, shall equal the amount of Maximum Annual Debt Service on all Long-Term Indebtedness then Outstanding and on any Long-Term Indebtedness proposed to be issued.

"Projected Debt Service Coverage Ratio" -- for the immediately two following Fiscal Years, the ratio determined by dividing the projected amounts to be paid into the General Reserve Fund for each of such years by the Projected Annual Debt Service for each of such years.

"Qualified Financial Institution" -- (a) any U.S. domestic institution which is a bank, trust company, national banking association or a corporation, including the Trustee and any of its affiliates, subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956, or a member of the National Association of Securities Dealers, Inc. whose unsecured obligations or uncollateralized long-term debt obligations have been assigned a rating within the two highest rating categories by the 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 or a corporation whose obligations are guaranteed by an insurance company (in the form of an insurance policy) or by an insurance holding company rated in the highest rating category by the Rating Agency or whose unsecured obligations or uncollateralized long-term debt obligations have been assigned a rating within the highest rating category by the 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.

"Rate Covenant" -- the requirement to establish and maintain a schedule of Tolls sufficient to provide the funds required pursuant to the section "Rate Covenant."

"Rating Agency" -- Fitch, Moody's, S&P and such other nationally recognized securities rating agency as may be so designated in writing to the Trustee by a Commission Official.

"Rating Category" -- each major rating classification established by the Rating Agency, determined without regard to gradations such as "1," "2" and "3" or "plus" and "minus."

"Rebate Fund" -- the fund described under the section "Creation of Funds."

"Rebate Regulations" -- the Treasury Regulations issued under Section 148(f) of the Code.

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

"Reimbursement Agreement" -- 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 Subordinate Indenture Bonds of one or more Series and the Commission agrees to reimburse such Bank or Banks for any drawings made thereunder.

"Reimbursement Obligation" -- an obligation of the Commission pursuant to a Reimbursement Agreement to repay any amounts drawn under a Credit Facility and to pay interest on such drawn amounts pursuant to such Reimbursement Agreement.

"Residual Fund" -- the fund described under the section "Creation of Funds."

"Responsible Officer" -- when used with respect to the Trustee, any officer in the corporate trust department (or any successor thereto) of the Trustee, or any other officer or representative of the Trustee customarily performing functions similar to those performed by any of such officers and also means, with respect to a particular corporate trust matter, any other officer of the Trustee to whom such matter is referred because of that officer's knowledge of and familiarity with the particular subject.

"Revenue Bonds Account" -- the account described under the section "Debt Service Fund."

"Revenue Bonds" -- bonds described in the section "Subordinate Turnpike Revenue Bonds" and which are not secured by Commonwealth Motor License Fund Payments but have a senior claim on Commission Payments.

"Revenue Bonds Parity Obligations" -- Revenue Bonds and all other obligations agreed by the Commission to be on a parity therewith.

"S&P" -- Standard & Poor's, a division of McGraw-Hill, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Commission.

"Secured Owner" -- each Person who is an Subordinate Indenture Bondholder of any Subordinate Indenture Bonds, each Parity Swap Agreement Counterparty providing a Parity Swap Agreement, each Bank providing a Credit Facility, each Bond Insurer providing a Bond insurance policy with respect to a Parity Obligation, each provider of a DSRF Security and holders of other Parity Obligations.

"Securities Depository" -- a Person that is registered as a clearing agency under Section 17A of the Securities Exchange Act of 1934 or whose business is confined to the performance of the functions of a clearing agency with respect to exempted securities, as defined in Section 3(a)(12) of such Act for the purposes of Section 17A thereof.

"Senior Indenture" -- the Amended and Restated Trust Indenture originally dated as of July 1, 1986 and amended and restated as of March 1, 2001 between the Commission and U.S. Bank National Association, as successor trustee, as it may be amended, supplemented or replaced, in connection with the Commission's main line toll revenue bonds.

"Senior Indenture Trustee" -- the legal person that is the trustee under the Senior Indenture whether by contract or operation of law.

"Series" or "Sub-Series" means any series or sub-series of bonds issued pursuant to the Subordinate Indenture or any Supplemental Indenture.

"Short-Term Indebtedness" -- all Indebtedness which matures in less than 365 days and is designated as Short-Term Indebtedness pursuant to the Subordinate Indenture. In the event a Bank has extended a line of credit or the Commission has undertaken a commercial paper or similar program, only amounts actually borrowed under such line of credit or program and repayable in less than 365 days shall be considered Short-Term Indebtedness and the full amount of such commitment or program shall not be treated as Short-Term Indebtedness to the extent that such facility remains undrawn.

"Special Record Date" -- the date or dates specified in a Supplemental Indenture with respect to Additional Subordinate Indenture Bonds issued under such Supplemental Indenture.

"Special Revenue Bonds" -- bonds issued pursuant to the Subordinate Indenture and authorized pursuant to Section 9511.4 of Act 44 which are secured by Commonwealth Motor License Fund payments but are subordinate to Revenue Bonds with respect to their claim on Commission Payments.

"Special Revenue Bonds Account" -- the account described under the section "Debt Service Fund."

"Special Revenue Bonds Funded Debt Service Sub-Account" -- the account described under the section "Debt Service Fund."

"Special Revenue Bonds Funded Debt Service Sub-Account Requirement" -- the funds to be deposited in the Special Revenue Bonds Funded Debt Service Sub-Account in the amounts and at the times as described in the section "Debt Service Fund."

"Special Revenue Bonds Parity Obligations" -- Special Revenue Bonds and all other obligations agreed by the Commission to be on a parity therewith with respect to their claim on Commission Payments.

"Special Revenue Bonds Payments" -- payments received from the Commonwealth's Motor License Fund pursuant to Act 44 for the purpose of paying debt service on Special Revenue Bonds.

"Special Revenue Bonds Receipts Account" -- the account described under the section "Debt Service Fund."

"Subordinate Indenture" -- the Subordinate Trust Indenture dated as of April 1, 2008 by and between the Commission and the Trustee as supplemented and amended from time to time.

"Subordinate Indenture Bond" or "Subordinate Indenture Bonds" -- Original Subordinate Indenture Bonds and all other indebtedness of any kind or class, including bonds, notes, bond anticipation notes, commercial paper and other obligations, issued as Additional Subordinate Indenture Bonds under the Subordinate Indenture, other than Additional Subordinate Indenture Bonds issued as Subordinated Indebtedness.

"Subordinate Indenture Bond Owner," "Subordinate Indenture Bondholder," "Holder," "Owner" or "Registered Owner" (or the lower case version of the same) -- the Person in whose name any Subordinate Indenture Bond or Subordinate Indenture Bonds are registered on the books maintained by the Subordinate Indenture Registrar.

"Subordinate Indenture Bond Register" -- the register maintained pursuant to the Subordinate Indenture.

"Subordinate Indenture Bond Registrar" -- with respect to any series of Subordinate Indenture Bonds, that Person which maintains the Subordinate Indenture Bond Register or such other entity designated by the Subordinate Indenture Bond Registrar to serve such function and initially shall be the Trustee.

"Subordinated Indebtedness" -- Indebtedness incurred pursuant to the Subordinate Indenture.

"Supplemental Indenture" -- any supplemental indenture to the Subordinate Indenture, now or hereafter duly authorized and entered into in accordance with the provisions of the Subordinate Indenture.

"Swap Agreement" -- shall have the meaning set forth in the section "Approved and Parity Swap Obligations."

"System" -- what are commonly referred to as the "Main Line" and the "Northeast Extension" of the Commission and any other roads for which the Commission has operational responsibility and is collecting Tolls, unless the Commission identifies such roads in a writing addressed to the Trustee (other than the "Main Line" and the "Northeast Extension") as not being part of the System for the purposes of the Subordinate Indenture. Notwithstanding the foregoing, no portion of Interstate 80 shall be deemed to be a portion of the "System" unless the Commission affirmatively makes such election in a writing to the Trustee.

"Tender Indebtedness" -- any Indebtedness or portion thereof:

- (a) the terms of which include (1) an option or an obligation on the part of the Secured Owner to tender all or a portion of such Indebtedness to the Commission, the Trustee, the Paying Agent or another fiduciary or agent for payment or purchase and (2) a requirement on the part of the Commission to purchase or cause to be purchased such Indebtedness or portion thereof if properly presented; and
- (b) which is rated in either (1) one of the two highest long-term Rating Categories by the Rating Agency or (2) the highest short-term, note or commercial paper Rating Category by the Rating Agency.

"Tolls" -- all rates, rents, fees, charges, fines or other income derived by the Commission from vehicular usage of the System, and all rights to receive the same.

"Trustee" -- TD Bank, National Association, and any bank or trust company appointed as successor trustee under the Subordinate Indenture.

"Trust Estate" -- has the meaning provided in the forepart of this Official Statement.

"U.S." -- United States of America.

"Variable Rate Bonds" -- Subordinate Indenture Bonds issued as Variable Rate Indebtedness.

"Variable Rate Indebtedness" -- any Indebtedness the interest rate on which fluctuates from time to time subsequent to the time of incurrence. Variable Rate Indebtedness may include, without limitation, (a) "auction rate" Indebtedness, that is, Variable Rate Indebtedness (1) the interest rate applicable to which (after an initial period following the issuance thereof or the conversion thereof to such an interest rate mode) is reset from time to time through an auction or bidding system and (2) which the Commission has no obligation to repurchase in connection with the resetting of the interest rate applicable thereto except to the extent proceeds are available for such purpose either from the remarketing of such Variable Rate Indebtedness or from such other sources as identified in the Supplemental Indenture pursuant to which such Variable Rate Indebtedness was issued, (b) Tender Indebtedness, (c) commercial paper Indebtedness which is intended to be reissued and refinanced periodically, or (d) other forms of Indebtedness on which the interest fluctuates or is subject to being set or reset from time to time.

SUBORDINATE INDENTURE

SUBORDINATE TURNPIKE REVENUE BONDS

Revenue Bonds shall be issued under the Subordinate Indenture for the purpose of making Payments to PennDOT to finance transit programs, highway and bridge construction and other purposes pursuant to Act 44. The Revenue Bonds shall be senior in right of payment to the Special Revenue Bonds.

SUBORDINATE SPECIAL REVENUE TURNPIKE REVENUE BONDS

Subordinate Special Revenue Turnpike Revenue Bonds ("Special Revenue Bonds") shall be issued under the Subordinate Indenture for the purpose of making Funding Agreement Rental Payments to PennDOT for the purposes of financing highway and bridge construction and paying other Costs of the Department (as defined in Act 44). The payment of debt service on the Special Revenue Bonds shall be junior in right of payment to the payment of debt service on the Revenue Bonds and the restoration of any deficiency in the Debt Service Reserve Fund for the Revenue Bonds pursuant to the Subordinate Indenture.

LIMITED OBLIGATIONS

The Subordinate Indenture Bonds shall be limited obligations of the Commission, payable solely from the Trust Estate. The Subordinate Indenture Bonds shall constitute a valid claim of the respective owners thereof against the Trust Estate to the extent provided in the Subordinate Indenture, which is pledged to secure the payment of the principal of, redemption premium, if any, and interest on the Subordinate Indenture Bonds as provided in the Subordinate Indenture, and which shall be utilized for no other purpose, except as expressly authorized in the Subordinate Indenture. The Subordinate Indenture Bonds shall not constitute general obligations of the Commission and under no circumstances shall the Subordinate Indenture Bonds be payable from, nor shall the holders thereof have any rightful claim to, any income, revenues, funds or assets of the Commission other than those pledged in the Subordinate Indenture as security for the payment of the Subordinate Indenture Bonds.

ADDITIONAL SUBORDINATE INDENTURE BONDS

The Commission will not issue or incur any other Indebtedness having a parity lien on the Trust Estate except for Additional Subordinate Indenture Bonds issued pursuant to this Section and other Parity Obligations. Additional Subordinate Indenture Bonds may be issued and the Trustee shall authenticate and deliver such Additional Subordinate Indenture Bonds when there have been filed with the Trustee the following:

- (a) A copy certified by a Commission Official of the resolution or resolutions of the Commission authorizing (1) the execution and delivery of a Supplemental Indenture providing for, among other things, the date, rate or rates of interest on, interest payment dates, maturity dates and redemption provisions of such Additional Subordinate Indenture Bonds, and (2) the issuance, sale, execution and delivery of the Additional Subordinate Indenture Bonds;
- (b) An original executed counterpart of the Supplemental Indenture;
- (c) An opinion or opinions of Bond Counsel, addressed to the Commission and the Trustee, to the effect that (1) issuance of the Additional Subordinate Indenture Bonds is permitted under the Subordinate Indenture, (2) each of the Supplemental Indenture and the Additional Subordinate Indenture Bonds has been duly authorized, executed and delivered and is a valid, binding and enforceable obligation of the Commission, subject to bankruptcy, equitable principles and other standard legal opinion exceptions and (3) subject to the last paragraph of this Section, interest on the Additional Subordinate Indenture Bonds is not included in gross income for federal income tax purposes under the Code;
- (d) A request and authorization of the Commission, signed by a Commission Official, to the Trustee to authenticate and deliver the Additional Subordinate Indenture Bonds to such Person or persons named

therein after confirmation of payment to the Trustee for the account of the Commission of a specified sum (which may include directions as to the disposition of such of such sum);

(e) A certificate of the Commission, signed by a Commission Official, that the Commission is not in default under the Subordinate Indenture and evidence satisfactory to the Trustee that, upon issuance of the Additional Subordinate Indenture Bonds, amounts will be deposited in the Funds under the Subordinate Indenture adequate for the necessary balances therein after issuance of the Additional Subordinate Indenture Bonds (including an amount sufficient to satisfy the Debt Service Reserve Requirement if the Additional Subordinate Indenture Bonds constitute Debt Service Reserve Fund Bonds);

(f) A certificate of the Commission, signed by a Commission Official, specifying the amount of each Class of Subordinate Indenture Bonds Outstanding after issuance of the Additional Subordinate Indenture Bonds, identifying the Additional Subordinate Indenture Bonds as Revenue Bonds or Special Revenue Bonds, Short-Term Indebtedness, Long-Term Indebtedness or Subordinated Indebtedness and demonstrating with reasonable detail that the provisions of the Senior Indenture and of the Subordinate Indenture with respect to the incurrence of additional indebtedness have been met for the issuance of such Additional Subordinate Indenture Bonds; and

(g) Such further documents, moneys and securities as are required by the provisions of the Supplemental Indenture.

Anything in the Subordinate Indenture to the contrary notwithstanding, Additional Subordinate Indenture Bonds may bear interest which is included in gross income for federal income tax purposes under the Code, in which event provisions in the Subordinate Indenture requiring or referencing the exclusion of interest on Subordinate Indenture Bonds from gross income for federal income tax purposes may be ignored or modified, as appropriate, as set forth in an opinion of Bond Counsel.

APPROVED AND PARITY SWAP OBLIGATIONS

The Commission may enter into one or more contracts having an interest rate, currency, cash-flow, or other basis desired by the Commission (a "Swap Agreement"), 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. In the event the Commission wishes the payments to be made and received by the Commission under the Swap Agreement to be taken into account in any calculation of Annual Debt Service under the Subordinate Indenture, the Commission shall file with the Trustee the following on or before entering into the Swap Agreement (in which event, such Swap Agreement shall constitute an "Approved Swap Agreement"):

(a) A copy certified by a Commission Official of the resolution or resolutions of the Commission authorizing the execution and delivery of the Swap Agreement (no Supplemental Indenture being required unless the Commission determines it to be necessary or appropriate);

(b) An original executed counterpart of the Swap Agreement;

(c) An opinion of Bond Counsel addressed to the Commission and to the Trustee, to the effect that execution of the Swap Agreement is permitted under the laws of the Commonwealth and will not adversely affect the exclusion from gross income from interest on any Subordinate Indenture Bonds (or any other Commission bonds to which such Swap Agreement relates) for federal income tax purposes; provided that if the Swap Agreement relates to Subordinate Indenture Bonds being issued and the Swap Agreement is entered into prior to the issuance of such Subordinate Indenture Bonds, the portion of the opinion of Bond Counsel referring to tax-exempt status of the Subordinate Indenture Bonds need not be delivered until such Subordinate Indenture Bonds are issued;

(d) A certificate of the Commission, signed by a Commission Official, that the Commission is not under default under the Subordinate Indenture;

(e) Evidence that the execution of the Swap Agreement will not result in a reduction or withdrawal of the rating then assigned to any Subordinate Indenture Bonds by the Rating Agency;

(f) Evidence that the relevant provisions of the Subordinate Indenture have been met with respect to additional indebtedness as applicable to Swap Agreements; and

(g) Such further documents as are required by the Swap Agreement or Bond Counsel.

In the event the Commission wishes to enter into an Approved Swap Agreement and to have any or all of its obligations thereunder be on parity with certain other Subordinate Indenture Bonds and certain other Parity Obligations, it shall file with the Trustee the items set forth above, together with a supplemental indenture granting such parity position (in which event, such Swap Agreement shall constitute a "Parity Swap Agreement"). Upon entering into a Parity Swap Agreement, unless otherwise provided in the supplemental indenture, the Commission shall pay to the Trustee for deposit into the Interest Account the net amount payable, if any, to the Parity Swap Agreement Counterparty as if such amounts were additional amounts of interest due; and the Trustee shall pay on behalf of the Commission to the Parity Swap Agreement Counterparty, to the extent required under the Parity Swap Agreement, amounts deposited in the Interest Account. Net amounts received by the Commission or the Trustee from the counterparty pursuant to a Parity Swap Agreement shall be deposited to the credit of the Interest Account for the related Series of Subordinate Indenture Bonds or to such other account as designated by a Commission Official.

Amounts paid by or to the Commission pursuant to Approved Swap Agreements which do not constitute Parity Swap Agreements shall not be required to be made through the Trustee as described in the preceding paragraph (but shall be taken into account in calculation of Annual Debt Service as provided in the definition of such term).

CONVERSIONS OF VARIABLE RATE INDEBTEDNESS TO FIXED RATE INDEBTEDNESS

The Commission may convert Variable Rate Indebtedness to a fixed rate if permitted pursuant to the terms thereof and if the Commission was in compliance with the Rate Covenant for the most recently completed Fiscal Year. If the Commission did not meet the Rate Covenant for such Fiscal Year, the Commission must treat the proposed conversion as if it constituted the issuance of Additional Subordinate Indenture Bonds by meeting the requirements set forth in the Subordinate Indenture (computing the Annual Debt Service with respect to such Variable Rate Indebtedness proposed to be converted as bearing interest at the Bond Buyer Index or such other rate as identified by a Financial Consultant as being more appropriate under the circumstances).

COMMISSION PAYMENTS

The Commission has covenanted to make the Commission Payments as described under "SECURITY FOR THE 2011 BONDS – Commission Payments" in the forepart of this Official Statement.

In the event of any failure by the Commission to make any of the payments required to be deposited in the Interest Sub-Account or Principal Sub-Account for the Special Revenue Bonds, the Trustee shall immediately send notice, by electronic format or otherwise, to PennDOT, with a copy to the Commission and the Treasurer of the Commonwealth, to make payment out of the Motor License Fund pursuant to Subordinate Indenture for payment to the Special Revenue Bonds Receipts Account in the amount of any such failure by the Commission to make payment for such time until the Commission resumes full payment.

In the event of any failure by PennDOT or the Treasurer of the Commonwealth to deposit funds transferred from the Motor License Fund into the Special Revenue Bonds Receipts Account as required in the preceding paragraph for the payment of any interest or principal due on Special Revenue Bonds, then the Trustee shall withdraw such amounts from the Special Revenue Bonds Funded Debt Service Sub-Account and transfer the monies to the Special Revenue Bonds Interest Sub-Account or the Principal Sub-Account, as appropriate, on the applicable Interest Payment Date, principal payment date or mandatory sinking fund installment date. If monies are received from the Motor License Fund subsequent to payments being made pursuant to this Section, then such Motor License

Fund monies shall be transferred from the Special Revenue Bonds Receipts Account to the Special Revenue Bonds Funded Debt Service Sub-Account, as set forth in the section "Debt Service Fund," to restore any deficiency thereunder.

RATE COVENANT

The Commission covenants that it will establish and maintain schedules of Tolls for traffic over the System as required by the Senior Indenture as described under "SECURITY FOR THE 2011 BONDS – Rate Covenant" in the forepart of this Official Statement.

CREATION OF FUNDS

In addition to any funds created by Supplemental Indentures, the Subordinate Indenture creates the following funds and amounts deposited therein shall be held in trust by the Trustee until applied as directed under the Subordinate Indenture: Commission Payments Fund; Administrative Expenses Fund; Debt Service Fund; Debt Service Reserve Fund; Motor License Fund Repayment Fund; Rebate Fund; and Residual Fund.

COMMISSION PAYMENTS FUND

The Subordinate Indenture creates a Commission Payments Fund as further described in the forepart of this Official Statement under "SECURITY FOR THE 2011 BONDS – Commission Payments Fund."

ADMINISTRATIVE EXPENSES FUND

The Subordinate Indenture creates an Administrative Expenses Fund as further described in the forepart of this Official Statement under "SECURITY FOR THE 2011 BONDS – Administrative Expenses Fund".

DEBT SERVICE FUND

The Subordinate Indenture creates a Debt Service Fund and certain accounts and sub-accounts therein, further described in the forepart of this Official Statement under "SECURITY FOR THE 2011 BONDS – Debt Service Fund."

DEBT SERVICE RESERVE FUND

The Subordinate Indenture creates a Debt Service Reserve Fund as further described in the forepart of this Official Statement under "SECURITY FOR THE 2011 BONDS – Debt Service Reserve Fund."

REBATE FUND

The Commission covenants to calculate and to pay directly to the government of the U.S. all amounts due for payment of "arbitrage rebate" under Section 148(f) of the Code with respect to any Subordinate Indenture Bonds. Nevertheless, the Commission in the future may deposit with the Trustee or direct the Trustee to deposit in the Rebate Fund amounts held in any Fund hereunder for any or all Series of Subordinate Indenture Bonds (which direction shall specify the procedures for collection and payment of amounts due in respect of arbitrage rebate) if (a) required under any amendments to Section 148(f) of the Code or (b) the Commission otherwise determines that the funding of the Rebate Fund is necessary or appropriate. The Rebate Fund is a trust fund but the amounts therein do not constitute part of the Trust Estate. Amounts on deposit in the Rebate Fund may be used solely to make payments to the U.S. under Section 148 of the Code and to pay costs related to the calculation of the amounts due. Upon satisfaction of the Commission's covenants described above, any amounts remaining in the Rebate Fund shall be deposited in the Commission Payments Fund.

MOTOR LICENSE FUND REPAYMENT FUND

The Subordinate Indenture creates a Motor License Fund Repayment Fund as further described in the forepart of this Official Statement under "SECURITY FOR THE 2011 BONDS – Motor License Fund Repayment Fund."

RESIDUAL FUND

The Subordinate Indenture creates a Residual Fund as further described in the forepart of this Official Statement under "SECURITY FOR THE 2011 BONDS – Residual Fund."

MONEYS SET ASIDE FOR PRINCIPAL AND INTEREST HELD IN TRUST

All moneys which the Trustee shall have set aside (or deposited with any paying agent) for the purpose of paying any of the Subordinate Indenture Bonds, either at the maturity thereof or upon call for redemption, shall be held in trust for the respective holders of the applicable Series of such Subordinate Indenture Bonds. However, any moneys which shall be so held or deposited by the Trustee, and which shall remain unclaimed by the holders of such Subordinate Indenture Bonds for the period of five years after the date on which such Subordinate Indenture Bonds shall have become payable, shall be paid to the Commission upon its written request or to such officer, board or body as may then be entitled by law to receive the same; thereafter the holders of such Subordinate Indenture 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.

ADDITIONAL SECURITY

Except as otherwise provided or permitted in the Subordinate Indenture, the Trust Estate securing Subordinate Indenture Bonds issued under the terms of the Subordinate Indenture shall be shared on a parity with other Parity Obligations as provided in the Subordinate Indenture. The Commission may, however, in its discretion, provide additional security or credit enhancement for specified Parity Obligations with no obligation to provide such additional security or credit enhancement to other Parity Obligations, except that no additional security or credit enhancement shall be provided unless there shall have been first delivered to the Trustee an opinion of Bond Counsel that the exclusion from gross income of interest on any Subordinate Indenture Bonds for federal income tax purposes will not be adversely affected thereby. Moreover, the Commission may provide in a Supplemental Indenture that Subordinate Indenture Bonds issued thereunder are not secured, or are secured only in part or only under certain circumstances, by the Trust Estate.

DEPOSITARY

Except as otherwise provided under the Subordinate Indenture, all moneys received by the Commission under the provisions of the Subordinate Indenture shall be deposited with the Trustee or with one or more Depositaries. All moneys deposited under the provisions of the Subordinate Indenture with the Trustee or any other Depositary shall be held in trust, credited to the particular fund or account to which such moneys belong and applied only in accordance with the provisions of the Subordinate Indenture.

No moneys shall be deposited with any Depositary, other than the Trustee, in an amount exceeding fifty per centum (50%) of the amount which an officer of such Depositary shall certify to the Commission as the combined capital and surplus of such Depositary.

All moneys deposited with the Trustee or any other Depositary under the Subordinate Indenture shall, to the extent not insured, be secured in the manner required or permitted by applicable law.

INVESTMENT OF MONEYS

Moneys held in any of the funds or accounts under the Subordinate Indenture may be retained uninvested, if deemed necessary by the Commission, as trust funds and secured as provided in the Subordinate Indenture or may be invested in Permitted Investments. All investments shall be made by the Trustee upon the oral request of the Commission, which is confirmed in writing by a Commission Official specifying the account or fund from which moneys are to be invested and designating the specific Permitted Investments to be acquired.

All investments must be subject to withdrawal or must mature or be subject to repurchase or redemption by the holder, not later than the earlier of (a) the date or dates set forth for similar investments in the applicable Supplemental Indenture or (b) the date on which the moneys may reasonably be expected to be needed for the purpose of the Subordinate Indenture.

Investments acquired with the moneys in any 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, shall be valued at their then fair market value. The interest or income received on an investment shall remain in the fund or account to which the investment is credited except to the extent otherwise provided in the applicable Supplemental Indenture.

The Trustee shall withdraw, redeem or sell all or a portion of any investment upon receipt of the written direction from the Commission or upon a determination by the Trustee that moneys in such fund or account are to be applied or paid by the Trustee pursuant to the provisions of the Subordinate Indenture, and the proceeds thereof shall be deposited by the Trustee in the appropriate fund or account. Neither the Trustee nor the Commission shall be liable or responsible for any depreciation in the value of the Permitted Investments or for any losses incurred upon any unauthorized disposition thereof.

Each fund and account held under the Subordinate Indenture shall be valued by the Trustee at least once annually within thirty days after the end of each Fiscal Year.

PAYMENT OF PRINCIPAL, INTEREST AND PREMIUM

The Commission covenants that it will promptly pay, by disbursement to the Trustee which is authorized to make the required payments, the principal of, premium, if any, and the interest on every Subordinate Indenture Bond and other Parity Obligations issued or agreed by the Commission to be parity under the provisions of the Subordinate Indenture at the places, on the dates and in the manner provided in the Subordinate Indenture and in said Subordinate Indenture Bonds and other Parity Obligations and will promptly pay all Administrative Expenses and any payments required to be made by the Commission to the Commonwealth's Motor License Fund. Except as otherwise provided in the Subordinate Indenture, all such monies are payable solely from Commission Payments, which Commission Payments are hereby pledged to the payment thereof in the manner and to the extent provided in the Subordinate Indenture. Neither the general credit of the Commission nor the general credit nor the taxing power of the Commonwealth or any political subdivision, agency or instrumentality thereof is pledged for the payment of the obligations described in the Subordinate Indenture.

LIMITATIONS ON ISSUANCE OF ADDITIONAL SUBORDINATE INDENTURE BONDS AND EXECUTION OF APPROVED SWAP

(a) Long-Term Indebtedness.

(1) The Commission agrees that it will not issue any Additional Subordinate Indenture Bonds constituting Long-Term Indebtedness unless prior to or contemporaneously with the incurrence thereof, the relevant provisions of the Senior Indenture and the Subordinate Indenture are met after taking into account as part of the calculations the issuance of such Additional Subordinate Indenture Bonds under the Subordinate Indenture and there are delivered to the Trustee:

- (i) a certificate of a Commission Official certifying that the amount paid into the General Reserve Fund under the Senior Indenture for the

most recent Fiscal Year preceding the delivery of such certificate for which audited financial statements are available divided by the Annual Debt Service on Outstanding Revenue Bonds including any Revenue Bonds to be issued at that time, and on Outstanding Revenue Bonds Parity Obligations, including Revenue Bonds Parity Obligations to be issued at that time, was not less than 1.15; and

(i) a certificate of a Commission Official certifying that the amount paid into the General Reserve Fund under the Senior Indenture for the most recent Fiscal Year preceding the delivery of such certificate for which audited financial statements are available divided by the Annual Debt Service on Outstanding Special Revenue Bonds including any Special Revenue Bonds to be issued at that time, and on Outstanding Special Revenue Bonds Parity Obligations, including Special Revenue Bonds to be issued at that time, was not less than 1.00; or

(ii) a report of a Consultant to the effect that the Projected Debt Service Coverage Ratio is not less than 1.10 for the Outstanding Bonds, including any Bonds to be issued at that time, and Parity Obligations.

(2) If the Long-Term Indebtedness is being incurred solely for the purposes of refunding, repurchasing or refinancing (whether in advance or otherwise) any outstanding Long-Term Indebtedness, a certificate of a Commission Official certifying the Maximum Annual Debt Service on all Applicable Long-Term Indebtedness prior to the issuance of the proposed Long-Term Indebtedness is greater than the Maximum Annual Debt Service on all Applicable Long-Term Indebtedness after the issuance of such proposed Long-Term Indebtedness.

(3) If the Long-Term Indebtedness being incurred consists of Special Revenue Bonds, a certificate provided by or on behalf the Commission certifying that the balance in the Motor License Fund at the end of the fiscal year immediately preceding the issuance of the Special Revenue Bonds is equal to at least three times the Maximum Annual Debt Service on all Outstanding Special Revenue Bonds after the issuance of the proposed Special Revenue Bonds.

(4) If the additional Series of Subordinate Indenture Bonds are refunding Subordinate Indenture Bonds issued to refund other Subordinate Indenture Bonds, the following shall be delivered:

(i) Evidence satisfactory to the Trustee that the Commission has made provision as required by the Subordinate Indenture for the payment or redemption of all Subordinate Indenture Bonds to be refunded;

(ii) A written determination by the Trustee or by a firm of certified independent public accountants or other qualified firm acceptable to the Commission and the Trustee that the proceeds (excluding accrued interest) of the refunding Subordinate Indenture Bonds, together with any other money to be deposited for such purpose with the Trustee, or in escrow for the benefit of the Trustee, upon the issuance of the refunding Bonds and the investment income to be earned on funds held by, or in escrow for the benefit of, the Trustee for the payment or redemption of other Subordinate Indenture Bonds will be sufficient without reinvestment to pay, whether upon redemption or at maturity, the principal of and premium, if any, and interest on the Subordinate Indenture Bonds to be refunded and the estimated expenses incident to the refunding; and

(iii) Either a written determination by the Trustee or by a firm of certified independent public accountants or other qualified firm acceptable to

the Commission and the Trustee that after the issuance of the refunding Subordinate Indenture Bonds and the provision for payment or redemption of all Subordinate Indenture Bonds to be refunded, Debt Service for each Fiscal Year in which there will be Outstanding Subordinate Indenture Bonds (not including Subordinate Indebtedness) of any Series not to be refunded will not be more than Debt Service for the Fiscal Year would have been respectively in each case on all Outstanding Revenue Bonds and on all Outstanding Special Revenue Bonds (in each case not including Subordinate Indebtedness) immediately before the issuance of the refunding Bonds, including the Subordinate Indenture Bonds, to be refunded.

(b) Subordinated Indebtedness. The Commission may incur Indebtedness (hereinafter referred to as "Subordinated Indebtedness") without limit which is subordinated and junior in all respects to payment of all or any Series of Subordinate Indenture Bonds and other Parity Obligations incurred under the Subordinate Indenture so that the same is payable as to principal and interest once all other payments have been made under the Subordinate Indenture from the amounts on deposit to the credit of the Commission Payments Fund as long as prior to or contemporaneously with the incurrence thereof, there is delivered to the Trustee:

(1) a certificate of a Commission Official certifying that the Rate Covenant would have been met during the preceding Fiscal Year taking into account the Maximum Annual Debt Service on such Subordinated Indebtedness, and

(2) the other items listed in the Subordinate Indenture for incurring Additional Subordinate Indenture Bonds (as the same may be modified to reflect the fact that such Indebtedness is Subordinated Indebtedness).

Such Subordinated Indebtedness and the payment thereof may be secured by a lien and pledge (a) subordinate to that of the Subordinate Indenture Bonds or any Series thereof on the Commission Payments or (b) prior to, on a parity with or subordinate to, the Subordinate Indenture Bonds or any Series thereof on Other Revenues, in which event the Commission and the Trustee may establish such other accounts under the Subordinate Indenture as they deem necessary or appropriate.

(c) Approved Swap Agreements. The Commission agrees that it will not enter into any Approved Swap Agreement unless prior to or contemporaneously with the incurrence thereof, the provisions of the Subordinate Indenture are met and there is delivered to the Trustee one of the certificates or reports required in subsection (b) above, which takes into account the expected payments by and to the Commission pursuant to such Approved Swap Agreement in calculating Annual Debt Service.

COVENANT AS TO FUNDING AGREEMENT

The Commission covenants it will not agree to any amendments or supplements to the Funding Agreement or waivers thereunder which adversely affect the holders of the Subordinate Indenture Bonds. The Commission covenants, as set forth in the Funding Agreement, that its obligations to pay Funding Agreement Rental Payments shall be subordinate obligations of the Commission, payable from amount in the General Reserve Fund only as permitted by any financing documents, financial covenants, liquidity policies or agreements in effect of the Commission. The Commission agrees that Funding Agreement Rental Payments will not be made when there is an outstanding uncured Event of Default under the Senior Indenture or this Subordinate Indenture.

COVENANTS AS TO ACT 44 – SPECIAL REVENUE BONDS

The Commission covenants, as required by Act 44, that (i) it will not issue Special Revenue Bonds in an aggregate amount exceeding \$5,000,000,000, including unless otherwise authorized by Act of the Pennsylvania General Assembly; and (ii) it will not issue Special Revenue Bonds in an amount exceeding \$600,000,000 in any calendar year unless otherwise authorized by Act of the Pennsylvania General Assembly.

In the event an amendment to Act 44 or enactment of other legislation providing that the Motor License Fund will become the primary payment source for debt service on the Special Revenue Bonds, the Commission may elect to substitute the Motor License Fund for the Commission Payments as the primary source of payment of debt service on the Special Revenue Bonds; provided, however, the Commission may make such election only if it (i) obtains conformation from the Rating Agencies that such change will not adversely affect the ratings on the Special Revenue Bonds and on the Revenue Bonds that remain outstanding after such change, and (ii) causes to be delivered an opinion of Bond Counsel that such change will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Special Revenue Bonds.

The Commission covenants that it will seek to enforce the covenants of the Commonwealth in Act 44 with respect to the Special Revenue Bonds and the Commonwealth's Motor License Fund. The Commission also covenants that it will seek to enforce to the extent possible and as permitted by applicable law, and that it will not take any action in violation of, Sections 8915.3(7) and 9511.11(C) of Act 44. 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 Special Revenue 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 covenants of the Commonwealth in Act 44.

The Commission covenants that it will seek to continue the Commonwealth's Motor License Fund in full force and effect without change which would materially adversely affect the Special Revenue Bonds. The Commission shall take such action as may be desirable or necessary to prevent or remedy the occurrence of any such change by petitioning the Governor and the General Assembly and taking appropriate legal action.

TAX COVENANTS

The Commission covenants that it will neither make nor direct the Trustee to make any investment or other use of the proceeds of any Series of tax exempt Subordinate Indenture Bonds issued under the Subordinate Indenture that would cause such Series of tax exempt Subordinate Indenture Bonds to be "arbitrage bonds", as that term is defined in Section 148(a) of the Code, and that it will comply with the requirements of the Code throughout the term of such Series of tax exempt Subordinate Indenture Bonds. The Trustee covenants that in those instances where it exercises discretion over the investment of funds, it shall not knowingly make any investment inconsistent with the foregoing covenants.

The Commission covenants that it (1) will take, or use its best efforts to require to be taken, all actions that may be required of the Commission for the interest on the Subordinate Indenture Bonds to be and remain not included in gross income for federal income tax purposes and (2) will not take or authorize to be taken any actions within its control that would adversely affect that status under the provisions of the Code.

EVENTS OF DEFAULT

Each of the following is an "Event of Default" with respect to a particular Series under the Subordinate Indenture:

- (a) Default in the payment of any installment of principal, redemption premium, if any, interest or other amount due on that particular Class of Subordinate Indenture Bonds when the same becomes due and payable;
- (b) Default in the payment by the Commission of any other Parity Obligation of that particular Class;
- (c) With respect only to Special Revenue Bonds and subject to the provisions of the Subordinate Indenture, default in the performance or breach of the covenants contained in the Subordinate Indenture;

(d) Subject to the provisions of the Subordinate Indenture, default in the performance or breach of any other covenant, warranty or representation of the Commission contained in the Subordinate Indenture (other than a default under subsections (a) and (b) of this Section);

(e) The occurrence of any Event of Default under any Supplemental Indenture with respect to that particular Class; or

(f) (1) The occurrence of an Event of Bankruptcy of the Commission; (2) the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of the Commission or of any substantial portion of its property, which appointment shall not have been rescinded or stayed within ninety (90) days after taking effect; or (3) the ordering of the winding up or liquidation of the affairs of the Commission.

REMEDIES

(a) The Trustee, upon the occurrence of an Event of Default may, and upon the written request of the holders of not less than a majority in aggregate principal amount of the Revenue Bonds Outstanding and subject, to the requirements of the Subordinate Indenture, shall proceed to protect and enforce its rights and the rights of the holders of the applicable Series of Subordinate Indenture Bonds under the Subordinate Indenture by a suit or suits in equity or at law, either for the specific performance of any covenant or agreement contained in the Subordinate Indenture or in aid of the execution of any power granted in the Subordinate Indenture, or for the enforcement of any other appropriate legal or equitable remedy, and the Trustee in reliance upon the advice of Counsel may deem most effective to protect and enforce any of the rights or interests of the applicable Series of Subordinate Indenture Bondholders under the applicable Series of Subordinate Indenture Bonds or the Subordinate Indenture.

(b) Without limiting the generality of the foregoing, the Trustee shall at all times have the power to institute and maintain such proceedings as it may deem expedient: (1) to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of the Subordinate Indenture, and (2) to protect its interests and the interests of the Subordinate Indenture Bondholders in the Trust Estate and in the issues, profits, revenues and other income arising therefrom, including the power to maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order which may be unconstitutional or otherwise invalid, if the enforcement of, or compliance with, such enactment, rule or order would impair the Trust Estate or be prejudicial to the interests of the Subordinate Indenture Bondholders or the Trustee.

(c) The Trustee, upon the occurrence of an Event of Default may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of the Special Revenue Bonds Outstanding, appoint a co-trustee to represent the holders of the Special Revenue Bonds in all proceedings to enforce payments from the Motor License Fund and the Special Revenue Bonds Funded Debt Service Sub-Account except as to any enforcement relating to the covenants of Act 44, which shall require the written direction of the Holders of not less than twenty-five (25%) of the principal amount of the Special Revenue Bonds then Outstanding, as set forth under the section "Covenants as to Act 44 – Special Revenue Bonds" in the Subordinate Indenture.

(d) Notwithstanding anything to the contrary contained in the Subordinate Indenture, the Trustee shall proceed to protect and enforce its rights under the section "Commission Payments" and the rights of the holders of the applicable Series of Subordinate Indenture Bonds under the section "Commission Payments" by a suit or suits in equity or at law, either for the specific performance or mandamus of any covenant or agreement contained in the Subordinate Indenture in a manner that the Trustee in reliance, upon the advice of Counsel, may deem most effective to protect and enforce any of its rights under the section "Commission Payments" or the interests or of the applicable Series of Subordinate Indenture Bondholders under the section "Commission Payments."

MARSHALING OF ASSETS

Upon the occurrence of an Event of Default, all moneys in all Funds (other than moneys in the Rebate Fund and the Motor License Fund Repayment Fund) shall be available to be utilized by the Trustee in accordance with the Subordinate Indenture. The rights of the Trustee under the Subordinate Indenture shall be applicable. During the

continuance of any such Event of Default, all provisions of the Subordinate Indenture relating to the utilization of Funds shall be superseded by the right of the Trustee to marshal assets under the Subordinate Indenture. Subsequent to the curing or waiver of any such Event of Default, the provisions of the Subordinate Indenture relating to utilization of Funds shall be reinstated.

TRUSTEE MAY FILE PROOFS OF CLAIM

(a) In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding under the Bankruptcy Law relating to the Commission, any other obligor upon the Subordinate Indenture Bonds or any property of the Commission, the Trustee (whether or not the principal of the Subordinate Indenture Bonds shall then be due and payable by acceleration or otherwise, and whether or not the Trustee shall have made any demand upon the Commission for the payment of overdue principal, redemption premium, if any, and interest) shall be entitled and empowered, by intervention in such proceeding or other means:

(1) to file and prove a claim for the whole amount of the principal, redemption premium, if any, and interest owing and unpaid in respect of the Subordinate Indenture Bonds then Outstanding or for breach of the Subordinate Indenture and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and Counsel) and of the holders allowed in such proceeding; and

(2) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and any receiver, assignee, trustee, liquidator, sequestrator or similar official in any such judicial proceeding is hereby authorized by each holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and Counsel, and any other amounts due the Trustee under the Subordinate Indenture.

(b) No provision of the Subordinate Indenture empowers the Trustee to authorize or consent to or accept or adopt on behalf of any Subordinate Indenture Bondholders any plan of reorganization, arrangement, adjustment or composition affecting any of the Subordinate Indenture Bonds or the rights of any holder thereof, or to authorize the Trustee to vote in respect of the claim of any holder in any proceeding described in subsection (a) of this Section.

NOTICE AND OPPORTUNITY TO CURE CERTAIN DEFAULTS

No default under the relevant sections of the Subordinate Indenture shall constitute an Event of Default until written notice of such default shall have been given to the Commission by the Trustee or by the holders of at least 25% in aggregate principal amount of the applicable Series of Subordinate Indenture Bonds Outstanding, and the Commission shall have had thirty (30) days after receipt of such notice to correct such default or cause such default to be corrected, and shall have failed to do so. In the event, however, that the default is such that it cannot be corrected within such thirty (30) day period, it shall not constitute an Event of Default if corrective action is instituted by the Commission within such period and diligently pursued (as determined by the Trustee) until the default is corrected.

PRIORITY OF PAYMENT FOLLOWING EVENT OF DEFAULT

Any portion of the Trust Estate held or received by the Trustee, by any receiver or by any Subordinate Indenture Bond Owner pursuant to any right given or action taken under the provisions of the Subordinate Indenture, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses and liabilities incurred by the Trustee and the transfer to Secured Owners (other than Owners of the Subordinate Indenture Bonds) of amounts to which they are entitled by virtue of their parity position, shall be deposited and applied as follows:

(a) first, to the payment to the persons entitled thereto of all installments of interest then due on the applicable Series of Revenue Bonds, with interest on overdue installments, if lawful, at their respective rates from the respective dates upon which they became due, in the order of maturity and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment;

(b) second, to the payment to the persons entitled thereto of the unpaid principal of any of the applicable Series of Revenue Bonds which shall have become due with interest on such Revenue Bonds at their respective rates from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full the Revenue Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal (or Compounded Amount) and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege;

(c) third, to the payment to the persons entitled thereto of all installments of interest then due on the applicable Series of Special Revenue Bonds, with interest on overdue installments, if lawful, at their respective rates from the respective dates upon which they became due, in the order of maturity and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment;

(d) fourth, to the payment to the persons entitled thereto of the unpaid principal of any of the applicable Series of Special Revenue Bonds which shall have become due with interest on such Special Revenue Bonds at their respective rates from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full the Special Revenue Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal (or Compounded Amount) and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege; and

(e) fifth, to the payment of any other amounts then owing under the Subordinate Indenture, and, after said deposit into the Debt Service Fund, there shall be paid the Subordinated Indebtedness issued or incurred by the Commission pursuant to the Subordinate Indenture.

(f) Notwithstanding anything in the foregoing to the contrary, any funds on deposit in the Special Revenue Bonds Receipt Account or the Special Revenue Bonds Funded Debt Service Sub-Account may only be used for the payment of debt service on Special Revenue Bonds and may not be used for the payment of debt service on Revenue Bonds or for any other purpose and shall be applied to the payment ratably of interest and principal, according to the amount of principal (or Compounded Amount) and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee 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. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal and interest to be paid on such date shall cease to accrue. The Trustee shall give notice of the deposit with it of any such moneys and of the fixing of any such date by mail to all Owners of Subordinate Indenture Bonds with respect to which the Event of Default occurred and shall not be required to make payment to any Subordinate Indenture Bond Owner until such Subordinate Indenture Bonds shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

REVENUE BONDHOLDERS MAY DIRECT PROCEEDINGS

The owners of a majority in aggregate principal amount of the Revenue Bonds Outstanding shall, subject to the requirements of the Subordinate Indenture, have the right, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings by the Trustee under the Subordinate Indenture, provided that such direction shall not be in conflict with any rule of law or the Subordinate 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 unduly prejudicial to the rights of Subordinate Indenture Bondholders not parties to

such direction or would subject the Trustee to personal liability or expense. If no Revenue Bonds are Outstanding, the owners of a majority in aggregate principal amount of Special Revenue Bonds Outstanding shall have the right to direct all actions as set forth in this Section, except as to any enforcement relating to the covenants of Act 44, which shall require the written direction of the Holders of not less than twenty-five (25%) of the principal amount of the Special Revenue Bonds then Outstanding, as set forth in the Subordinate Indenture. Notwithstanding the foregoing, the Trustee shall have the right to select and retain Counsel of its choosing to represent it in any such proceedings. The Trustee may take any other action which is not inconsistent with any direction under this Section.

LIMITATIONS ON RIGHTS OF SUBORDINATE INDENTURE BONDHOLDERS

(a) No Subordinate Indenture Bondholder shall have any right to pursue any other remedy under the Subordinate Indenture or the Subordinate Indenture Bonds unless: (1) an Event of Default shall have occurred and is continuing; (2) the owners of not less than a majority in aggregate principal amount of the applicable Series of Subordinate Indenture Bonds then Outstanding have requested the Trustee, in writing, to exercise the powers hereinabove granted or to pursue such remedy in its or their name or names; (3) the Trustee has been offered indemnity satisfactory to it against costs, expenses and liabilities reasonably anticipated to be incurred; (4) the Trustee has declined to comply with such request, or has failed to do so, within sixty (60) days after its receipt of such written request and offer of indemnity; and (5) no direction inconsistent with such request has been given to the Trustee during such 60 day period by the holders of a majority in aggregate principal amount of the Subordinate Indenture Bonds Outstanding.

(b) The provisions of subsection (a) of this Section are conditions precedent to the exercise by any Subordinate Indenture Bondholder of any remedy under the Subordinate Indenture. The exercise of such rights is further subject to the provisions of the Subordinate Indenture. No one or more Subordinate Indenture Bondholders shall have any right in any manner whatever to enforce any right under the Subordinate Indenture, except in the manner provided in the Subordinate Indenture. All proceedings at law or in equity with respect to an Event of Default shall be instituted and maintained in the manner provided in the Subordinate Indenture for the equal and ratable benefit of the Subordinate Indenture Bondholders of all Subordinate Indenture Bonds Outstanding.

UNCONDITIONAL RIGHT OF SUBORDINATE INDENTURE BONDHOLDER TO RECEIVE PAYMENT

Notwithstanding any other provision of the Subordinate Indenture, any Subordinate Indenture Bondholder shall have the absolute and unconditional right to receive payment of principal of, redemption premium, if any, and interest on the Subordinate Indenture Bonds on and after the due date thereof, and to institute suit for the enforcement of any such payment.

RESTORATION OF RIGHTS AND REMEDIES

If the Trustee or any Subordinate Indenture Bondholder has instituted any proceeding to enforce any right or remedy under the Subordinate Indenture, and any such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or such Subordinate Indenture Bondholder, then the Commission, the Trustee and the Subordinate Indenture Bondholders, subject to any determination in such proceeding, shall be restored to their former positions under the Subordinate Indenture, and all rights and remedies of the Trustee and the Subordinate Indenture Bondholders shall continue as though no such proceeding had been instituted.

RIGHTS AND REMEDIES CUMULATIVE

No right or remedy conferred under the Subordinate Indenture upon or reserved to the Trustee is intended to be exclusive of any other right or remedy, but each such right or remedy shall, to the extent permitted by law, be cumulative of and in addition to every other right or remedy given under the Subordinate Indenture or now or hereafter existing at law, in equity or otherwise. The assertion or employment of any right or remedy under the Subordinate Indenture shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

DELAY OR OMISSION NOT WAIVER

No delay or omission by the Trustee or any Subordinate Indenture Bondholder to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of such Event of Default. Every right and remedy given by the Subordinate Indenture or by law to the Trustee or the Subordinate Indenture Bondholders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or the Subordinate Indenture Bondholders, as the case may be.

WAIVER OF DEFAULTS

(a) The holders of a majority in aggregate principal amount of each Series of Outstanding Subordinate Indenture Bonds may, by written notice to the Trustee and subject to the requirements of the Subordinate Indenture, waive any existing default or Event of Default with respect to that particular Series and its consequences, except an Event of Default under the relevant sections of the Subordinate Indenture. Upon any such waiver, the default or Event of Default shall be deemed cured and shall cease to exist for all purposes. No waiver of any default or Event of Default shall extend to or effect any subsequent default or Event of Default or shall impair any right or remedy consequent thereto.

(b) Notwithstanding any provision of the Subordinate Indenture, in no event shall any Person, other than all of the affected Subordinate Indenture Bondholders, have the ability to waive any Event of Default under the Subordinate Indenture if such event results or may result, in the opinion of Bond Counsel, in interest on any of the Subordinate Indenture Bonds becoming includable in gross income for federal income tax purposes if the interest on such Subordinate Indenture Bonds was not includable in gross income for federal income tax purposes prior to such event.

NOTICE OF EVENTS OF DEFAULT

If an Event of Default occurs of which the Trustee has or is deemed to have notice under the Subordinate Indenture the Trustee shall give Immediate Notice thereof to the Commission. Within 90 days thereafter (unless such Event of Default has been cured or waived), the Trustee shall give notice of such Event of Default to each Subordinate Indenture Bondholder then Outstanding, provided, however, that except in the instance of an Event of Default under "Events of Default" sections (a) or (b), the Trustee may withhold such notice if and so long as the Trustee in good faith determines that the withholding of such notice does not materially adversely affect the interests of any Class of Subordinate Indenture Bondholders, and provided, further, that notice to Subordinate Indenture Bondholders of any Event of Default under "Events of Default" sections (c) and (d) shall be subject to the provisions of the section "Priority of Payment Following Event of Default" and shall not be given until the grace period has expired.

THE TRUSTEE; QUALIFICATIONS OF TRUSTEE

The Subordinate Indenture contains provisions relating to the appointment and duties of the Trustee. The Trustee under the Subordinate Indenture shall at all times be a trustee under the Subordinate Indenture which shall be a corporation or banking association organized and doing business under the laws of the U.S. or of any state, authorized under such laws to exercise corporate trust powers, which has a combined capital and surplus of at least \$50,000,000, or is an affiliate of, or has a contractual relationship with, a corporation or banking association meeting such capital and surplus requirement which guarantees the obligations and liabilities of the proposed trustee, and which is subject to supervision or examination by federal or state banking authority. If such corporation or banking association publishes reports of condition at least annually, pursuant to law or the requirements of such banking authority, then for purposes of this Section, the combined capital and surplus of such corporation or banking association shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign promptly in the manner and with the effect specified in the Subordinate Indenture.

RESIGNATION OR REMOVAL OF TRUSTEE; APPOINTMENT OF SUCCESSOR TRUSTEE

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to the Subordinate Indenture shall become effective until the acceptance of appointment by the successor Trustee under the Subordinate Indenture.

(b) The Trustee may resign at any time by giving written notice to the Commission. Upon receiving such notice of resignation, the Commission shall promptly appoint a successor Trustee by an instrument in writing. If an instrument of acceptance has not been delivered to the resigning Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee or any Subordinate Indenture Bondholder may petition a court of competent jurisdiction for the appointment of a successor Trustee.

(c) Prior to the occurrence and continuance of an Event of Default under the Subordinate Indenture, or after the curing or waiver of any such Event of Default, the Commission or the holders of a majority in aggregate principal amount of the Outstanding Subordinate Indenture Bonds of each Class, may remove the Trustee and shall appoint a successor Trustee. In the event there shall have occurred and be continuing an Event of Default under the Subordinate Indenture, the holders of a majority in aggregate principal amount of each Class of Outstanding Subordinate Indenture Bonds may remove the Trustee and shall appoint a successor Trustee. In each instance, such removal and appointment shall be accomplished by an instrument or concurrent instruments in writing signed by the Commission or such holders, as the case may be, and delivered to the Trustee, the Commission, the holders of the Outstanding Subordinate Indenture Bonds and the successor Trustee.

(d) If at any time: (1) the Trustee shall cease to be eligible and qualified under the Subordinate Indenture and shall fail or refuse to resign after written request to do so by the Commission or the holder of any Subordinate Indenture Bond, or (2) the Trustee shall become incapable of acting or shall be adjudged insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take charge or control of the Trustee, its property or affairs for the purpose of rehabilitation, conservation or liquidation, then in either such case (i) the Commission may remove the Trustee and appoint a successor Trustee in accordance with the provisions of subsection (c) above; or (ii) any holder of a Subordinate Indenture Bond then Outstanding may, on behalf of the holders of all Outstanding Subordinate Indenture Bonds, petition a court of competent jurisdiction for removal of the Trustee and appointment of a successor Trustee.

(e) The Commission shall give written notice of each resignation or removal of the Trustee and each appointment of a successor Trustee to each holder of Subordinate Indenture Bonds then Outstanding as listed in the Subordinate Indenture Bond Register. Each such notice shall include the name and address of the applicable corporate trust office of the successor Trustee.

NOTICES TO SUBORDINATE INDENTURE BONDHOLDERS; WAIVER

Where the Subordinate Indenture provides for notice to Subordinate Indenture Bondholders of any event, such notice shall be sufficiently given (unless otherwise expressly provided in the Subordinate Indenture) if in writing and mailed, first class postage prepaid, to each Subordinate Indenture Bondholder affected by each event, at his or her address as it appears on the Subordinate Indenture Bond Register, not later than the latest date, and not earlier than the earliest date, prescribed for the first giving of such notice. In any case where notice to Subordinate Indenture Bondholders is given by mail, neither the failure to mail such notice, nor any default in any notice so mailed to any particular Subordinate Indenture Bondholder shall affect the sufficiency of such notice with respect to other Subordinate Indenture Bondholders. Where the Subordinate Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Subordinate Indenture Bondholders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

For so long as the Subordinate Indenture Bonds are registered solely in the name of the Securities Depository or its nominee, where the Subordinate Indenture provides for notice to the Subordinate Indenture Bondholders of the existence of, or during the continuance of, any Event of Default, the Trustee, at the expense of the Commission, shall: (a) establish a record date (the "Record Date") for determination of the Persons entitled to

receive such notice; (b) request a securities position listing from the Securities Depository showing the Depository Participants holding positions in the Subordinate Indenture Bonds affected by such notice as of the Record Date for such notice; (c) mail, first class postage prepaid, copies of the notice as provided above to each Depository Participant identified in the securities position listing as holding a position in the Subordinate Indenture Bonds as of the Record Date for the notice, to each nationally recognized municipal securities information repository (within the meaning of Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934), and to any Person identified to the Trustee as a nonobjecting beneficial owner pursuant to the immediately following clause; (d) request that the Depository Participant retransmit the notice to all Persons for which it served as nominee on the Record Date, including nonobjecting beneficial owners, or retransmit the notice to objecting beneficial owners and provide a listing of nonobjecting beneficial owners for whom the Depository Participant served as nominee on the Record Date to the Trustee, (e) provide on behalf of the Commission and not as its agent, an undertaking to pay to any Depository Participant or other nominee (other than the Securities Depository) the reasonable costs of transmitting the notice to Persons for whom the Depository Participant acts as nominee; and (f) provide as many copies of the notice as may be requested by any nominee owner of the Subordinate Indenture Bonds. Any default in performance of the duties required by this paragraph shall not affect the sufficiency of notice to the Subordinate Indenture Bondholders given in accordance with the first paragraph of this Section, nor the validity of any action taken under the Subordinate Indenture in reliance on such notice to Subordinate Indenture Bondholders.

SUPPLEMENTAL INDENTURES WITHOUT SUBORDINATE INDENTURE BONDHOLDERS' CONSENT

The Commission and the Trustee may from time to time and at any time enter into Supplemental Indentures, without the consent of or notice to any Subordinate Indenture Bondholder, to effect any one or more of the following:

- (a) cure any ambiguity, defect or omission or correct or supplement any provision in the Subordinate Indenture or in any Supplemental Indenture;
- (b) provide for earlier or larger deposits to the Revenue Bonds Account or Special Revenue Bonds Account of the Debt Service Fund;
- (c) grant to or confer upon the Trustee for the benefit of the Subordinate Indenture Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Subordinate Indenture Bondholders or the Trustee which are not contrary to or inconsistent with the Subordinate Indenture as then in effect or to subject to the pledge and lien of the Subordinate Indenture additional revenues, properties or collateral including Defeasance Obligations;
- (d) add to the covenants and agreements of the Commission in the Subordinate Indenture other covenants and agreements thereafter to be observed by the Commission or to surrender any right or power reserved in the Subordinate Indenture to or conferred upon the Commission which are not contrary to or inconsistent with the Subordinate Indenture as then in effect;
- (e) by action taken on or before the issuance by the Commission of the first Series or Sub-Series of Special Revenue Bonds, modify, alter, supplement or amend the section "Covenants as to Act 44 – Special Revenue Bonds";
- (f) permit the appointment of a co trustee under the Subordinate Indenture;
- (g) modify, alter, supplement or amend the Subordinate Indenture in such manner as shall permit the qualification of the Subordinate Indenture, if required, under the Trust Indenture Act of 1939, the Securities Act of 1933, state securities laws or any similar statute;
- (h) cure formal defects or omissions that, if not cured, would cause interest on Subordinate Indenture Bonds to be includible in gross income for federal income tax purposes;

(i) make any other change in the Subordinate Indenture that is determined by the Trustee not to be materially adverse to the interests of the Subordinate Indenture Bondholders;

(j) identify particular characteristics of Subordinate Indenture Bonds for purposes not inconsistent with the Subordinate Indenture including, without limitation, credit or liquidity support, remarketing, serialization, mandatory tender for purchase and defeasance;

(k) implement the issuance of Additional Subordinate Indenture Bonds, or the incurrence of other Parity Obligations or of Subordinated Indebtedness permitted under the Subordinate Indenture; or

(l) if all Subordinate Indenture Bonds in a Series are Book Entry Bonds, amend, modify, alter or replace any Letter of Representations as provided in the Subordinate Indenture or other provisions relating to Book Entry Bonds.

The Trustee shall not be obligated to enter into any such Supplemental Indenture which adversely affects the Trustee's own rights, duties or immunities under the Subordinate Indenture.

SUPPLEMENTAL INDENTURES REQUIRING SUBORDINATE INDENTURE BONDHOLDERS' CONSENT

The Commission and the Trustee, at any time and from time to time, may execute and deliver a Supplemental Indenture for the purpose of making any modification or amendment to the Subordinate Indenture, but only with the written consent of the holders of at least a majority in aggregate principal amount of the Revenue Bonds Outstanding at the time such consent is given, and in case such modification adversely affects the holders of the Special Revenue Bonds, of PennDOT; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Subordinate Indenture Bonds so affected remain Outstanding, the consent of the holders of such Subordinate Indenture Bonds shall not be required and such Subordinate Indenture Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Subordinate Indenture Bonds under this Section. Notwithstanding the foregoing, no modification or amendment contained in any such Supplemental Indenture shall permit any of the following, without the consent of each Subordinate Indenture Bondholder whose rights are affected thereby:

(a) a change in the terms of stated maturity or redemption of any Subordinate Indenture Bond or of any installment of interest thereon;

(b) a reduction in the principal amount of or redemption premium on any Subordinate Indenture Bond or in the rate of interest thereon or a change in the coin or currency in which such Subordinate Indenture Bond is payable;

(c) the creation of a lien on or a pledge of any part of the Trust Estate which has priority over or parity with (to the extent not permitted under the Subordinate Indenture) the lien or pledge granted to the Subordinate Indenture Bondholders under the Subordinate Indenture (but this provision shall not apply to the release of any part of the Trust Estate as opposed to the creation of a prior or parity lien or pledge);

(d) the granting of a preference or priority of any Subordinate Indenture Bond or Subordinate Indenture Bonds over any other Subordinate Indenture Bond or Subordinate Indenture Bonds, except to the extent permitted under the Subordinate Indenture;

(e) a reduction in the aggregate principal amount of Subordinate Indenture Bonds of which the consent of the Subordinate Indenture Bondholders is required to effect any such modification or amendment; or

(f) a change in the provisions of this Section.

Notwithstanding the foregoing, the holder of any Subordinate Indenture Bond may extend the time for payment of the principal of or interest on such Subordinate Indenture Bond; provided, however, that upon the

occurrence of an Event of Default, funds available under the Subordinate Indenture for the payment of the principal of and interest on the Subordinate Indenture Bonds shall not be applied to any payment so extended until all principal and interest payments which have not been extended have first been paid in full. Notice of any Supplemental Indenture executed pursuant to this Section shall be given to the Subordinate Indenture Bondholders promptly following the execution thereof.

DISCHARGE

If (a) the principal of any Subordinate Indenture Bonds and the interest due or to become due thereon, together with any redemption premium required by redemption of any of the Subordinate Indenture Bonds prior to maturity, shall be paid, or is caused to be paid, or is provided for under the Subordinate Indenture, at the times and in the manner to which reference is made in the Subordinate Indenture Bonds, according to the true intent and meaning thereof, or the outstanding Subordinate Indenture Bonds shall have been paid and discharged in accordance with the Subordinate Indenture, and (b) all of the covenants, agreements, obligations, terms and conditions of the Commission under the Subordinate Indenture shall have been kept, performed and observed and there shall have been paid to the Trustee, the Subordinate Indenture Bond Registrar and the Paying Agents all sums of money due or to become due to them in accordance with the terms and provisions of the Subordinate Indenture, then the right, title and interest of the Trustee in the Trust Estate shall thereupon cease and the Trustee, on request of the Commission and at the expense of the Commission, shall release the Subordinate Indenture and the Trust Estate 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 other Person as may be entitled to receive the same, all balances remaining in any Funds under the Subordinate Indenture except for amounts required to pay such Subordinate Indenture Bonds or held as described under "Rebate Fund."

DEFEASANCE; DEPOSIT OF FUNDS FOR PAYMENT OF SUBORDINATE INDENTURE BONDS

If the Commission deposits with the Trustee moneys or Defeasance Obligations which, together with the earnings thereon, are sufficient to pay the principal amount of and redemption premium on any particular Subordinate Indenture Bond or Subordinate Indenture Bonds becoming due, either at maturity, by means of mandatory sinking fund redemption or by call for optional redemption or otherwise, together with all interest accruing thereon to the due date or Redemption Date, and pays or makes provision for payment of all fees, costs and expenses of the Commission and the Trustee due or to become due with respect to such Subordinate Indenture Bonds, all liability of the Commission with respect to such Subordinate Indenture Bond or Subordinate Indenture Bonds shall cease, such Subordinate Indenture Bond or Subordinate Indenture Bonds shall be deemed not to be Outstanding under the Subordinate Indenture and the holder or holders of such Subordinate Indenture Bond or Subordinate Indenture Bonds shall be restricted exclusively to the moneys or Defeasance Obligations so deposited, together with any earnings thereon, for any claim of whatsoever nature with respect to such Subordinate Indenture Bond or Subordinate Indenture Bonds, and the Trustee shall hold such moneys, Defeasance Obligations and earnings in trust for such holder or holders. In determining the sufficiency of the moneys and Defeasance Obligations deposited pursuant to this Section, the Trustee shall receive, at the expense of the Commission, and may rely upon: (a) a verification report of a firm of nationally recognized independent certified public accountants or other qualified firm acceptable to the Commission and the Trustee; provided, however, that the Trustee may waive the requirement for the provision of such verification report if the Subordinate Indenture Bonds which are being defeased will be paid and cancelled within 90 days and the Trustee can calculate the interest to be paid on such Subordinate Indenture Bonds to and including such payment or redemption date; and (b) an opinion of Bond Counsel to the effect that (1) all conditions set forth in the Subordinate Indenture have been satisfied and (2) that defeasance of any Subordinate Indenture Bonds will not cause interest on the Subordinate Indenture Bonds to be includable in gross income for federal income tax purposes. Upon such defeasance, all rights of the Commission, including its right to provide for optional redemption or prepayment of any Subordinate Indenture Bonds on dates other than planned pursuant to such defeasance shall cease unless specifically retained by filing a written notification thereof with the Trustee at the time the Defeasance Obligations are deposited with the Trustee.

At such times as any Subordinate Indenture Bonds shall be deemed to be paid under the Subordinate Indenture, as aforesaid, it shall no longer be secured by or entitled to the benefits of the Subordinate Indenture, except for the purposes of any such payment from such money or Defeasance Obligations.

NOTICE OF DEFEASANCE

(a) In case any of the Subordinate Indenture Bonds, for the payment of which moneys or Defeasance Obligations have been deposited with the Trustee pursuant to the Subordinate Indenture, are to be redeemed on any date prior to their maturity, the Commission shall give to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption of such Subordinate Indenture Bonds on the redemption date for such Subordinate Indenture Bonds.

(b) In addition to the foregoing notice, in the event such Subordinate Indenture Bonds to be redeemed are not by their terms subject to redemption within the next succeeding 60 days, the Trustee shall give further notice to the Subordinate Indenture Bondholders that the deposit required by the Subordinate Indenture has been made with the Trustee and that said Subordinate Indenture Bonds are deemed to have been paid in accordance the Subordinate Indenture and stating the maturity or redemption date or dates upon which moneys are to be available for the payment of the principal of and redemption premium, if any, on said Subordinate Indenture Bonds; such further notice shall be given promptly following the making of the deposit required by the Subordinate Indenture; and such further notice also shall be given in the manner set forth in the Subordinate Indenture; but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of the deposit.

(c) If the Commission has retained any rights pursuant to the Subordinate Indenture, notice thereof shall be sent to Subordinate Indenture Bondholders of such Subordinate Indenture Bonds as soon as practicable and not later than any notice required by subsections (a) or (b) of this Section.

LIMITATION OF LIABILITY OF OFFICIALS OF THE COMMISSION

No covenant, stipulation, obligation or agreement contained in the Subordinate Indenture 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 Subordinate Indenture Bonds shall be liable personally on the Subordinate Indenture Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. Notwithstanding anything to the contrary contained herein, the Trustee, the Subordinate Indenture Bondholders and any other party entitled to seek payment from the Commission under or to enforce the Subordinate Indenture and the Subordinate Indenture Bonds will be entitled to look solely to the Trust Estate, and such collateral, if any, as may now or hereafter be given to secure the payment of the obligations of the Commission under the Subordinate Indenture and the Subordinate Indenture Bonds, and no other property or assets of the Commission or any officer or director of the Commission shall be subject to levy, execution or other enforcement procedure for the satisfaction of the remedies hereunder, or for any payment required to be made under the Subordinate Indenture and the Subordinate Indenture Bonds, or for the performance of any of the covenants or warranties contained herein.

VOTING RIGHTS OF CAPITAL APPRECIATION BOND HOLDERS AND CONVERTIBLE CAPITAL APPRECIATION BOND HOLDERS

For purposes of any consent, request, direction, approval, objection or other instrument requiring the action of the Holders of Subordinate Indenture Bonds, or any Class thereof, the principal amount of Capital Appreciation Bonds or Convertible Capital Appreciation Bonds attributed to a Holder thereof shall be based on the accreted value of such Capital Appreciation Bonds or Convertible Capital Appreciation Bonds as of the most recent Compounding Date.

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APPENDIX D

SECURITIES DEPOSITORY

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Securities Depository

Portions of the following information concerning DTC and DTC's book-entry only system have been obtained from DTC. The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Commission and the Underwriters believe to be reliable; however, the Commission and the Underwriters take no responsibility for the accuracy thereof and make no representation as to the accuracy of such information.

The Depository Trust Company ("**DTC**"), New York, NY, will act as securities depository for the 2011 Bonds. The 2011 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity, interest rate, and series of the 2011 Bonds in the aggregate principal amount of such maturity, interest rate, and series, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has a Standard & Poor's rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of 2011 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2011 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2011 Bond (the "**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2011 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2011 Bonds, except in the event that use of the book-entry system for the 2011 Bonds is discontinued.

To facilitate subsequent transfers, all 2011 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2011 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2011 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2011 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2011 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2011 Bonds, such as redemptions, defaults, and proposed amendments to the Subordinate Indenture. For example, Beneficial Owners of 2011 Bonds may wish to ascertain that the nominee holding the 2011 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them. Redemption notices shall be sent to DTC. If less than all of the 2009B Bonds or 20089C Bonds, as applicable, within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2011 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commission as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2011 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal or redemption price of and interest on the 2011 Bonds will be paid to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Commission or the Trustee, as applicable, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal or redemption price and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

The Commission may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

So long as Cede & Co. is the registered owner of the 2011 Bonds, as nominee of DTC, references herein to the bondholders or registered owners of the 2011 Bonds means Cede & Co., not the Beneficial Owners of the 2011 Bonds.

Discontinuation of Book-Entry-Only System

DTC may determine to discontinue providing its service with respect to the 2011 Bonds at any time by giving reasonable notice to the Commission and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

APPENDIX E

FORM OF OPINION OF CO-BOND COUNSEL

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APPENDIX E

[FORM OF OPINION OF CO-BOND COUNSEL]

[Date of Issuance of 2011 Bonds]

Pennsylvania Turnpike Commission
Middletown, PA

We have acted as Co-Bond Counsel in connection with the issuance and sale by the Pennsylvania Turnpike Commission (the “Commission”) of \$126,740,000 aggregate principal amount of its Turnpike Subordinate Revenue Bonds, Series B of 2011 (the “2011B Subordinate Revenue Bonds”), and \$98,910,000 aggregate principal amount of its Motor License Fund-Enhanced Turnpike Subordinate Special Revenue Bonds, Series B of 2011 (the “2011B Special Revenue Bonds” and, together with the 2011B Subordinate Revenue Bonds, the “2011B Bonds”), pursuant to Subordinate Trust Indenture, dated as of April 1, 2008, as amended and supplemented prior to the date hereof (as so amended and supplemented, the “Existing Subordinate Indenture”), and as further supplemented by Supplemental Trust Indenture No. 11, dated as of October 1, 2011 (“Supplemental Indenture No. 11” and, together with the Existing Subordinate Indenture, the “Subordinate Indenture”), between the Commission and TD Bank, National Association, as trustee (the “Trustee”). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Subordinate Indenture.

We have examined (i) an executed counterpart of Supplemental Indenture No. 11, (ii) the respective forms of the 2011B Bonds, (iii) a copy, certified or otherwise identified to our satisfaction, of the Existing Subordinate Indenture, and (iv) such constitutional and statutory provisions and such other resolutions, certificates, instruments and documents as we have deemed necessary or appropriate in order to enable us to render an informed opinion as to the matters set forth herein.

In rendering the opinions set forth below, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to such opinions, we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents and the representations and warranties made therein without undertaking to verify the same by independent investigation.

Based upon the foregoing, it is our opinion, under existing law and as of the date hereof, and subject to the qualifications and limitations set forth herein, that:

5. The Commission is a validly existing instrumentality of the Commonwealth of Pennsylvania and has the power to enter into the transactions contemplated by Supplemental Indenture No. 11 and to carry out its obligations thereunder.

6. Supplemental Indenture No. 11 has been duly authorized, executed and delivered by the Commission and constitutes the valid and binding obligation of the Commission, enforceable against the Commission in accordance with its terms.

7. The 2011B Bonds have been duly and validly authorized and issued by the Commission and constitute the valid and binding limited obligations of the Commission, enforceable against the Commission in accordance with their terms, payable from the sources provided therefor in the Subordinate Indenture.

8. The 2011B Bonds are exempt from personal property taxes in Pennsylvania, and the interest on the 2011B Bonds is exempt from Pennsylvania corporate net income tax and from Pennsylvania personal income tax.

9. Interest on the 2011B Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinion set forth in the preceding sentence is subject to the condition that the Commission comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the 2011B Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Commission has covenanted to comply with all such requirements of the Code. Failure to comply with certain of such requirements may cause interest on the 2011B Bonds to become included in gross income for federal income tax purposes retroactively to the date of issuance of the 2011B Bonds.

We express no opinion regarding any other federal, state or local tax consequences arising with respect to the 2011B Bonds.

The opinions set forth above as to the enforceability of the 2011B Bonds and Supplemental Indenture No. 11 are subject to applicable bankruptcy, reorganization, moratorium, insolvency or other laws affecting creditors' rights or remedies generally (including, without limitation, laws relating to fraudulent conveyances or transfers) and are subject to general principles of equity and the exercise of judicial discretion in appropriate cases (regardless of whether such enforceability is considered in a proceeding in equity or at law).

The opinions set forth above are rendered on the basis of, and limited to, federal law and the laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof. We express no opinion herein as to any matter not set forth in the numbered paragraphs above. In particular, we assume no responsibility for, and express no opinion herein with respect to, the accuracy, adequacy or completeness of the Preliminary Official Statement or the Official Statement prepared in respect of the 2011B Bonds, including the appendices thereto, and we make no representation that we have independently verified any such information.

We call to your attention that the 2011B Bonds are not in any way a debt or liability of the Commonwealth of Pennsylvania or any instrumentality, agency or political subdivision thereof other than the Commission, nor do the 2011B Bonds or the Subordinate Indenture pledge the general credit or taxing power of the Commonwealth of Pennsylvania or any instrumentality, agency or political subdivision thereof. The Commission has no taxing power.

The opinions set forth above are given solely for your benefit and may not be relied on by any other person or entity without our express prior written consent. The opinions set forth above are given solely as of the date hereof, and we do not undertake to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur including, but not limited to, those that may affect the tax status of interest on the 2011B Bonds.

Very truly yours,

APPENDIX F

**SUMMARY OF CERTAIN PROVISIONS OF AND DEFINED TERMS IN
THE SENIOR INDENTURE**

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APPENDIX F

SUMMARY OF CERTAIN PROVISIONS OF AND DEFINED TERMS IN THE SENIOR INDENTURE

Definitions

The following is a list of definitions derived from the Senior Indenture concerning the Senior Revenue Bonds and the operation of the Senior Indenture. This summary of such terms does not purport to be complete or definitive and is subject to all of the terms and provisions of the Senior Indenture, a copy of which will be available at the corporate trust office of the U.S. Bank National Association, as the trustee under the Senior Indenture (the "Senior Trustee"). In addition to words and terms defined elsewhere in this Official Statement, the following words and terms used in this Official Statement and this APPENDIX F shall have the following meanings unless the context clearly indicates otherwise.

"Additional Senior Revenue Bonds" means Senior Revenue Bonds of any series authorized to be issued under the Senior Indenture.

"Annual Debt Service" means (a) the amount of principal and interest paid or payable with respect to Senior Revenue Bonds in a Fiscal Year plus (b) Senior Indenture Reimbursement Obligations paid or payable by the Commission in such Fiscal Year (but only to the extent they are not duplicative of such principal and interest), plus (c) the amounts, if any, paid or payable by the Commission in such Fiscal Year with respect to Senior Indenture Approved Swap Agreements, minus (d) the amounts, if any, paid or payable to the Commission in such Fiscal Year with respect to Senior Indenture Approved Swap Agreements, provided that the difference between the amounts described in clauses (c) and (d) shall be included only to the extent that such difference would not be recognized as a result of the application of the assumptions set forth below. The following assumptions shall be used to determine the Annual Debt Service becoming due in any Fiscal Year:

(1) in determining the principal amount paid or payable with respect to Senior Revenue Bonds or Senior Indenture Reimbursement Obligations in each Fiscal Year, payment shall be assumed to be made in accordance with any amortization schedule established for such Senior Indenture Indebtedness, including amounts paid or payable pursuant to any mandatory redemption schedule for such Senior Indenture Indebtedness;

(2) if any of the Senior Indenture Indebtedness or proposed Senior Indenture Indebtedness constitutes Balloon Senior Indenture Indebtedness, then such amounts thereof as constitute Balloon Senior Indenture Indebtedness shall be treated as if such Senior Indenture Indebtedness is to be amortized in substantially equal annual installments of principal and interest over a term of 25 years from the date of issuance of such Senior Indenture Indebtedness. Anything to the contrary herein notwithstanding, during the year preceding the final maturity date of such Senior Indenture Indebtedness, all of the principal thereof shall be considered to be due on such maturity date unless the Commission provides to the Senior Trustee a certificate of a financial consultant certifying that, in its judgment, the Commission will be able to refinance such Balloon Senior Indenture Indebtedness, in which event the Balloon Senior Indenture Indebtedness shall be amortized over the term of the Senior Indenture Indebtedness expected to refinance such Balloon Senior Indenture Indebtedness and shall bear the interest rate specified in the certificate of the financial consultant;

(3) if any of the Senior Indenture Indebtedness or proposed Senior Indenture Indebtedness constitutes Variable Rate Senior Indenture Indebtedness, then interest in future periods shall be based on the Assumed Variable Rate;

(4) Termination or similar payments under an Senior Indenture Approved Swap Agreement shall not be taken into account in any calculation of Annual Debt Service; and

(5) If any cash subsidy payments (the "Subsidy Payments") from the United States Treasury pursuant to Section 54AA or 6431 of the Code (as such Sections were added by Section 1531 of the American Recovery and Reinvestment Act of 2009 (Pub.L. 111-5) pertaining to "Build America Bonds") are scheduled to be received by the Commission with respect to any Senior Revenue Bonds which are eligible for such Subsidy Payments, each of the Subsidy Payments may be deducted from the interest payable on such Senior Revenue Bonds in the period in which such Subsidy Payment is scheduled to be received.

“Applicable Long-Term Senior Indenture Indebtedness” includes Senior Revenue Bonds, Additional Senior Revenue Bonds, Senior Indenture Reimbursement Obligations and obligations of the Commission under Senior Indenture Approved Swap Agreements, to the extent the same constitute Long-Term Senior Indenture Indebtedness, and excludes Subordinated Senior Indenture Indebtedness.

“Assumed Variable Rate” means in the case of (a) Outstanding Variable Rate Senior Indenture Indebtedness, the average interest rate on such Senior Indenture Indebtedness for the most recently completed 12-month period; and (b) proposed Variable Rate Senior Indenture Indebtedness, (1) which will, in the opinion of Bond Counsel delivered at the time of the issuance thereof be excluded from gross income for federal income tax purposes, the average of the Bond Market Association Swap Index (“BMA Index”) for the 12 months ending 7 days preceding the date of calculation plus 100 basis points, or (2) in the case of Bonds not described in clause (1), the London Interbank Offered Rate (“LIBOR”) most closely resembling the reset period for the Variable Rate Senior Indenture Indebtedness plus 100 basis points; provided that if the BMA Index or LIBOR shall cease to be published, the index to be used in its place shall be that index which the Commission in consultation with a financial consultant determines most closely replicates such index, as set forth in a certificate of a Commission Official filed with the Senior Trustee.

“Balloon Senior Indenture Indebtedness” means Senior Indenture Long-Term Indebtedness of which 25% or more of the principal matures in the same Fiscal Year and is not required by the documents pursuant to which such Senior Indenture Indebtedness was issued to be amortized by payment or redemption prior to that Fiscal Year, provided that such Indebtedness will not constitute Balloon Senior Indenture Indebtedness if the Senior Trustee is provided a certificate of a Commission Official certifying that such Senior Indenture Indebtedness is not to be treated as Balloon Senior Indenture Indebtedness (because, by way of example, such Senior Indenture Indebtedness is intended to serve as “wrap around” Senior Indenture Indebtedness).

“Consultant” means 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 be a broker or agent with whom the Commission transacts business.

“Credit Facility” means any letter of credit, line of credit, standby letter of credit, indemnity or surety 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 responsible financial or insurance institution, to provide for or to secure payment of principal and purchase price of, and/or interest on Senior Revenue Bonds pursuant to the provisions of a Supplemental Senior Indenture under which such Senior Revenue Bonds are issued. The use of such definition is not intended to preclude the Commission from providing the credit or liquidity support with respect to one or more series of Senior Revenue Bonds directly rather than through a financial or insurance institution.

“Current Expenses” means the Commission’s reasonable and necessary current expenses of maintenance, repair and operation of the System, including, without limiting the generality of the foregoing, all premiums for insurance and payments into any self-insurance reserve fund, all administrative and engineering expenses relating to maintenance, repair and operation of the System, fees and expenses of the Senior Trustee and of the Senior Indenture Paying Agents, a periodic fee or charge to maintain a debt service reserve fund security, legal expenses and any other expenses required to be paid by the Commission as shown in the annual operating budget for the System.

“Event of Senior Indenture Bankruptcy” means the filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceedings) by or against the Commission as debtor under Title 9 of the United States Code, as amended from time to time, and any successor to or replacement of such title and any other applicable federal or state bankruptcy, insolvency or similar law.

“General Reserve Fund” means the “General Reserve Fund” created by the Senior Indenture.

“Historical Pro Forma Debt Service Coverage Ratio” means, for any period of time, the ratio determined by dividing Net Revenues for such period by the Senior Indenture Maximum Annual Debt Service for all Applicable Long-Term Senior Indenture Indebtedness then Outstanding and the Applicable Long-Term Senior Indenture Indebtedness proposed to be issued.

“Long-Term Senior Indenture Indebtedness” means all Senior Indenture Indebtedness, which is not (a) Short-Term Senior Indenture Indebtedness or (b) Subordinated Senior Indenture Indebtedness.

“Net Revenues” means the amount by which total Revenues exceed Current Expenses for any particular period.

“Other Revenues” means any funds received or payable to the Commission, other than Revenues, which the Commission chooses to include as security for Senior Indenture Parity Obligations and/or Subordinated Senior Indenture Indebtedness pursuant to a Supplemental Senior Indenture.

“Outstanding” or “outstanding” in connection with Senior Revenue Bonds means all Senior Revenue Bonds which have been authenticated and delivered under the Senior Indenture, except: (a) Senior Revenue Bonds theretofore cancelled or delivered to the Senior Trustee for cancellation under the Senior Indenture; (b) Senior Revenue Bonds which are deemed to be no longer Outstanding in accordance with the Senior Indenture; and (c) Senior Revenue Bonds in substitution for which other Senior Revenue Bonds have been authenticated and delivered pursuant to the Senior Indenture. In determining whether the owners of a requisite aggregate principal amount of Senior Revenue Bonds Outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of the Senior Indenture, Senior Revenue Bonds which are held by or on behalf of the Commission (unless all of the Outstanding Senior Revenue Bonds are then owned by the Commission) shall be disregarded for the purpose of any such determination.

“Prior Senior Indenture” means that certain Senior Indenture of Trust dated as of July 1, 1986 between the Commission and the Senior Trustee, as supplemented and amended.

“Projected Annual Debt Service” for any future period of time, the amount of Senior Indenture Maximum Annual Debt Service on all Applicable Long-Term Senior Indenture Indebtedness then Outstanding and on any Applicable Long-Term Senior Indenture Indebtedness proposed to be issued.

“Projected Debt Service Coverage Ratio” means for the two Fiscal Years following the end of any period during which interest was fully capitalized on the Applicable Long-Term Senior Indenture Indebtedness proposed to be issued, the ratio determined by dividing Projected Net Revenues for such period by the Projected Annual Debt Service for such period.

“Projected Net Revenues” means projected Net Revenues for the period in question, taking into account any revisions of the Tolls which have been approved by the Commission and which will be effective during such period and any additional Tolls which the Commission or the Consultant, as appropriate, estimates will be received by the Commission following the completion of any project then being constructed or proposed to be constructed.

“Rate Covenant” means the requirement to establish and maintain a schedule of Tolls sufficient to provide the funds as described under “The Senior Indenture—Rate Covenant” in this Appendix F.

“Revenues” means (a) all Tolls received by or on behalf of the Commission from the System, (b) any other sources of revenues or funds of the Commission which the Commission chooses to include in the Senior Trust Estate pursuant to a Supplemental Senior Indenture, and (c) the interest and income earned on any fund or account where said interest or income is required to be credited to the Senior Indenture Revenue Fund pursuant to the Senior Indenture. As more fully provided in the Senior Indenture, in the event the Commission receives advances or prepayments or otherwise operates or participates in a system in which funds are collected prior to the actual usage of the System, such funds shall not be deemed to be Revenues until the usage occurs or the funds are earned pursuant to the agreement under which the Commission receives such funds.

“Senior Indenture Approved Swap Agreement” means a contract having an 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 for which the Commission has satisfied the conditions under the Senior Indenture to have payments to be made and received by the Commission thereunder taken into account in the calculation of Annual Debt Service.

“Senior Indenture Bank” means as to any particular Series of Senior Revenue Bonds, each Person (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 Senior Indenture to the Senior Indenture providing for the issuance of such Senior Revenue Bonds.

“Senior Indenture Debt Service Fund” means the “Senior Indenture Debt Service Fund” created by the Senior Indenture.

“Senior Indenture Debt Service Reserve Fund” means the “Debt Service Reserve Fund” created by the Senior Indenture.

“Senior Indenture Event of Default” means those events specified under “The Senior Indenture -- Events of Default” and such other events specified in any Supplemental Senior Indentures to the Senior Indenture .

“Senior Indenture Indebtedness” means any obligation or debt incurred for money borrowed.

“Senior Indenture Maximum Annual Debt Service” means at any point in time the maximum amount of Annual Debt Service on all Applicable Long-Term Senior Indenture Indebtedness, as required by the context (e.g., whether relating to all such Applicable Long-Term Senior Indenture Indebtedness or only specified Applicable Long-Term Senior Indenture Indebtedness) paid or payable in the then current or any future Fiscal Year.

“Senior Indenture Operating Account” means the “Operating Account” created by the Senior Indenture.

“Senior Indenture Parity Obligations” includes Senior Revenue Bonds and other obligations of the Commission owed to Senior Indenture Secured Owners, but excludes Subordinated Senior Indenture Indebtedness.

“Senior Indenture Parity Swap Agreement” means a Senior Indenture Approved Swap Agreement secured under the Senior Indenture on parity with all Senior Revenue Bonds and other Senior Indenture Parity Obligations.

“Senior Indenture Paying Agent” means with respect to any series of Senior Revenue Bonds that Person appointed pursuant to the Senior Indenture to make payments to bondholders of interest and/or principal pursuant to the terms of the Senior Indenture, which is currently the Senior Trustee.

“Senior Indenture Rebate Fund” means the “Rebate Fund” created by the Senior Indenture.

“Senior Indenture Reimbursement Obligation” means an obligation of the Commission pursuant to a reimbursement agreement to repay any amounts drawn under a Credit Facility and to pay interest on such drawn amounts pursuant to such reimbursement agreement.

“Senior Indenture Reserve Maintenance Fund” means the “Reserve Maintenance Fund” created by the Senior Indenture.

“Senior Indenture Revenue Fund” means the “Revenue Fund” created by the Senior Indenture.

“Senior Indenture Secured Owner” means each Person who is a bondholder of any Senior Revenue Bonds, each counterparty providing a Senior Indenture Parity Swap Agreement, each Senior Indenture Bank providing a Credit Facility and each bond insurer providing a bond insurance policy with respect to a Senior Indenture Parity Obligation.

“Senior Revenue Bond” or “Senior Revenue Bonds” means any Senior Revenue Bonds outstanding under the Senior Indenture or the Prior Senior Indenture and Senior Indenture Indebtedness of any kind or class, including Senior Revenue Bonds, notes, bond anticipation notes, commercial paper and other obligations, issued as Additional Senior Revenue Bonds under the Senior Indenture, other than Additional Senior Revenue Bonds issued as Subordinated Senior Indenture Indebtedness.

“Senior Trust Estate” means all right, title and interest of the Commission in and to (i) all Revenues, (ii) all monies deposited into accounts or funds created by the Senior Indenture and held by or on behalf of the Senior Trustee (other than the Senior Indenture Rebate Fund), (iii) any insurance proceeds and other moneys required to be deposited under the Senior Indenture, (iv) all payments received by the Commission pursuant to Senior Indenture Parity Swap Agreements, and (v) all investment earnings on all moneys held in accounts and funds established by the Senior Indenture, other than the Senior Indenture Rebate Fund.

“Subordinated Senior Indenture Indebtedness” means Senior Indenture Indebtedness which is subordinated and junior in all respects to payment of all Senior Revenue Bonds and other Senior Indenture Parity Obligations incurred pursuant to or in compliance with the Senior Indenture.

“Supplemental Senior Indenture” means any Supplemental Senior Indenture to (a) the Senior Indenture, entered into in accordance with the provisions of the Senior Indenture and (b) the Prior Senior Indenture, including any Supplemental Senior Indenture pursuant to which (and only for so long as) Senior Revenue Bonds are outstanding thereunder.

“Short-Term Senior Indenture Indebtedness” means all Senior Indenture Indebtedness which matures in less than 365 days and is designated as Short-Term Senior Indenture Indebtedness pursuant to the Senior Indenture. In the event a Senior Indenture Bank has extended a line of credit or the Commission has undertaken a commercial paper or similar program, only amounts actually borrowed under such line of credit or program and repayable in less than 365 days shall be considered Senior Short-Term Senior Indenture Indebtedness and the full amount of such commitment or program shall not be treated as Short-Term Senior Indenture Indebtedness to the extent that such facility remains undrawn.

“Tolls” means all rates, rents, fees, charges, fines or other income derived by the Commission from vehicular usage of the System, and all rights to receive the same.

“Variable Rate Senior Indenture Indebtedness” means any Senior Indenture Indebtedness the interest rate on which fluctuates from time to time subsequent to the time of incurrence. Variable Rate Senior Indenture Indebtedness may include, without limitation, (a) certain “auction rate” indebtedness described in the Senior Indenture, (b) certain tender indebtedness described in the Senior Indenture, (c) commercial paper Senior Indenture Indebtedness which is intended to be reissued and refinanced periodically, or (d) other forms of Senior Indenture Indebtedness on which the interest fluctuates or is subject to being set or reset from time to time.

The Senior Indenture

Rate Covenant

The Commission has covenanted in the Senior Indenture that it will at all times establish and maintain schedules of Tolls for traffic over the System so that the Net Revenues of the System in each Fiscal Year will at all times be at least sufficient to provide funds in an amount not less than: (1) the greater of (i) 130% of the Annual Debt Service for such Fiscal Year on account of all Applicable Long-Term Senior Indenture Indebtedness then outstanding under the provisions of the Senior Indenture, or (ii) 100% of the Senior Indenture Maximum Annual Debt Service on all Applicable Long-Term Senior Indenture Indebtedness, plus (a) the amount of required transfers from the Senior Indenture Revenue Fund to the credit of the Senior Indenture Reserve Maintenance Fund pursuant to the annual capital budget, and (b) an amount sufficient to restore any deficiency in the Senior Indenture Debt Service Reserve Fund within an 18 month period; plus (2) the amount of any Short-Term Senior Indenture Indebtedness outstanding under the Senior Indenture for more than 365 consecutive days. In addition, the amount of Net Revenues in excess of the sum of the amounts set forth in clauses (1) and (2) above, together with Other Revenues pledged to the payment of Subordinated Senior Indenture Indebtedness, shall be sufficient to pay the Annual Debt Service for any Subordinated Senior Indenture Indebtedness (such covenant is referred to as the “Rate Covenant”).

The Commission's failure to meet the Rate Covenant shall not constitute an Senior Indenture Event of Default under the Senior Indenture if: (i) no Senior Indenture Event of Default occurred in debt service payments as a result of such failure; and (ii) the Commission promptly after determining that the Rate Covenant was not met retains a Consultant to make written recommendations as to appropriate revisions to the schedules of Tolls necessary or appropriate to meet the Rate Covenant and advises the Senior Indenture Senior Trustee in writing of such retention. Anything in the Senior Indenture to the contrary notwithstanding, if the Commission shall comply with the recommendations of the Consultant in respect of Tolls, it will not constitute an Senior Indenture Event of Default under the provisions of the Senior Indenture if the Commission fails to meet the Rate Covenant during the succeeding Fiscal Year as long as no Senior Indenture Event of Default has occurred in debt service payments. If the Commission does not comply with the recommendations of the Consultant in respect of Tolls, the Senior Indenture Senior Trustee may, and upon the request of the holders of not less than 25% in principal amount of the Senior Revenue Bonds then outstanding and upon being indemnified to its satisfaction shall, institute and prosecute in a court of competent jurisdiction any appropriate action to compel the Commission to revise the schedules of Tolls. The Commission covenants that it will adopt and charge Tolls in compliance with any final order or decree entered in any such proceeding.

In the event that the Consultant shall fail to file with the Commission such recommendations in writing within 60 days after such retention, the Senior Trustee may designate and appoint a different Consultant to make recommendations as to an adjustment of the schedules of Tolls, which recommendations shall be reported in writing to the Commission and to the Senior Trustee within 60 days after such retention. Such written report shall for all purposes be considered to be the equivalent of and substitute for the recommendations of the Consultant retained by the Commission.

In preparing its recommendations, the Consultant may rely upon written estimates of Revenues prepared by the other Consultants of the Commission. Copies of such written estimates signed by such Consultants shall be attached to such recommendations. The Commission covenants that promptly after receipt of such recommendations and the adoption of any revised schedules of Tolls, certified copies thereof will be filed with the Senior Indenture Senior Trustee. The ability of the Commission to collect Tolls in an amount sufficient to comply with the Rate Covenant could be adversely affected by many factors, some of which are beyond the Commission's control.

The Commission has agreed that Tolls will be classified in a reasonable way to cover all traffic, so that the Tolls may be uniform in application to all traffic falling within any reasonable class regardless of the status or character of any person, firm or corporation participating in the traffic; provided that the foregoing shall not be interpreted to restrict the Commission's right, in its discretion in connection with its management of the System, to establish and maintain flexible Toll schedules including, but not limited to, provisions for utilizing or otherwise taking into account, peak and nonpeak pricing, introductory pricing, weight, method of payment, frequency, carpooling, electronic and other Toll collection technologies, traffic management systems, and similar classifications. The Commission has agreed that it shall not grant free passage or reduced Tolls within a class, except in the limited manner permitted by the Senior Indenture, which includes, among others, for operational or safety reasons including, but not limited to, reasons arising out of a work stoppage, work slowdown or work action, and for use by the Army, Air Force, Navy, Coast Guard, Marine Corps or National Guard or any branch thereof in time of war or other emergency. Any reduced Toll or grant of free passage shall be reviewed by the Commission with a Consultant before implementing the same unless the same is temporary (e.g. having duration of less than one year).

In the event the Commission did not meet the Rate Covenant for the preceding Fiscal Year, any reduced Toll or free passage shall be subject to a Consultant approving the same before it is implemented unless the circumstances require immediate implementation, in which event the Commission shall obtain such approval promptly following implementation. In all events, the Commission shall not reduce Tolls or grant free passage if it would cause the Commission to fail to meet the Rate Covenant.

The Commission's covenant as to uniformity of Tolls shall not be construed as requiring that Tolls for any given class of traffic be identical in amount throughout the entire System for trips of approximately identical lengths. The Commission may fix and place in effect schedules of Tolls for any given class of traffic wherein the Tolls charged for travel on a given section of the System shall be different from the Tolls charged on another section of the System notwithstanding the fact that both of said sections may be of identical or approximately identical length.

Senior Indenture Debt Service Fund

There are two separate accounts in the Senior Indenture Debt Service Fund known as the "Interest Account" and the "Principal Account." The Senior Trustee and the Commission may create such additional accounts in the Senior Indenture Debt Service Fund pursuant to a Supplemental Senior Indenture as they deem necessary or appropriate.

On or before the last business day preceding each interest payment date or principal (or sinking fund redemption) payment date or such other day as set forth in a Supplemental Senior Indenture, after making the deposits to the Operating Account pursuant to the Senior Indenture or identified in a certificate of a Commission Official, the Senior Trustee shall withdraw from the Senior Indenture Revenue Fund and deposit to the applicable Account in the Senior Indenture Debt Service Fund (or to a Series Credit Facility Fund in lieu of either of the foregoing) the amounts due on any Senior Indenture Parity Obligation; provided, however, that in the case of any fixed rate bonds, term mode bonds and multi-modal fixed mode bonds (collectively, "Fixed Rate Bonds"), the withdrawal from the Senior Indenture Revenue Fund and deposit to the Senior Indenture Debt Service Fund shall be made on or before the first business day of each calendar month in an amount which equals (a) the amount necessary to pay, and for the purpose of paying, one-sixth (1/6) of the interest due on such Fixed Rate Bonds issued under the Senior Indenture on the next succeeding Interest Payment Date (or, in the case of the period from the date of issuance of such Fixed Rate Bonds to the first interest payment date for the applicable Fixed Rate Bonds, a monthly amount equal to the interest amount owed on such first interest payment date divided by the number of months from the date of issuance of such Fixed Rate Bond to such first interest payment date) plus any accumulated unfunded balance relating to prior months' deposit requirements; plus (b) an amount which equals one-twelfth (1/12) of the

amount necessary to pay and for the purpose of paying the principal amount of such Fixed Rate Bonds issued under the Senior Indenture maturing (including mandatory sinking fund installments) on the next succeeding principal payment date (or, in the case of the period from the date of issuance of such Fixed Rate Bonds to the first date on which principal is due on such Fixed Rate Bonds, a monthly amount equal to the principal amount owed on such first principal maturity date divided by the number of months from the date of issuance of such Fixed Rate Bond to such first principal maturity date) plus any accumulated unfunded balance relating to prior months' deposit requirements.

There shall be withdrawn from the Interest Account (and any available capitalized interest) and the Principal Account from time to time and set aside or deposited with the Senior Trustee sufficient money for paying the interest on and the principal of and premium on the Senior Revenue Bonds as the same shall become due, except to the extent such interest, principal or other amounts are payable from a fund or account other than the Senior Indenture Debt Service Fund as provided in any Supplemental Senior Indenture.

If at the time the Senior Trustee is required to make a withdrawal from the Senior Indenture Debt Service Fund the moneys therein shall not be sufficient for such purpose, the Senior Trustee shall withdraw the amount of such deficiency from the moneys on deposit in the following funds or accounts and transfer the same to the Senior Indenture Debt Service Fund in the following order: the Debt Service Reserve Fund, the General Reserve Fund, and the Reserve Maintenance Fund.

Additional Long-Term Senior Indenture Indebtedness

The Commission agrees that it will not issue any Additional Senior Revenue Bonds constituting Long-Term Senior Indenture Indebtedness unless prior to or contemporaneously with the incurrence thereof, certain provisions of the Senior Indenture are met and there is delivered to the Trustee: (1) a certificate of a Commission Official certifying that the Historical Pro Forma Debt Service Coverage Ratio for the most recent Fiscal Year preceding the delivery of such certificate for which audited financial statements are available was not less than 1.75; or (2) a report of a Consultant to the effect that (i) the Net Revenues of the Commission during the preceding Fiscal Year were at least 130% of the Senior Indenture Maximum Annual Debt Service on all Applicable Long-Term Senior Indenture Indebtedness then Outstanding and on any Applicable Long-Term Senior Indenture Indebtedness proposed to be issued (which report may assume any revisions of the Tolls which have been approved by the Commission subsequent to the beginning of such Fiscal Year were in effect for the entire Fiscal Year), and (ii) the Projected Debt Service Coverage Ratio is not less than 1.30; or (3) if the Long-Term Indebtedness is being incurred solely for the purposes of refunding, repurchasing or refinancing (whether in advance or otherwise) any outstanding Long-Term Senior Indenture Indebtedness, a certificate of a Commission official certifying the Maximum Annual Debt Service on all Applicable Long-Term Senior Indenture Indebtedness prior to the issuance of the proposed Long-Term Senior Indenture Indebtedness is greater than the Maximum Annual Debt Service on all Applicable Long-Term Senior Indenture Indebtedness after the issuance of such proposed Long-Term Indebtedness.

Other Additional Senior Indenture Parity Obligations

In addition to additional Long-Term Senior Indenture Indebtedness described above, the Commission is also permitted to incur additional Short-Term Senior Indenture Indebtedness and Senior Indenture Parity Swap Agreements under certain conditions set forth in the Senior Indenture.

Events of Default

Each of the following is a "Senior Indenture Event of Default" under the Senior Indenture:

- (a) Default in the payment of any installment of principal, redemption premium, if any, interest or other amount due on any Senior Revenue Bond when the same becomes due and payable;
- (b) Default in the payment by the Commission of any other Senior Indenture Parity Obligation;
- (c) Subject to the provisions relating to notice and opportunity to cure certain defaults described below, default in the performance or breach of any covenant, warranty or representation of the Commission contained in the Senior Indenture (other than a default under (a) and (b) above);
- (d) The occurrence of any Senior Indenture Event of Default under any Supplemental Senior Indenture; or

- (e) (1) The occurrence of an Event of Senior Indenture Bankruptcy of the Commission; (2) the appointment of a receiver, liquidator, assignee, custodian, Senior Trustee, sequestrator or other similar official of the Commission or of any substantial portion of its property, which appointment shall not have been rescinded or stayed within ninety (90) days after taking effect; or (3) the ordering of the winding up or liquidation of the affairs of the Commission.

No default under paragraph (c) above shall constitute an Senior Indenture Event of Default until written notice of such default shall have been given to the Commission by the Senior Trustee or by the holders of at least 25% in aggregate principal amount of the Senior Revenue Bonds Outstanding, and the Commission shall have had 30 days after receipt of such notice to correct such default or cause such default to be corrected, and shall have failed to do so. In the event, however, that the default is such that it cannot be corrected within such 30 day period, it shall not constitute an Senior Indenture Event of Default if corrective action is instituted by the Commission within such period and diligently pursued (as determined by the Senior Trustee) until the default is corrected.

APPENDIX G

DEBT SERVICE REQUIREMENTS OF THE SENIOR INDENTURE BONDS AND SUBORDINATE INDENTURE BONDS

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APPENDIX G
DEBT SERVICE REQUIREMENTS OF THE TURNPIKE SENIOR AND SUBORDINATE BONDS

Fiscal Year	<u>Subordinate Revenue Bonds, Series B of 2011</u>					
	Existing Debt Service on Senior Indenture Bonds ^{1,2,3,4,5}	Existing Debt Service from Subordinate Revenue Bonds ⁴	Principal	Interest	Total	Total Debt Service from Subordinate Revenue Bonds
2012	\$203,234,119	\$130,713,728	-	-	-	\$130,713,728
2013	191,537,451	143,058,541	3,105,000	6,519,647	9,624,647	152,683,187
2014	224,006,175	168,265,569	3,540,000	5,940,644	9,480,644	177,746,212
2015	204,715,022	168,256,082	3,500,000	5,834,444	9,334,444	177,590,526
2016	150,540,455	170,013,137	3,535,000	5,660,044	9,195,044	179,208,181
2017	150,935,728	188,303,318	3,550,000	5,506,294	9,056,294	197,359,612
2018	150,945,902	188,265,110	3,590,000	5,332,794	8,922,794	197,187,904
2019	151,155,193	218,108,159	3,635,000	5,153,294	8,788,294	226,896,453
2020	151,141,431	217,961,781	3,680,000	4,975,494	8,655,494	226,617,275
2021	150,609,139	233,773,062	3,735,000	4,793,144	8,528,144	242,301,205
2022	150,621,395	233,662,248	3,755,000	4,643,744	8,398,744	242,060,991
2023	164,568,849	238,291,039	3,770,000	4,503,319	8,273,319	246,564,358
2024	165,771,892	237,679,157	3,790,000	4,358,606	8,148,606	245,827,764
2025	166,369,155	237,638,808	3,820,000	4,207,006	8,027,006	245,665,814
2026	166,366,651	237,566,327	3,855,000	4,052,194	7,907,194	245,473,521
2027	129,009,733	250,523,933	3,900,000	3,890,413	7,790,413	258,314,345
2028	109,465,912	250,515,513	3,950,000	3,719,788	7,669,788	258,185,300
2029	109,723,342	250,520,991	4,045,000	3,512,413	7,557,413	258,078,404
2030	135,676,372	246,331,113	4,145,000	3,300,050	7,445,050	253,776,163
2031	135,877,061	246,206,652	4,250,000	3,082,438	7,332,438	253,539,089
2032	162,689,495	246,082,061	4,360,000	2,859,313	7,219,313	253,301,374
2033	162,899,014	246,038,699	4,485,000	2,630,413	7,115,413	253,154,111
2034	163,139,313	245,973,620	4,600,000	2,406,163	7,006,163	252,979,783
2035	163,384,485	245,911,531	4,725,000	2,176,163	6,901,163	252,812,694
2036	160,695,458	248,794,505	4,855,000	1,939,913	6,794,913	255,589,418
2037	140,911,864	248,247,958	5,000,000	1,697,163	6,697,163	254,945,120
2038	140,924,438	247,590,721	5,150,000	1,447,163	6,597,163	254,187,884
2039	140,939,212	218,817,241	5,320,000	1,176,788	6,496,788	225,314,029
2040	61,087,329	133,821,251	5,500,000	897,488	6,397,488	140,218,739
2041	72,359,394	174,142,711	5,695,000	608,738	6,303,738	180,446,449
2042	72,395,378	161,876,910	5,900,000	309,750	6,209,750	168,086,660
2043	72,429,913	-	-	-	-	-
2044	72,465,672	-	-	-	-	-
2045	72,500,145	-	-	-	-	-
2046	72,540,826	-	-	-	-	-
2047	72,589,849	-	-	-	-	-
2048	72,633,704	-	-	-	-	-
2049	72,673,699	-	-	-	-	-
2050	72,721,942	-	-	-	-	-
	\$5,184,252,106	\$6,672,951,474	\$126,740,000	\$107,134,816	\$233,874,816	\$6,906,826,289

- (1) All variable rate debt, unless subject to an interest rate swap agreement, is shown at an assumed rate of 4.0%. All variable rate debt which is swapped to a fixed rate is shown at the fixed swap rate. As only a portion of principal on the 2009C Turnpike Revenue Bonds (SIFMA Index Notes) is swapped, the interest rate is calculated as a weighted average between a) an assumed rate of 4.0% plus the fixed spread b) swap rate of 4.403% plus the fixed spread, based on the outstanding principal amounts of unhedged and hedged bonds.
- (2) Interest reflects anticipated receipt of Federal Subsidy.
- (3) Does not reflect any likely refunding of Series 2009C Turnpike Revenue Bonds (SIFMA Index Notes) at their maturity.
- (4) Interest net of capitalized Interest; does not reflect any expected earnings credited against debt service.
- (5) All fixed rate debt, unless subject to an interest rate swap agreement, is shown at the actual interest rate. All fixed rate debt which is swapped to a floating rate is shown at an assumed rate of 4.0% plus the fixed spread.

APPENDIX G
DEBT SERVICE REQUIREMENTS OF THE TURNPIKE SENIOR AND SUBORDINATE BONDS

<u>MLF Enhanced Special Revenue Bonds Series B of 2011</u>						
Fiscal Year	Existing Debt Service from MLF Enhanced Subordinate Special Revenue Bonds¹	Principal	Interest	Total	Total Debt Service from MLF Enhanced Subordinate Special Revenue Bonds	Aggregate Debt Service
2012	\$10,062,506	-	-	-	\$10,062,506	\$344,010,353
2013	12,214,338	-	5,292,334	5,292,334	17,506,672	361,727,311
2014	12,214,338	275,000	4,872,738	5,147,738	17,362,075	419,114,462
2015	12,214,338	435,000	4,861,738	5,296,738	17,511,075	399,816,623
2016	12,214,338	595,000	4,839,988	5,434,988	17,649,325	347,397,961
2017	20,307,613	750,000	4,822,138	5,572,138	25,879,750	374,175,090
2018	20,307,613	915,000	4,790,638	5,705,638	26,013,250	374,147,056
2019	20,307,613	1,075,000	4,763,188	5,838,188	26,145,800	404,197,446
2020	20,307,613	1,265,000	4,709,438	5,974,438	26,282,050	404,040,755
2021	25,042,613	1,455,000	4,646,188	6,101,188	31,143,800	424,054,145
2022	25,042,613	1,630,000	4,602,538	6,232,538	31,275,150	423,957,536
2023	28,002,613	1,835,000	4,521,038	6,356,038	34,358,650	445,491,856
2024	27,999,613	2,050,000	4,429,288	6,479,288	34,478,900	446,078,556
2025	28,001,600	2,275,000	4,326,788	6,601,788	34,603,388	446,638,356
2026	27,999,925	2,510,000	4,213,188	6,723,188	34,723,113	446,563,285
2027	44,524,325	2,750,000	4,088,031	6,838,031	51,362,356	438,686,434
2028	44,522,263	3,010,000	3,950,531	6,960,531	51,482,794	419,134,006
2029	44,523,475	3,270,000	3,800,031	7,070,031	51,593,506	419,395,252
2030	44,526,688	3,545,000	3,636,531	7,181,531	51,708,219	441,160,753
2031	44,520,313	3,835,000	3,459,281	7,294,281	51,814,594	441,230,744
2032	44,513,938	4,140,000	3,267,531	7,407,531	51,921,469	467,912,338
2033	44,517,513	4,455,000	3,060,531	7,515,531	52,033,044	468,086,169
2034	44,518,300	4,785,000	2,837,781	7,622,781	52,141,081	468,260,177
2035	44,523,881	5,125,000	2,602,750	7,727,750	52,251,631	468,448,810
2036	44,519,031	5,485,000	2,346,500	7,831,500	52,350,531	468,635,407
2037	44,517,588	5,860,000	2,072,250	7,932,250	52,449,838	448,306,822
2038	44,514,925	6,255,000	1,779,250	8,034,250	52,549,175	447,661,497
2039	44,517,738	6,665,000	1,466,500	8,131,500	52,649,238	418,902,478
2040	18,416,688	7,100,000	1,133,250	8,233,250	26,649,938	227,956,005
2041	18,420,294	7,545,000	778,250	8,323,250	26,743,544	279,549,386
2042	8,672,100	8,020,000	401,000	8,421,000	17,093,100	257,575,138
2043	-	-	-	-	-	72,429,913
2044	-	-	-	-	-	72,465,672
2045	-	-	-	-	-	72,500,145
2046	-	-	-	-	-	72,540,826
2047	-	-	-	-	-	72,589,849
2048	-	-	-	-	-	72,633,704
2049	-	-	-	-	-	72,673,699
2050	-	-	-	-	-	72,721,942
	\$926,508,338	\$98,910,000	\$106,371,222	\$205,281,222	\$1,131,789,560	\$13,222,867,954

(1) Interest net of capitalized Interest; does not reflect any expected earnings credited against debt service.

APPENDIX H

TRAFFIC AND REVENUE STUDY

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January 6, 2009

Mr. Tim Scanlon, P.E.
Project Director
Pennsylvania Turnpike Commission
P.O. Box 67676
Harrisburg, PA 17106-7676

Re: Pennsylvania Turnpike 2009 Traffic and Revenue Update Study

Dear Mr. Scanlon:

This letter report summarizes Wilbur Smith Associates' (WSA) work related to updated traffic and revenue projections for the various toll facilities that make up the Pennsylvania Turnpike System (the Turnpike). In addition to considering normal growth forecasts for the Turnpike, this study also analyzes the estimated impacts of various future toll rate increases proposed, or recently implemented, by the Pennsylvania Turnpike Commission (PTC). A 25 percent rate increase was implemented on January 4, 2009; beyond this, three percent annual inflationary adjustments are to be assumed thereafter on or about each January 1st. All of these have been incorporated into the forecasts developed in this report.

The last study conducted by WSA for the PTC was in May 2004. That study was in anticipation of the toll increase which took place on August 1, 2004. Updated traffic modeling and actual experience from the 2004 toll increase were used to estimate likely impacts resulting from the upcoming rate adjustments. Though the 25 percent increase took effect on January 4, 2009, not enough information is available yet to estimate its impact on traffic and toll revenue. In addition, this analysis has taken into account a detailed review of Turnpike traffic trends, trends and forecasts of socioeconomic data, as well as an assessment of the near term impacts of the current economic recession. Traffic and revenue forecasts were developed through 2030. Estimates were developed for cars and trucks separately and for the ticket system and the various barrier toll systems that make up the entire Pennsylvania Turnpike System. Actual Turnpike experience through November 2008 has been incorporated into this study.

Only currently funded Turnpike capital projects are assumed in this study. Several major potential improvements are under study, but not included here. No revenue forecasts have been included in this analysis regarding conversion of the east end of the Turnpike to a barrier system or the potential future direct connection between the Turnpike and Interstate 95 in Philadelphia. Both of these would likely have significant positive revenue impacts should they be implemented. Likewise, full build-out of the

Albany NY, Anaheim CA, Atlanta GA, Baltimore MD, Bangkok Thailand, Burlington VT, Charleston SC, Charleston WV, Chicago IL, Cincinnati OH, Cleveland OH, Columbia SC, Columbus OH, Dallas TX, Dubai UAE, Falls Church VA, Greenville SC, Hong Kong, Houston TX, Iselin NJ, Kansas City MO, Knoxville TN, Lansing MI, Lexington KY, London UK, Milwaukee WI, Mumbai India, Myrtle Beach SC, New Haven CT, Orlando FL, Philadelphia PA, Pittsburgh PA, Portland ME, Poughkeepsie NY, Raleigh NC, Richmond VA, Salt Lake City UT, San Francisco CA, Tallahassee FL, Tampa FL, Tempe AZ, Trenton NJ, Washington DC

Southern Beltway is not assumed in this study. Only the existing portion and that currently under construction are considered for revenue purposes here. Finally, no additional sections of the Mon Fayette Expressway (PA 43), beyond that already under construction, is assumed in the traffic and revenue projections.

TURNPIKE TRAFFIC AND REVENUE TRENDS

Figure 1 provides an overview of the Turnpike. By far, the greatest proportion of traffic and toll revenue is generated on the I-76/276 East-West section (from Interchange 2 near the Ohio border to Interchange 359 near the New Jersey border) and the Northeastern Extension (from Interchange 20 to Interchange 131). Toll collection on the majority of these two sections is based on a ticket system. The exceptions to this are for Gateway barrier plaza at Interchange 2 and the two northernmost tolling locations on the Northeastern Extension, which are also barrier plazas (Interchanges 122 and 131, in Figure 1).

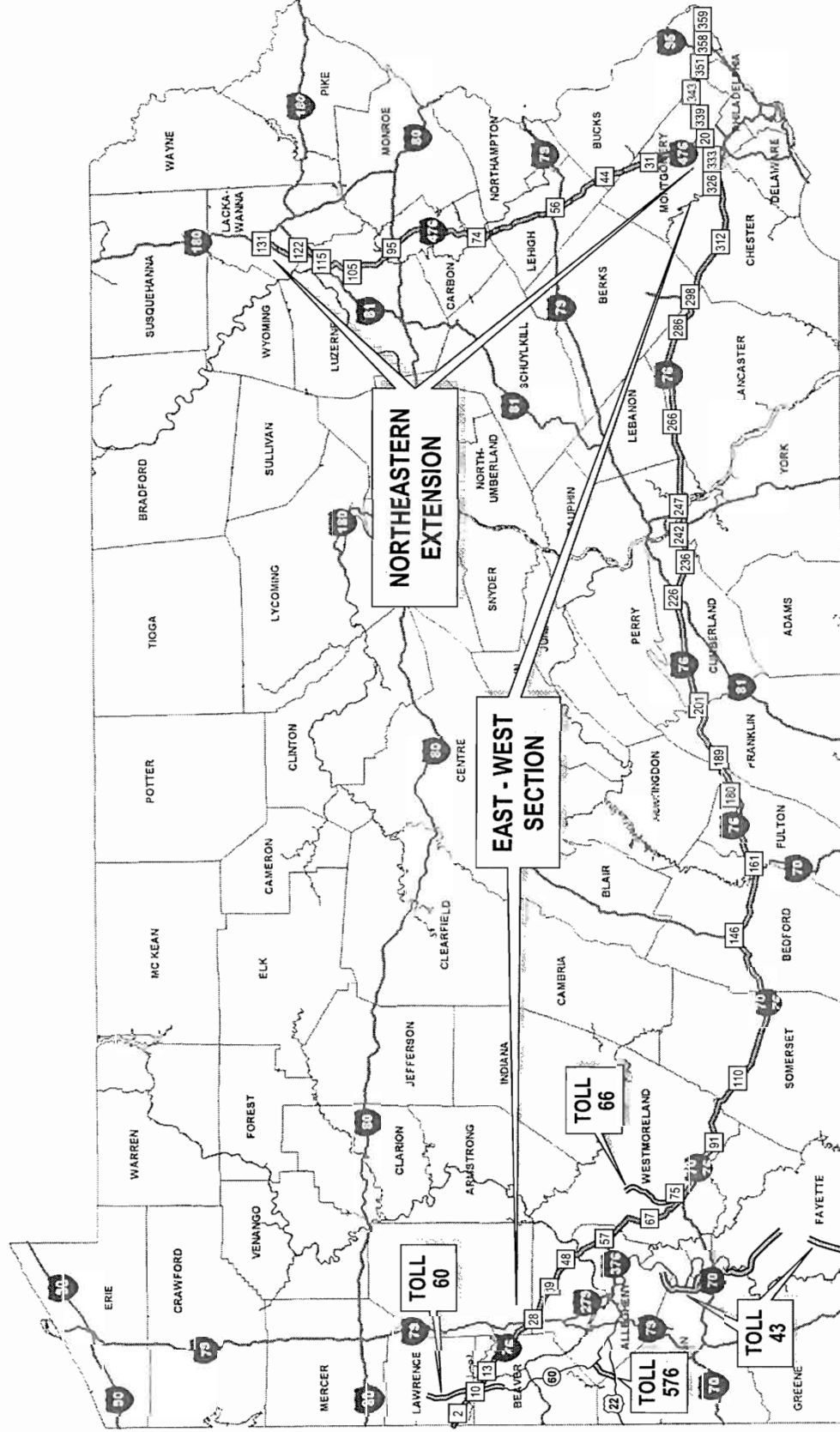
All remaining tolls are collected at fixed barrier locations, though these account for less than 5 percent of total Systemwide toll revenue. In addition to the three barrier locations mentioned above, additional barrier systems include the PA 43, PA 60, PA 66 and PA 576 systems. These are identified in Figure 1.

TICKET SYSTEM TRAFFIC TRENDS BETWEEN 1987 AND 2007

Table 1 identifies average annual daily traffic trends for each of the ticket system locations between 1987 and 2007. Gateway barrier plaza (Interchange 2) is also shown in this table. More recent trends will be discussed in Table 3. Please note that in 2003 the west end of the system converted from a ticket system to a barrier system. Thus, volumes shown at Gateway are not comparable between 2002 and 2003. Also at this time, exit toll plazas were removed from Interchanges 10, 13 and 28 as the new endpoint of the ticket system (identified in this table as Interchange 30) was shifted to between Interchanges 28 and 39. Also as footnoted in Table 1, two-way toll collection was replaced by one-way toll collection at Gateway in 2006. Traffic values in Table 1 were doubled from that point forward to simulate total two-way traffic volumes in order to be comparable to historical trends.

Passenger car trends are shown in the upper portion of Table 1. Average annual percent changes (AAPC) are shown for various periods. Relatively strong growth was exhibited for the 1987-1993 and 1994-2002 periods (3.7 and 3.4 AAPC, respectively). Growth between 2003 and 2007 averaged only 0.7 percent per year for passenger cars. Low to negative growth was experienced over much of the western half of the tickets system, and low, positive growth was experienced on the eastern section and Northeastern Extension. Average annual passenger car growth on the ticket system has been 3.3 percent over the 20 years of historical trends shown in Table 1.

The second portion of Table 1 shows commercial vehicle historical traffic trends on the ticket system. Over the entire 20 year period, commercial vehicles have grown at an average annual rate very similar to that for passenger cars (3.5 percent for commercial vehicles versus 3.3 percent for passenger cars). But it is interesting to note that commercial vehicle growth was quite low (1.5 percent per annum) during the earliest period shown between 1987 and 1993. On the other hand, commercial vehicle growth was considerably higher than that for passenger cars for the more recent period between 2003 and 2007 (3.4 AAPC for commercial vehicles versus 0.7 AAPC for passenger cars).



7) A toll increase of 37%, was implemented on August 1, 1991.
8) A toll increase of 42.5%, was implemented on June 1, 2004.
9) Several changes have occurred at Gateway Plaza during this time period. Toll collection at Gateway Plaza during the toll period was converted from two-way to one-way collection.
10) During 2004, the toll collection at the barrier location was converted to axle based. On January 2, 2006, toll collection at the barrier location was converted from two-way to one-way collection.
11) Gateway was converted to a barrier plaza interchange in 2004. Toll collection was removed from Interchanges 10, 13 and 28 at this time.
12) Gateway was converted to a barrier plaza interchange in 2004. Toll collection was removed from Interchanges 10, 13 and 28 at this time.

Passenger Cars																													
Northeastern Facilities				Toll 60 ^{PM}				Toll 66 ^{AM}				Mon Fayette				Southern Beltway				Total									
Calendar Year	Keiser Ave	Clarks Summit	Subtotal	South Tot 60	Beaver Falls	Moravia 551	Rite 168	North Tot 60	Mt Jackson Rite 108	Subtotal	Rite 136	Ashkum Mainline	Route 30	Route 13C	Route 66	Subtotal	Ramp M4	M5	California	Ramp M39	Ramp M44	Ramp M48	M52	Subtotal	Route 30	Bad Knob Rd	Route 22	Subtotal	Barrier Facilities
1994	0	2,831	2,831	6,965	271	481	3,515	720	12,352	295	5,754	1,641	822	413	8,925	5,436			5,436										29,544
1995	5,803	5,177	9,980	7,268	319	520	4,130	826	13,063	303	6,411	1,977	873	459	10,233	5,942			5,942										39,008
1996	6,491	6,814	13,305	7,897	334	546	4,614	1,097	14,488	366	7,259	2,191	1,017	501	11,334	6,714			6,714										45,841
1997	6,941	7,747	14,622	8,407	336	719	4,964	1,211	15,497	413	8,081	2,471	1,109	523	12,678	7,314			7,314										49,711
1998	6,461	6,769	13,230	8,274	359	615	5,192	1,313	16,201	437	8,911	3,020	1,233	527	14,018	6,643			6,643										50,095
1999	5,686	5,844	11,530	8,798	370	610	5,298	1,385	16,461	469	8,850	3,105	966	458	13,848	7,312			7,312										49,151
2000	5,527	5,642	11,169	8,900	382	619	5,481	1,454	16,944	478	9,283	3,390	893	455	14,499	8,274			8,274										50,886
2001	5,622	5,847	11,469	9,390	399	682	5,866	1,606	17,943	518	9,613	3,751	1,001	516	15,399	9,541			9,541										55,865
2002 ¹	5,948	6,169	12,117	9,586				6,021	15,607		10,044				10,044		29	1,726	5,832	1,360									46,437
2003	6,274	6,492	12,766	9,782				15,958	16,958		10,474				10,474		30	1,754	6,228	1,764				5,689					51,200
2004 ²	6,719	6,747	13,466	9,821				6,385	16,206		10,858				10,858		29	1,884	9,365	906	736	2,543	6,326	21,789					62,320
2005	6,489	6,519	13,008	8,896				6,812	16,708		11,123				11,123		26	1,973	9,366	868	720	2,790	6,746	22,489					63,328
2006	6,573	6,545	13,117	9,854				7,047	16,901		217	12,053	861	226	117	13,473	32	2,060	9,754	963	758	2,936	7,099	23,602	80	59	533	671	67,765
2007	6,736	6,740	13,476	10,334	434	756	7,524	1,277	20,326	597	12,308	2,889	1,260	580	17,373	39	2,151	10,224	1,030	745	3,213	7,179	24,581	166	283	2,914	3,363	79,739	
Average Annual Percent Change																													
1994 ¹ -00	2.8	1.7	2.3	4.4	5.9	4.3	5.8	12.4	5.4		8.4	8.3	12.9	1.4	1.6	8.4	NA	NA	7.3	NA	NA	NA	NA	7.3					

Page 4

RECENT MONTHLY TRAFFIC AND REVENUE TRENDS

Table 3 provides monthly traffic volumes on all facilities for FY 2005-06 through mid FY 2008-09. Information is also provided for passenger cars and commercial vehicles separately. Similar to the longer term historical trends shown in Tables 1 and 2, the ticket system has exhibited much lower growth compared to the barrier locations. The effect of the current negative economic climate is evident in the most current monthly traffic trends. As shown, total ticket system transactions have been trending negative for some time and are currently lower by 2.7 percent for the first half of FY 2008-09. Though more positive, the contribution of the barrier locations still results in a total Turnpike traffic loss of 1.8 percent for the first half of FY 2008-09. A review of other toll facilities in the area has shown the same trends.

It should be pointed out that the impact on commercial vehicles was especially negative in November 2008. Total commercial traffic declined by 12.3 percent in November 2008 compared to November 2007. Part of this decline is real and part due to the fact that November 2008 had two more weekend days than November 2007. Commercial traffic is typically much lower on weekend days and this likely contributed to the especially large negative growth in the most recent month.

Monthly gross toll revenue trends over the same time period are shown in Table 4 for each toll facility. The same general trends are seen here as exhibited in the transaction trends. Because of the higher average commercial vehicle toll rates, however, the effect of larger negative commercial vehicle growth has a bigger impact on total revenue growth. Thus, while total ticket system transactions were down by 2.7 percent in the first half of FY 2008-09, revenue growth is down by 5.2 percent over the same period.

On a total Systemwide basis, gross toll revenue grew by 1.7 percent between FY 2005-06 and FY 2006-07. Growth amounted to only 0.2 percent between FY 2006-07 and FY 2007-08. In the most recent six month period (June through November) revenue growth has continued to decrease and amounted to a decrease of 4.8 percent over the same period in the last fiscal year.

Table 3
Pennsylvania Turnpike Monthly Traffic Volume Trends By Facility and Vehicle Class
Volumes in Thousands

Ticket System (Including Gateway Barrier Plaza)												
Passenger Cars												
Month	2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09					
June	12,486	(5.7)	11,769	1.9	11,992	(3.6)	11,561					
July	12,805	(6.5)	11,979	1.8	12,197	(0.8)	12,100					
August	12,868	(4.1)	12,345	3.1	12,731	(1.8)	12,502					
September	11,401	(1.3)	11,253	1.6	11,431	(3.6)	11,014					
October	11,702	0.5	11,762	2.0	12,002	(1.3)	11,843					
November	11,418	(1.4)	11,262	(0.2)	11,236	(0.2)	10,927					
December	11,073	0.2	11,096	(4.6)	10,585	(2.8)						
January	10,348	(0.1)	10,336	0.1	10,347							
February	9,559	(3.8)	9,200	5.6	9,718							
March	11,226	(2.7)	10,925	1.4	11,077							
April	11,063	(0.4)	11,022	0.5	11,078							
May	11,625	1.6	11,816	(1.6)	11,625							
Total Year	137,574	(2.0)	134,765	0.9	136,019							
June-Nov	72,680	(3.2)	70,370	1.7	71,589	(2.3)	69,947					
Commercial Vehicles												
Month	2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09					
June	2,103	(4.5)	2,009	(0.9)	1,991	(4.8)	1,895					
July	1,969	(4.9)	1,872	3.4	1,936	0.6	1,947					
August	2,133	(2.4)	2,081	(0.1)	2,079	(8.5)	1,902					
September	2,004	(5.9)	1,886	(2.1)	1,847	(0.6)	1,835					
October	2,005	(1.2)	1,980	3.3	2,045	(6.5)	1,912					
November	1,887	(3.8)	1,816	(0.7)	1,803	(13.4)	1,562					
December	1,786	(5.8)	1,653	(3.4)	1,626							
January	1,670	5.3	1,759	(0.8)	1,745							
February	1,572	2.4	1,609	0.9	1,624							
March	1,685	(2.2)	1,643	(5.2)	1,747							
April	1,783	2.0	1,818	4.3	1,897							
May	1,989	2.5	2,038	(6.1)	1,913							
Total Year	22,786	(1.7)	22,394	(0.6)	22,253							
June-Nov	12,101	(3.8)	11,644	0.5	11,701	(5.5)	11,053					
Total Vehicles												
Month	2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09					
June	14,589	(5.6)	13,778	1.5	13,983	(3.8)	13,456					
July	14,774	(6.2)	13,851	2.0	14,133	(0.6)	14,047					
August	15,001	(3.8)	14,426	2.7	14,810	(2.7)	14,404					
September	13,405	(2.0)	13,139	1.1	13,278	(3.2)	12,849					
October	13,707	0.3	13,742	2.2	14,047	(2.1)	13,755					
November	13,305	(1.7)	13,078	(0.3)	13,039	(4.2)	12,489					
December	12,859	(0.6)	12,779	(4.4)	12,211							
January	12,018	0.6	12,095	(0.0)	12,092							
February	11,131	(2.9)	10,809	4.9	11,342							
March	13,111	(2.6)	12,768	0.4	12,824							
April	12,846	(0.0)	12,840	1.1	12,975							
May	13,614	1.8	13,854	(2.3)	13,536							
Total Year	160,360	(2.0)	157,159	0.7	158,272							
June-Nov	84,781	(3.3)	82,014	1.6	83,290	(2.7)	81,000					

PA 43 (Mon Fayette Expressway)												
Passenger Cars												
Month	2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09					
June	666	1.2	674	5.6	712	1.5	723					
July	671	3.3	693	4.2	722	4.6	755					
August	710	6.1	753	4.5	787	3.7	816					
September	717	6.1	761	2.5	780	4.0	811					
October	736	7.6	792	3.4	819	7.4	880					
November	681	6.0	722	1.8	735	11.8	822					
December	664	6.8	709	(2.4)	692							
January	628	4.6	657	3.3	679							
February	613	0.7	617	9.6	676							
March	692	4.9	726	(1.5)	715							
April	695	3.7	721	5.1	758							
May	696	7.8	750	(0.1)	749							
Total Year	8,169	5.0	8,575	2.9	8,824							
June-Nov	4,181	5.1	4,395	3.6	4,555	5.5	4,807					
Commercial Vehicles												
Month	2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09					
June	23	4.3	24	12.5	27	22.2	33					
July	22	4.5	23	21.7	28	26.6	36					
August	24	0.0	24	20.8	29	24.1	36					
September	21	4.8	22	9.1	24	37.5	33					
October	20	20.0	24	12.5	27	29.6	35					
November	18	11.1	20	10.0	22	45.5	32					
December	16	6.3	17	0.0	17							
January	15	6.7	16	18.8	19							
February	14	21.4	17	17.6	20							
March	19	5.3	20	5.0	21							
April	20	0.0	20	25.0	25							
May	22	9.1	24	20.8	29							
Total Year	234	7.3	251	14.7	288							
June-Nov	128	7.0	137	14.6	157	30.6	205					
Total Vehicles												
Month	2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09					
June	689	1.3	698	5.9	739	2.3	756					
July	693	3.3	716	4.7	750	5.5	791					
August	734	5.9	777	5.0	816	4.4	852					
September	738	6.1	783	2.7	804	5.0	844					
October	756	7.9	816	3.7	846	8.2	915					
November	699	6.2	742	2.0	757	12.8	854					
December	680	6.8	726	(2.3)	709							
January	643	4.7	673	3.7	698							
February	627	1.1	634	9.8	696							
March	711	4.9	746	(1.3)	736							
April	715	3.6	741	5.7	783							
May	718	7.8	774	0.5	778							
Total Year	8,403	5.0	8,826	3.2	9,112							
June-Nov	4,309	5.2	4,532	4.0	4,712	6.4	5,012					

PA 66												
Passenger Cars												
Month	2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09					
June	358	8.1	387	39.0	538	10.8	596					
July	358	23.7	443	23.5	547	12.8	617					
August	364	33.5	486	18.7	577	11.3	642					

Table 4
Pennsylvania Turnpike Monthly Gross Toll Revenue Trends By Facility and Vehicle Class
Revenue in Thousands

Ticket System (Including Gateway Barrier Plaza)														
Commercial Vehicles														
Month	2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09	2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09
June	\$28,374	(2.6)	\$27,631	3.7	\$28,665	(5.4)	\$27,110	\$24,105	3.5	\$24,945	(0.9)	\$24,714	(5.6)	\$23,324
July	30,961	(3.6)	29,860	0.3	29,935	(2.3)	29,244	22,468	1.6	22,823	6.1	24,208	(1.6)	23,824
August	30,410	(1.2)	30,032	5.4	31,655	(2.2)	30,972	24,617	4.2	25,642	1.6	26,055	(10.0)	23,439
September	25,146	3.2	25,960	1.0	26,218	(5.9)	24,682	23,181	2.0	23,655	0.3	23,716	(3.9)	22,787
October	26,278	1.3	26,628	(0.8)	26,410	0.3	26,482	24,005	3.9	24,930	3.6	25,828	(9.1)	23,477
November	25,590	1.8	26,055	(1.5)	25,673	(2.8)	24,956	22,450	1.8	22,847	0.1	22,865	(16.0)	19,202
December	24,088	4.5	25,160	(6.3)	23,564			21,840	(2.1)	21,378	(0.9)	21,193		
January	21,621	(0.9)	21,434	(1.2)	21,182			21,618	4.7	22,636	1.3	22,929		
February	19,904	(8.6)	18,197	8.2	19,687			20,479	9.9	22,507	(4.5)	21,504		
March	23,902	(1.6)	23,511	0.5	23,622			24,279	0.9	24,497	(4.7)	23,336		
April	21,726	3.4	22,466	6.7	23,981			26,057	(0.3)	25,983	(9.3)	23,568		
May	26,202	3.5	27,118	(1.5)	26,706			24,536	4.2	25,559	(7.7)	23,597		
Total Year	\$304,202	(0.0)	\$304,052	1.1	\$307,298			\$279,635	2.8	\$287,402	(1.4)	\$283,513		
June-Nov	\$166,759	(0.4)	\$166,166	1.4	\$168,556	(3.0)	\$163,446	\$140,826	2.9	\$144,842	1.8	\$147,386	(7.7)	\$136,053

PA 43 (Mon Fayette Expressway)														
Commercial Vehicles														
Month	2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09	2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09
June	\$518	1.0	\$523	5.0	\$549	1.8	\$559	\$54	1.9	\$55	9.1	\$60	25.0	\$75
July	523	2.9	538	3.7	558	4.5	583	51	2.0	52	19.2	62	29.0	80
August	554	5.6	585	3.9	608	3.5	629	55	1.8	56	12.5	63	25.4	79
September	556	6.5	592	1.4	600	4.2	625	49	2.0	50	10.0	55	36.4	75
October	573	7.5	616	2.6	632	7.8	681	48	14.6	55	12.7	62	27.4	79
November	532	5.6	562	1.2	569	13.9	648	42	14.3	48	4.2	50	44.0	72
December	520	6.7	555	(3.2)	537			37	10.8	41	(2.4)	40		
January	490	4.3	511	2.7	525			36	8.3	39	15.4	45		
February	478	0.2	479	9.0	522			35	8.6	38	26.3	48		
March	538	4.5	562	(1.4)	554			46	0.0	46	4.3	48		
April	539	3.3	557	5.2	586			47	2.1	48	20.8	58		
May	541	6.8	578	0.3	580			52	7.7	56	17.9	66		
Total Year	\$6,362	4.7	\$6,658	2.4	\$6,820			\$552	5.8	\$584	12.5	\$657		
June-Nov	\$3,256	4.9	\$3,416	2.9	\$3,516	5.9	\$3,725	\$299	5.7	\$316	11.4	\$352	30.7	\$460

PA 66														
Commercial Vehicles														
Month	2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09	2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09
June	\$357	7.0	\$382	26.7	\$484	8.5	\$525	\$182	13.2	\$206	12.6	\$232	(0.9)	\$230
July	358	18.7	425	15.8	492	10.4	543	171	22.8	210	9.5	230	3.0	237
August	364	26.1	459	12.0	514	10.3	567	184	28.8	237	0.0	237	(2.5)	231
September	340	30.9	445	12.8	502	6.6	535	183	12.6	206	3.4	213	9.4	233
October	345	34.5	464	21.3	563	0.0	563	174	28.2	223	15.2	257	(7.4)	238
November	326	33.1	434	18.9	516	(0.6)	513	148	29.1	191	7.3	205	(9.8)	185
December	319	34.5	429	18.2	507			130	26.9	165	3.0	170		
January	302	29.5	391	21.5	475			135	28.1	173	12.1	194		
February	287	20.2	345	30.7	451			126	16.7	147	25.2	184		
March	341	26.1	430	17.0	503			157	21.0	190	3.2	196		
April	352	25.0	440	18.6	522			159	23.3	196	13.3	222		
May	360	35.8	489	9.8	537			173	36.4	236	(4.2)	226		
Total Year	\$4,051	26.7	\$5,133	18.2	\$6,066			\$1,922	23.8	\$2,380	7.8	\$2,566		
June-Nov	\$2,090	24.8	\$2,609	17.7	\$3,071	5.7	\$3,246	\$1,042	22.2	\$1,273	7.9	\$1,374	(1.5)	\$1,354

Northeast Extension Barrier Plazas Only														
Commercial Vehicles														
Month	2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09	2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09
June	\$215	(3.7)	\$207	3.9	\$215	1.4	\$218	\$198	8.6	\$215	4.7	\$225	(2.2)	\$220
July	263	(4.2)	252	1.6	256	1.2	259	186	11.8	208	5.8	220	5.0	231
August	255	0.0	255	8.6	277	2.9	285	207	11.1	230	5.2	242	(6.6)	226
September	196	6.1	208	2.9	214	(6.1)	201	194	11.9	217	1.8	221	3.6	229
October	196	11.2	218	(3.7)	210	2.4	215	197	16.2	229	2.6	235	(3.0)	228
November	190	7.9	205	(4.4)	196	0.5	197	190	8.9	207	(5.3)	196	(6.1)	184
December	169	8.9	184	(9.8)	166			172	7.6	185	(2.7)	180		
January	145	4.8	152	(2.0)	149			174	13.2	197	(2.0)	193		
February	142	(8.9)	128	11.7	143			165	6.7	176	5.7	186		
March	168	6.5	179	(1.1)	177			195	11.8	218	(10.6)	195		
April	192	5.2	202	(1.5)	199			191	16.2	222	5.4	234		
May	206	8.7	224	1.8	228			214	15.4	247	(4.5)	236		
Total Year	\$2,337	3.3	\$2,414	0.7	\$2,430			\$2,283	11.7	\$2,551	0.5	\$2,563		
June-Nov	\$1,315	2.3	\$1,345	1.7	\$1,368	0.5	\$1,375	\$1,172	11.4	\$1,306	2.5	\$1,339	(1.6)	\$1,318

PA 60														
Commercial Vehicles														
Month	2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09	2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09
June	\$389	(1.5)	\$383	18.8	\$455	(2.6)	\$443	\$161	5.6	\$170	22.9	\$209	(11.0)	\$186
July	414	(3.9)	398	19.3	475	0.4	477	152	1.3	154	14.9	177	11.9	198
August	405	(1.7)	398	22.4	487	(0.8)	483	163	6.1	173	9.8	190	3.2	196
September	357	2.8	367	21.3	445	(2.9)	432	156	(2.6)	152	12.5	171	10.5	189
October	366	3.0	377	21.2	457	(1.5)	450	150	6.0	159	20.1	191	(2.1)	187
November	352	2.3	360	17.2	422	(3.8)	406	136	4.4	142	16.9	166	(12.7)	145
December	346	5.2	364	10.2	401			123	9.8	135	0.7	136		
January	316	1.9	322	15.8	373			128	11.7	143	12.6	161		
February	300	1.0	303	16.5	353			119	10.9	132	14.4	151		
March	351	14.5	402	1.0	406			149	12.8	168	(3.6)	162		
April	352	15.3	406	4.9	426			142	24.6	177	7.3	190		
May	369	20.3	444	0.9	448			165	29.1	213	(11.3)	189		
Total Year	\$4,317	4.8	\$4,524	13.8	\$5,148			\$1,744	10.0	\$1,918	9.1	\$2,093		
June-Nov	\$2,283	0.0	\$2,283	20.1	\$2,741	(1.8)	\$2,691	\$918	3.5	\$950	16.2	\$1,104	(0.3)	\$1,101

Total Revenues														
Commercial Vehicles														
Month	2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09	2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09
June	\$24,700	3.6	\$25,591	(0.6)	\$25,440	(5.5)	\$24,035	\$54,553	0.3	\$54,717	2.0	\$55,808	(5.2)	\$52,890
July	32,519	(3.2)	31,473	0.8	31,716	(1.9)	31,106	23,028	1.8	23,447	6.2	24,897	(1.3)	24,570
August	31,988	(0.8)	31,729	5.7	33,541	(1.8)	32,936	25,226	4.4	26,338	1.7	26,787	(9.8)	24,171
September	26,595	3.7	27,572	1.5	27,979	(5.4)	26,475	23,763	2.2	24,280	0.4	24,376	(3.5)	23,513
October	27,758	2.0	28,303	(0.1)	28,272	0.4	28,391	24,574	4.2	25,596	3.8	26,573	(8.9)	24,209
November	26,990	2.3	27,616	(0.9)	27,376	(2.4)	26,720	22,966	2.0	23,435	0.2	23,402	(15.7)	19,788
December	25,442	9.9	26,692	(5.7)	25,175			22,302	(1.8)	21,904	(0.8)	21,719		
January	22,874	(0.3)	22,810	(0.5)	22,704			22,091	5.0	23,188	1.4	23,522		
February	21,111	(7.9)	19,452	8.8	21,156			20,924	9.9	23,000	(4.0)	22,073		
March	25,300	(0.9)	25,084	0.7	25,262			24,826	1.2	25,119	(4.7)	23,813		
April	23,161	3.9	24,071	6.8	25,714			26,596	0.1	26,626	(8.8)	24,272		
May	27,678	4.2	28,853	(1.2)	28,499			25,140	4.7	26,311	(7.6)	24,314		
Total Year	\$321,269	0.5	\$322,781	1.5	\$327,762			\$286,136	3.0	\$294,835	(1.2)	\$291,392		
June-Nov	\$175,703	0.1	\$175,819	2.0	\$179,252	(2.7)	\$174,483	\$144,257	3.1	\$148,687	1.9	\$151,555	(7.4)	\$140,286

Total Vehicles														
Month	2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09	2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09
June	\$52,479	0.2	\$52,576	1.5	\$53,379	(5.5)	\$50,434	\$52,429	(1.4)	\$52,683	2.8	\$54,143	(2.0)	\$53,068
July														

SOCIOECONOMIC TRENDS AND FORECASTS

A detailed analysis of longer term economic trends and forecasts in the corridor was conducted as part of this analysis. These were used as input to the corridor growth analysis. Tables 5-8 provide a summary of various economic measures reviewed for this study, including population, employment, retail sales and gross state product. Additional detailed information is provided regarding monthly unemployment levels in the Turnpike corridor as well as weekly gasoline price trends.

The nation is now, according to most economists, in a recession. Traffic and revenue trends on the Pennsylvania Turnpike, and on most other toll facilities, clearly show the effect of the current economic downturn. Actual long term traffic and revenue trends along with the information provided in Tables 5-8 provide a good indication of the longer term growth potential for the Pennsylvania Turnpike, but short term (one to two year) adjustments are required to reflect the likely continued negative effects of the recession.

While there is no “crystal ball”, it is widely expected that, on a national level, negative GDP growth will continue for the next one to two quarters, with low to flat GDP growth for another one to two quarters before an economic recovery begins to take effect. For purposes of developing the current forecasts, WSA has assumed continued negative growth through the middle of FY 2009-10. And then flat to no growth through the middle of FY 2010-11. Thereafter, we expect some recovery and then a continuation of more “normal” growth patterns as would be expected by the longer term economic growth forecasts shown in Tables 5-8.

POPULATION TRENDS AND FORECASTS

Historic population data were obtained from the U.S. Census, and future rates of growth were obtained from an economic research firm, Woods and Poole, for counties and states that significantly contribute to Pennsylvania Turnpike traffic demand. The historic and forecast rates of growth in total population are presented in Table 5, from 1980 through 2030. Historic data were available up to 2007. The rates of growth are summarized as the AAPC between the following time periods:

- 1980 through 1990;
- 1990 through 2000;
- 2000 through 2007;
- 2007 through 2010;
- 2010 through 2020;
- 2020 through 2030; and
- 2007 through 2030.

The rates of growth are presented for the following five states: New Jersey, New York, Ohio, Pennsylvania, and West Virginia. Information for the United States is provided as well. The county level data were summarized into the following four groups:

- **Pittsburgh Area Counties:** Allegheny, Armstrong, Beaver, Butler, Indiana, Lawrence, Washington and Westmoreland,
- **Interurban Area Counties:** Adams, Bedford, Blair, Cambria, Cumberland, Dauphin, Franklin, Fulton, Huntingdon, Juniata, Lancaster, Lebanon, Mifflin, Perry, Somerset and York,
- **Philadelphia Area Counties:** Berks, Bucks, Chester, Delaware, Montgomery and Philadelphia, and
- **Northeastern Corridor Counties:** Carbon, Lackawanna, Lehigh, Luzerne, Northampton and Wyoming.

Table 5
Population Trends and Forecast

Area		Average Annual Percent Change					
		1980 - 90	1990 - 00	2000 - 07	2007 - 10	2010 - 20	2020 - 30
Pittsburgh Area	(1)	(0.7)	(0.2)	(0.3)	0.3	0.4	0.5
Interurban Area	(2)	0.6	0.7	0.7	0.7	0.8	0.8
Philadelphia Area	(3)	0.2	0.4	0.3	0.3	0.4	0.5
Northeastern Corridor	(4)	0.2	0.2	0.6	0.3	0.4	0.5
Subtotal		0.0	0.3	0.3	0.4	0.5	0.6
New Jersey		0.5	0.8	0.6	0.8	0.8	0.9
New York		0.3	0.5	0.3	0.3	0.4	0.4
Ohio		0.1	0.5	0.2	0.2	0.3	0.4
Pennsylvania		0.0	0.3	0.3	0.4	0.5	0.6
West Virginia		(0.9)	0.1	0.1	0.2	0.2	0.4
Subtotal		0.2	0.5	0.3	0.4	0.4	0.5
United States		0.9	1.2	1.0	1.0	1.0	1.0

(1) Pittsburgh Area Counties: Allegheny, Armstrong, Beaver, Butler, Indiana, Lawrence, Washington, and Westmoreland.

(2) Interurban Counties: Adams, Bedford, Blair, Cambria, Cumberland, Dauphin, Franklin, Fulton, Huntingdon, Juniata, Lancaster, Lebanon, Mifflin, Perry, Somerset, and York.

(3) Philadelphia Area Counties: Berks, Bucks, Chester, Delaware, Montgomery, and Philadelphia.

(4) Northeastern Corridor Counties: Carbon, Lackawanna, Lehigh, Luzerne, Northampton, and Wyoming.

Note: Years 1980 to 2000 represents U.S. Census data. Forecast year growth rates were obtained from Woods & Poole CEDDS, 2007 edition.

These groups of counties were used to describe areas of the Turnpike centered on the Pittsburgh metropolitan area, mid-state Pennsylvania, the Philadelphia metropolitan area, and the Northeastern Extension corridor. The data helped WSA to analyze the longer term growth potential of traffic demand on the Turnpike through 2030.

As can be seen in Table 5, population growth is very moderate in the Turnpike subregion, the states and the United States. Historically, Pennsylvania population has increased by between 0.0 and 0.3 percent per year between 1980 and 2007; this is about the same as population growth in the Turnpike corridor as

well. For comparative purposes, population growth in the United States has averaged about 1.0 percent growth per year over the same period.

It is interesting to note that, as shown in Table 1, traffic growth on the Turnpike grew at 3.3 percent between 1987 and 2007; a much greater level than population growth, even in spite of multiple toll increases over this period. This demonstrates the ability of the Turnpike to attract a greater and greater share of travel in the corridor. It is also indicative of the nature of a facility of this type to both attract and generate its own traffic as motorists and businesses choose to locate along the Turnpike corridor to take advantage of the high level of service it offers.

Future population growth in the Turnpike corridor is forecast to increase slightly compared to historical levels. As shown, estimates average about 0.5 percent per year through 2030. This is more or less comparable to that for the states in the region, but only about half of the longer term population forecasts for the U.S.

EMPLOYMENT AND UNEMPLOYMENT TRENDS AND FORECASTS

Rates of growth in employment are shown in Table 6. Historical data are from the U.S. Department of Commerce, and the future growth rates are based on data from Woods & Poole.

Table 6
Employment Trends and Forecast

Area		Average Annual Percent Change						
		1980 - 90	1990 - 00	2000 - 07	2007 - 10	2010 - 20	2020 - 30	2007 - 30
Pittsburgh Area	(1)	0.4	0.9	0.5	1.4	1.3	1.1	1.2
Interurban Area	(2)	1.9	1.2	1.0	1.3	1.2	1.1	1.2
Philadelphia Area	(3)	1.3	0.8	0.6	1.1	1.0	0.9	1.0
Northeastern Corridor	(4)	1.1	0.9	0.8	1.2	1.1	1.0	1.1
Subtotal		1.2	0.9	0.7	1.2	1.1	1.0	1.1
New Jersey		1.9	0.9	1.1	1.3	1.2	1.0	1.1
New York		1.3	0.6	0.7	0.8	0.8	0.7	0.8
Ohio		1.2	1.5	0.3	1.3	1.2	1.1	1.2
Pennsylvania		1.2	1.0	0.7	1.2	1.1	1.0	1.1
West Virginia		(0.0)	1.3	0.8	1.4	1.3	1.1	1.2
Subtotal		1.3	1.0	0.7	1.1	1.1	1.0	1.0
United States		2.0	1.8	1.1	1.6	1.4	1.3	1.4

(1) Pittsburgh Area Counties: Allegheny, Armstrong, Beaver, Butler, Indiana, Lawrence, Washington, and Westmoreland.

(2) Interurban Counties: Adams, Bedford, Blair, Cambria, Cumberland, Dauphin, Franklin, Fulton, Huntingdon, Juniata, Lancaster, Lebanon, Mifflin, Perry, Somerset, and York.

(3) Philadelphia Area Counties: Berks, Bucks, Chester, Delaware, Montgomery, and Philadelphia.

(4) Northeastern Corridor Counties: Carbon, Lackawana, Lehigh, Luzerne, Northampton, and Wyoming.

Note: Historical data through 2000 are based on the U.S. Department of Commerce. Forecast data are based on growth rates obtained from Woods & Poole CEDDS, 2007 edition.

Historically, employment growth has averaged between 0.7 and 1.2 percent per year in Pennsylvania and the Turnpike corridor from 1980 through 2007. Employment growth in the United States increased at a faster rate, averaging between 1.1 and 2.0 percent per year during this time period. As with historical population growth, the 3.3 percent annual growth in traffic on Turnpike toll facilities is more than triple the average annual rate of growth in employment.

From 2000 through 2030, employment growth is estimated to increase by 1.4 percent per year in the United States, 1.1 percent in Pennsylvania, and 1.1 percent in the Turnpike corridors. Within the Turnpike corridor, employment growth rates are fairly consistent, estimated to average between 1.0 percent and 1.2 percent per year through 2030.

Figure 2 provides a detailed monthly trend in unemployment levels for various segments of the Turnpike, for the state and the U.S. Data are shown from January 1998 through November 2008 for the state and the U.S., and through October 2008 for the state sub-regions. This graph shows both the seasonal variations in unemployment levels during each year as well as the longer, multi-year, cyclical patterns.

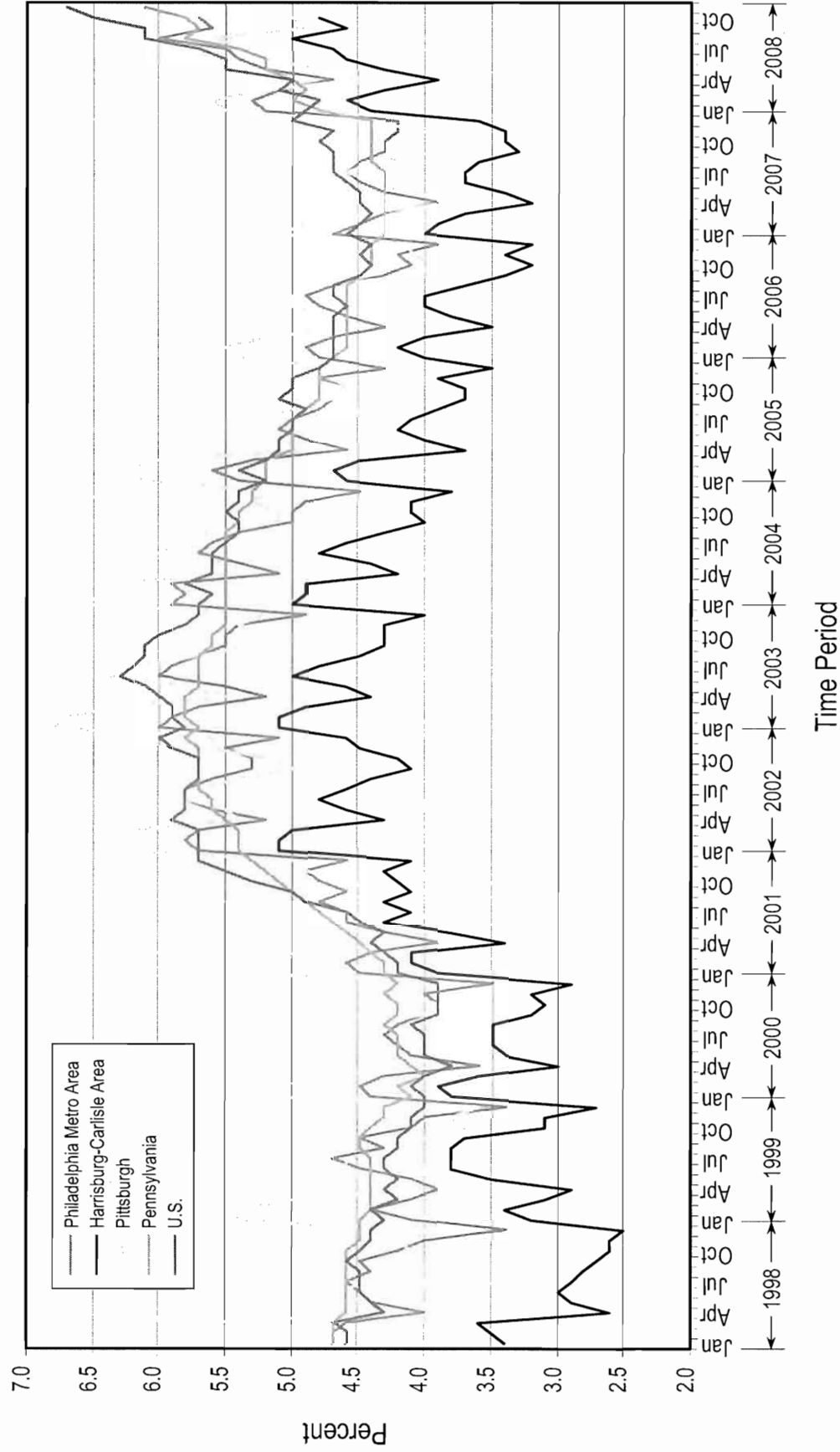
Historically, the Harrisburg-Carlisle area has exhibited the lowest unemployment rates. This is probably a result of state government employment in the state capitol. Unemployment levels for the state, Philadelphia metro area and Pittsburgh have generally tended to vary at, or near, levels for the U.S. Only in the last few months has there been a divergence where unemployment levels for the U.S. have begun to exceed those for the state and corridor areas. Estimated November 2008 unemployment for the US reached 6.7 percent while that for Pennsylvania was 6.1 percent. October 2008 unemployment estimates totaled 5.7 percent for the Philadelphia metro area, 4.8 percent for Harrisburg-Carlisle, and 5.0 percent for Pittsburgh.

Economists are estimating continued short term increases in unemployment levels for the U.S. before a recovery to pre-recession levels. Various estimates for national unemployment levels reach the 9 to 10 percent level. This would put unemployment rates at levels not seen since 1982 when they averaged 9.7 percent. However, based on recent historical trends, it would appear that unemployment levels for Pennsylvania, and particularly for the Turnpike corridor itself, will be lower than those at the national level.

RETAIL SALES TRENDS AND FORECASTS

Retail sales trend and forecast information is shown in Table 7. Trends for Pennsylvania and the Turnpike corridor are very similar with the surrounding states, though lower than those for the U.S. as a whole.

Growth rates in retail sales are estimated to be slightly lower in the future, averaging 2.0 percent per year in the United States, 1.6 percent in Pennsylvania, and 1.6 percent in the Turnpike corridor between 2007 and 2030. The strongest growth in retail sales within the Turnpike corridor is forecast to occur in the Interurban Area (1.9 percent per year), followed by the Philadelphia Area (1.7 percent per year). The Northeastern Corridor is forecast to experience growth in retail sales averaging 1.4 percent per year from



2007 through 2030, and retail sales in the Pittsburgh Area are forecast to average 1.4 percent per year through the same time period.

Table 7
Retail Sales Trends and Forecast

Area		Average Annual Percent Change					
		1980 - 90	1990 - 00	2000 - 07	2007 - 10	2010 - 20	2020 - 30
Pittsburgh Area	(1)	0.3	2.2	0.8	1.3	1.4	1.5
Interurban Area	(2)	2.1	2.7	1.8	1.8	1.8	1.9
Philadelphia Area	(3)	2.0	2.5	1.6	1.6	1.6	1.7
Northeastern Corridor	(4)	1.5	2.3	1.7	1.3	1.4	1.5
Subtotal		1.5	2.4	1.5	1.5	1.6	1.7
New Jersey		2.1	2.4	1.8	1.9	2.0	2.0
New York		1.4	2.0	1.5	1.4	1.5	1.6
Ohio		1.1	3.1	1.4	1.3	1.4	1.5
Pennsylvania		1.5	2.4	1.5	1.5	1.6	1.7
West Virginia		(0.3)	2.7	1.3	1.3	1.4	1.5
Subtotal		1.4	2.4	1.5	1.5	1.6	1.7
United States		1.8	3.3	2.0	2.0	2.0	2.0

(1) Pittsburgh Area Counties: Allegheny, Armstrong, Beaver, Butler, Indiana, Lawrence, Washington, and Westmoreland.

(2) Interurban Counties: Adams, Bedford, Blair, Cambria, Cumberland, Dauphin, Franklin, Fulton, Huntingdon, Juniata, Lancaster, Lebanon, Mifflin, Perry, Somerset, and York.

(3) Philadelphia Area Counties: Berks, Bucks, Chester, Delaware, Montgomery, and Philadelphia.

(4) Northeastern Corridor Counties: Carbon, Lackawana, Lehigh, Luzerne, Northampton, and Wyoming.

Note: Data is based on Woods & Poole, CEDDS, 2007 Edition.

GROSS STATE PRODUCT TRENDS AND FORECASTS

Another economic indicator that can reflect changing traffic demand is gross state product (GSP) and the gross domestic product (GDP) of the United States. The historic and forecast rates of growth for these variables are shown in Table 8. U.S. GDP increased by an average of about 3.0 percent per year between 1980 through 2007. Pennsylvania's GSP increased by an average 2.4 percent during the same time period. The growth rate of the combined five states averaged 2.6 percent per year, though much of this average growth was fueled by the high 4.5 percent growth exhibited by New Jersey between 1980 and 1990.

Future growth rates are estimated to decrease somewhat, averaging 2.3 percent for the US GDP from 2007 through 2030. Pennsylvania is estimated to experience an average increase in GSP of about 2.0 percent per year, while the combined five states are forecast to average an increase in GSP of 1.9 percent during that time period. Increasing GSP and GDP are positive indicators reflecting the potential for increasing traffic demand on the Turnpike.

Table 8
Gross State Product Trends and Forecast

State	Average Annual Percent Change						
	1980 - 90	1990 - 00	2000 - 07	2007 - 10	2010 - 20	2020 - 30	2007 - 30
New Jersey	4.5	2.4	2.5	2.0	2.1	2.2	2.2
New York	3.3	2.4	2.0	1.5	1.6	1.8	1.7
Ohio	1.9	2.5	2.2	1.9	2.0	2.1	2.0
Pennsylvania	2.2	2.3	2.6	1.9	2.0	2.1	2.0
West Virginia	(0.4)	1.6	3.1	2.1	2.1	2.2	2.1
Subtotal	2.9	2.4	2.3	1.8	1.9	2.0	1.9
United States	3.1	3.2	2.5	2.3	2.3	2.4	2.3

Note: Data was obtained from Woods & Poole, CEDDS, 2007 Edition.

It should be pointed out that these longer term forecasts are about one year old at this time. Current short term GDP forecasts are much more pessimistic than those shown in Table 8 for the 2007 to 2010 period. In their December 10, 2008 report, the Wachovia Economic Group is estimating negative US GDP growth of 2.0 percent in 2009 and positive 1.4 percent growth in 2010.

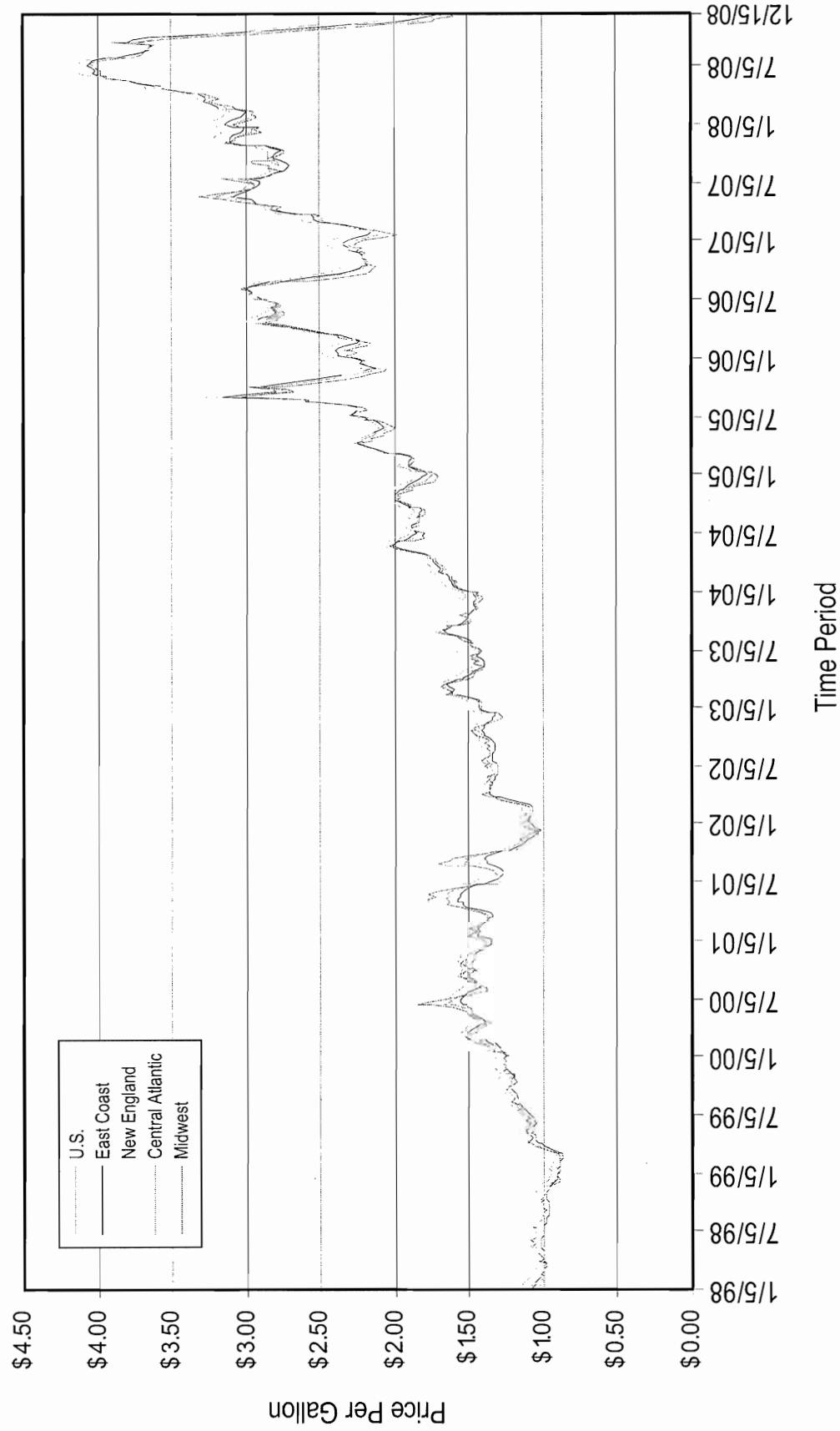
As discussed at the beginning of this section (Socioeconomic Trends and Forecasts), WSA has assumed continued short term negative growth for purposes of developing traffic and revenue forecasts for the Pennsylvania Turnpike. As discussed above, we assume continued negative growth through the middle of FY 2009-10 and then flat to no growth through the middle of FY 2010-11. Thereafter, we expect some recovery and then a continuation of more “normal” growth patterns as would be expected by the longer term economic growth forecasts shown for the economic indicators in Tables 5 through 8.

HISTORICAL GASOLINE PRICES

Another variable that can influence driver behavior is the price of gasoline. Figure 3 shows the weekly price per gallon of regular unleaded gasoline from January 5, 1998 through December 15, 2008. Data are shown for the U.S., the East Coast, New England, Central Atlantic (including Pennsylvania) and Midwest states. The most obvious characteristic is how consistent prices are for all of these regions. Prices tend not to vary more than about \$0.10 to \$0.20 between the five regions shown.

Prices peaked in June and July 2008 at just over \$4.00 per gallon. This price increase was accompanied by decreasing traffic volumes on the Pennsylvania Turnpike and other toll and non-toll roads around the country. Many attributed this decline in trip making to high gas prices. Since July 2008, gas prices have dropped dramatically to a U.S. average of \$1.65 per gallon by December 15, 2008. Averages for the Central Atlantic region are slightly higher at about \$1.80 per gallon.

Trip making has continued to decline, however, even as gasoline prices have declined to levels not seen in the last five years. Thus, it is clear that the primary cause of declining traffic volumes was, and is, the underlying economic conditions of the region (and the US as a whole) and not simply gasoline prices. That said, however, low fuel costs do result in real savings to the consumer, and longer term that can only be positive in terms of future trip making.



DEVELOPMENT OF NORMAL GROWTH ASSUMPTIONS

All of the socioeconomic data described above was used in the development of estimated growth rates on the Turnpike. Regression analyses were used to develop a relationship between these various measures and historical Turnpike traffic growth. While the data shown in Tables 5-8 are summarized into the four county groupings, WSA actually analyzed each interchange and barrier location based on the market area it serves. Using data collected as part of the 1999 origin and destination survey, WSA developed an interchange level profile (for both cars and commercial vehicles) identifying the Pennsylvania counties and states that contribute traffic to each Turnpike interchange.

As these types of data were not available for the barrier locations, county data were used based on the surrounding counties at each barrier location. Based on the analysis of the ticket system market share, this probably reflects an accurate reflection of actual barrier usage.

It should be emphasized again, however, that the regression analysis was used to develop longer term normal growth estimates beyond FY 2011-12. Shorter term estimates were developed recognizing the current economic recession and assumed continued negative growth through the middle of FY 2009-10 and zero to very low growth through the end of FY 2010-11.

ESTIMATED TRAFFIC AND TOLL REVENUE

This section of the report summarizes the study findings. Estimates of toll transaction and gross and net toll revenue are presented through FY 2030-31. These forecasts take into account the recent 25 percent toll rate increase on January 4, 2009 as well as the 3.0 percent annual toll rate adjustments on or about each subsequent January 1. A brief discussion is also provided of historical toll rate increases on the Pennsylvania Turnpike and the estimated effect they have had on traffic. Lastly, the currently proposed future rate structure will be discussed.

HISTORICAL AND PROPOSED PENNSYLVANIA TURNPIKE TOLL RATES

Table 9 provides a historical summary of all past rate increases on the Turnpike, up to and including the one implemented on January 4, 2009. Since 1940, when the Turnpike's first section opened to traffic, there have only been five rate increases. The one on January 4, 2009 was the sixth. Table 9 also shows the average annual percent rate of growth in the per mile rate charged to use the Turnpike. Since 1940 the rate of growth has averaged 2.9 percent per year.

To keep up with inflation and to improve funding capability for proposed capital projects, the Turnpike will now implement a 3.0 percent toll adjustment that occurs each year (beginning on or about January 1, 2010) instead of a toll increase once every 10 years, at a compounded rate of 3.0 percent per year. Table 10 shows an example of how rates will increase through 2030 for various rates, including a current \$1.00, \$2.50 and \$10.00 toll. This table begins with hypothetical rates just prior to the January 4, 2009 rate increase. As shown, the rounding convention will be different for cash and E-ZPass transactions. Today, there is no difference between these two payment types. E-ZPass tolls will be rounded to the nearest \$0.01 while cash rates will be rounded up to the nearest \$0.05.

Table 9
Historical and Future Per Mile Toll Rates
Pennsylvania Turnpike System

Year	Car Per Mile Toll	Total Percent Increase	Average Annual Increase
1940 (1)	\$0.010	---	---
1969	0.020	100.0%	2.4%
1978	0.022	10.0	1.1
1987	0.031	40.9	3.9
1991	0.041	32.3	7.2
2004	0.059	43.9	2.8
2009 (2)	0.074	25.4	4.6
1940 - 2009			2.9

(1) The first section of the Turnpike opened in October 1940.

(2) This is the most recent rate increase which took place on January 4, 2009. Annual 3.0 percent rate increases will occur on or about January 1 of each succeeding year.

Table 10
Sample of Future Cash and E-ZPass Toll Rates
Pennsylvania Turnpike System

Calendar Year (1)	Percent Toll Rate Increase (2)	Growth in Rates from Levels Prior to January 4, 2009 Rate Increase					
		\$1.00 Toll		\$2.50 Toll		\$10.00 Toll	
		Cash (3)	E-ZPass (3)	Cash (3)	E-ZPass (3)	Cash (3)	E-ZPass (3)
2008 (4)	---	\$1.00	\$1.00	\$2.50	\$2.50	\$10.00	\$10.00
2009 (5)	25.0%	1.25	1.25	3.15	3.13	12.50	12.50
2010	3.0	1.30	1.29	3.25	3.22	12.90	12.88
2011	3.0	1.35	1.33	3.35	3.32	13.30	13.27
2012	3.0	1.40	1.37	3.45	3.42	13.70	13.67
2013	3.0	1.45	1.41	3.55	3.52	14.10	14.08
2014	3.0	1.45	1.45	3.65	3.63	14.50	14.50
2015	3.0	1.50	1.49	3.75	3.74	14.95	14.94
2016	3.0	1.55	1.53	3.85	3.85	15.40	15.39
2017	3.0	1.60	1.58	4.00	3.97	15.85	15.85
2018	3.0	1.65	1.63	4.10	4.09	16.35	16.33
2019	3.0	1.70	1.68	4.25	4.21	16.85	16.82
2020	3.0	1.75	1.73	4.35	4.34	17.35	17.32
2021	3.0	1.80	1.78	4.50	4.47	17.85	17.84
2022	3.0	1.85	1.83	4.60	4.60	18.40	18.38
2023	3.0	1.90	1.88	4.75	4.74	18.95	18.93
2024	3.0	1.95	1.94	4.90	4.88	19.50	19.50
2025	3.0	2.00	2.00	5.05	5.03	20.10	20.09
2026	3.0	2.10	2.06	5.20	5.18	20.70	20.69
2027	3.0	2.15	2.12	5.35	5.34	21.35	21.31
2028	3.0	2.20	2.18	5.50	5.50	21.95	21.95
2029	3.0	2.25	2.25	5.70	5.67	22.65	22.61
2030	3.0	2.35	2.32	5.85	5.84	23.30	23.29

(1) The 25 percent rate increase occurred on January 4, 2009; all other rate increases are assumed to occur on or about January 1 of the indicated year.

(2) These rate increases apply to all Turnpike toll facilities except for tolls on the Findlay Connector. Passenger Car toll rates on the Findlay Connector are currently \$0.50 (with higher rates for commercial vehicles) and are assumed to remain unchanged over the forecast period.

(3) Cash rates are rounded up to the nearest \$0.05 and E-ZPass rates are rounded to the nearest \$0.01.

(4) These rates reflect those that would have been in effect prior to January 4, 2009.

(5) These are the rates that would currently be in effect subsequent to the January 4, 2009 rate increase.

Table 11 shows the historical growth in E-ZPass transactions. Over the last five years, passenger car E-ZPass market share has increased from almost 32 percent to nearly 47 percent of toll transactions. Commercial vehicle market share growth has been even greater, growing from about 40 percent in FY 2003-04 to over 70 percent by FY 2007-08. The actual rate of growth has been declining each year and we would expect that trend to continue. Some toll facilities offer toll discounts to those who pay electronically, that is not the case on the Pennsylvania Turnpike. Though the new rate schedules will introduce a very small toll savings for some E-ZPass users, that difference will never be greater than \$0.04 and is not, therefore, expected to create an inducement to join the E-ZPass program. All of the other benefits of E-ZPass (no need for cash, faster toll transactions, payment accountability, etc.) will be the driving factors behind continued growth in the E-ZPass program.

Table 11
E-ZPass Transaction
Market Share Trends
Pennsylvania Turnpike System

Fiscal Year	Passenger Car	Commercial Vehicle	Total
2003-04	31.9%	40.1%	33.0%
2004-05	36.4	49.1	38.1
2005-06	40.4	60.2	43.2
2006-07	44.3	67.9	47.6
2007-08	46.8	71.1	50.1

As shown in Table 9, the most recent toll increase for which data are available on the Pennsylvania Turnpike occurred in 2004 (August 1st). Impact information is not yet available for the January 4, 2009 increase. Table 12 provides a summary of the estimated impact the 42.5 percent rate increase had on toll transactions. Traffic volumes for the June and July period just before the toll increase (2004) were compared to the June and July period following the toll increase (2005). The impact between these two periods would include both normal growth between 2004 and 2005 and the impact of the toll increase.

As shown in Table 12, passenger car traffic decreased by 1.2 percent and commercial vehicle transactions dropped by 0.6 percent. Based on general growth trends after the toll increase, we estimate normal growth between 2004 and 2005 to have been 0.5 percent for passenger cars and about 3.0 percent for commercial vehicles. The difference between observed growth and estimated normal growth reflects the impact of the toll rate increase. In this case, the passenger car toll rate increase impact is estimated at negative 1.7 percent and a loss of about 3.6 percent for commercial vehicles. The elasticity measure is a way to benchmark these impacts. Thus, for each 100 percent increase in rates, passenger car traffic would be expected to decrease by about 4.0 percent and commercial vehicle trips by about 8.5 percent.

Table 12
Estimated Impact of 2004 Toll Rate Increase (1)
Pennsylvania Turnpike System

Time Period/Impact Estimates	Passenger	Commercial	Total
	Car	Vehicle	
Toll Increase plus Normal Growth Impact (2)	-1.2%	-0.6%	-1.1%
Estimated Normal Growth Only	0.5%	3.0%	0.8%
Estimated Toll Increase Impact (3)	-1.7%	-3.6%	-1.9%
Percent Toll Increase	42.5%	42.5%	42.5%
Elasticity of Demand (4)	-4.0%	-8.5%	-4.5%

- (1) A rate increase of 42.5 percent was implemented for all vehicle classes on August 1, 2004.
- (2) This reflects growth between June/July 2005 compared to June/July 2004. The June/July 2004 period excludes the toll increase impact while the June/July 2005 period does include the toll increase impact. Thus, the percent impacts shown in this row reflect the impact of the toll increase plus normal growth between 2004 and 2005.
- (3) The estimated toll impact is calculated by subtracting normal growth (row two) from the toll increase plus normal growth estimates in row one.
- (4) Elasticity of demand is calculated by dividing the estimated toll increase impact by the percent toll rate increase.

ESTIMATED TRAFFIC AND TOLL REVENUE

Tables 13 through 15 show the resulting estimates of annual traffic and gross toll revenue. Table 13 provides information for the ticket system only (including Gateway barrier plaza information as well) while Table 14 shows estimated traffic and gross toll revenue for the barrier systems (excluding Gateway). Table 15 provides a summary of total Turnpike traffic and toll revenue. All data for FY 2007-08 are actual and FY 2008-09 includes actual data for the first six months of the year (June through November 2008).

As shown in Table 13, total ticket transactions are expected to increase from about 158 million in FY 2007-08 to 233.1 million by FY 2030-31, an average annual growth rate of 1.7 percent. Estimated annual toll revenue increases from \$571.5 million (after accounting for discounts and adjustments) to approximately \$2,004.3 million over the same period. This represents an average annual growth rate of 5.6 percent and reflects the impact of both normal growth and the effects of annual toll rate increases.

Barrier system toll traffic (Table 14) is expected to increase from almost 31.3 million in FY 2007-08 to 61.4 million by the last forecast year, reflecting an average growth rate of about 3.0 percent per year. Growth rates on these facilities are higher than those on the ticket system due to the new market areas these facilities tend to serve. They are located on the fringes of urban areas where new suburban growth rates exceed those of the more developed areas served by the ticket system. Annual barrier toll revenue

is shown to grow from about \$27.4 million to \$125.1 million over the forecast period; this represents an annualized growth of 6.8 percent.

Table 15 shows total Turnpike traffic and toll revenue. Total toll transactions are estimated to increase from 189.6 million in FY 2007-08 to almost 294.5 million by FY 2030-31. This represents annual growth of 1.9 percent. Total adjusted gross toll revenue is estimated to increase from \$598.9 million to \$2,129.5 million over the same period, representing 5.7 percent annualized growth.

Table 13
Estimated Annual Traffic and Gross Toll Revenue
Ticket System Only

Fiscal Year	Annual Traffic (1,000s)			Annual Gross Revenue (1,000s)			Revenue Discounts and Adjustments (1,000s) (4)	Adjusted Annual Gross Revenue (1,000s)
	Passenger Cars	Commercial Vehicles	Total Vehicles	Passenger Cars	Commercial Vehicles	Total Vehicles		
2007-08 (1)	136,018	22,253	158,272	\$307,299	\$283,511	\$590,810	(\$19,296)	\$571,514
2008-09 (2)	132,241	20,788	153,029	323,715	285,714	609,430	(19,904)	589,526
2009-10 (3)	129,996	19,887	149,883	366,066	314,577	680,643	(22,230)	658,413
2010-11 (3)	130,618	19,984	150,601	378,797	325,641	704,438	(23,007)	681,431
2011-12 (3)	135,189	20,883	156,072	403,817	350,503	754,320	(24,636)	729,684
2012-13 (3)	139,245	21,718	160,963	428,409	375,459	803,869	(26,254)	777,614
2013-14 (3)	142,726	22,479	165,205	452,293	400,258	852,551	(27,844)	824,707
2014-15 (3)	146,009	23,153	169,162	476,577	424,634	901,211	(29,434)	871,777
2015-16 (3)	149,075	23,824	172,899	501,183	450,057	951,239	(31,067)	920,172
2016-17 (3)	152,205	24,515	176,721	527,059	477,002	1,004,060	(32,793)	971,268
2017-18 (3)	155,402	25,202	180,604	554,271	505,068	1,059,339	(34,598)	1,024,741
2018-19 (3)	158,510	25,907	184,417	582,317	534,787	1,117,103	(36,485)	1,080,619
2019-20 (3)	161,680	26,607	188,287	611,782	565,703	1,177,485	(38,457)	1,139,028
2020-21 (3)	164,914	27,325	192,239	642,738	598,406	1,241,144	(40,536)	1,200,608
2021-22 (3)	168,047	28,063	196,110	674,599	633,000	1,307,598	(42,706)	1,264,892
2022-23 (3)	171,240	28,793	200,033	708,039	668,941	1,376,980	(44,972)	1,332,008
2023-24 (3)	174,493	29,541	204,035	743,136	706,924	1,450,060	(47,359)	1,402,701
2024-25 (3)	177,809	30,309	208,118	779,973	747,063	1,527,036	(49,873)	1,477,163
2025-26 (3)	181,009	31,097	212,107	817,833	789,481	1,607,315	(52,495)	1,554,820
2026-27 (3)	184,268	31,875	216,142	857,531	833,495	1,691,026	(55,229)	1,635,797
2027-28 (3)	187,584	32,672	220,256	899,155	879,962	1,779,118	(58,106)	1,721,012
2028-29 (3)	190,961	33,488	224,449	942,800	929,020	1,871,821	(61,134)	1,810,687
2029-30 (3)	194,398	34,326	228,724	988,564	980,813	1,969,377	(64,320)	1,905,057
2030-31 (3)	197,897	35,184	233,081	1,036,549	1,035,493	2,072,042	(67,673)	2,004,369

(1) Reflects actual traffic and revenue experience.

(2) Assumes implementation of the 25 percent rate increase on January 4, 2009. FY 2008-09 contains six months of actual experience.

(3) Assumes implementation of a 3 percent rate increase on or about January 1 of the indicated year.

(4) Discounts and adjustments are based on actual experience in FY 2007-08 and reflect approximately 3.3 percent of gross toll revenue.

Table 14
Estimated Annual Traffic and Gross Toll Revenue
Barrier System Only

Fiscal Year	Annual Traffic (1,000s)			Annual Revenue (1,000s)			Discounts and Adjustments (1,000s) (4)	Adjusted Annual Gross Revenue (1,000s)
	Passenger Cars	Commercial Vehicles	Total Vehicles	Passenger Cars	Commercial Vehicles	Total Vehicles		
2007-08 (1)	28,078	3,201	31,280	\$20,462	\$7,878	\$28,340	(\$926)	\$27,415
2008-09 (2)	28,438	3,200	31,639	22,811	8,590	31,402	(1,026)	30,376
2009-10 (3)	28,316	3,135	31,451	26,157	9,690	35,847	(1,171)	34,676
2010-11 (3)	28,557	3,159	31,717	27,175	10,057	37,232	(1,216)	36,016
2011-12 (3)	29,912	3,297	33,210	29,340	10,809	40,149	(1,311)	38,838
2012-13 (3)	31,182	3,425	34,607	31,528	11,561	43,089	(1,407)	41,682
2013-14 (3)	32,352	3,550	35,901	33,717	12,338	46,055	(1,504)	44,551
2014-15 (3)	33,539	3,669	37,209	36,040	13,133	49,173	(1,606)	47,567
2015-16 (3)	34,733	3,783	38,516	38,483	13,943	52,426	(1,712)	50,714
2016-17 (3)	35,971	3,891	39,863	41,093	14,770	55,863	(1,824)	54,038
2017-18 (3)	37,220	3,997	41,217	43,839	15,622	59,460	(1,942)	57,519
2018-19 (3)	38,514	4,105	42,619	46,771	16,517	63,288	(2,067)	61,221
2019-20 (3)	39,855	4,212	44,068	49,900	17,453	67,353	(2,200)	65,153
2020-21 (3)	41,205	4,322	45,527	53,190	18,436	71,626	(2,339)	69,287
2021-22 (3)	42,604	4,434	47,038	56,699	19,475	76,174	(2,488)	73,686
2022-23 (3)	44,009	4,546	48,555	60,383	20,559	80,942	(2,644)	78,298
2023-24 (3)	45,425	4,661	50,086	64,253	21,703	85,955	(2,807)	83,148
2024-25 (3)	46,889	4,778	51,667	68,372	22,911	91,283	(2,981)	88,302
2025-26 (3)	48,362	4,899	53,261	72,694	24,186	96,881	(3,164)	93,717
2026-27 (3)	49,841	5,019	54,860	77,224	25,516	102,740	(3,355)	99,384
2027-28 (3)	51,317	5,142	56,459	81,958	26,918	108,876	(3,556)	105,321
2028-29 (3)	52,839	5,268	58,107	86,985	28,398	115,383	(3,768)	111,615
2029-30 (3)	54,362	5,398	59,759	92,241	29,959	122,200	(3,991)	118,209
2030-31 (3)	55,882	5,530	61,413	97,729	31,607	129,335	(4,224)	125,111

(1) Reflects actual traffic and revenue experience.

(2) Assumes implementation of the 25 percent rate increase on January 4, 2009. FY 2008-09 contains six months of actual experience.

(3) Assumes implementation of a 3 percent rate increase on or about January 1 of the indicated year.

(4) Discounts and adjustments are based on actual experience in FY 2007-08 and reflect approximately 3.3 percent of gross toll revenue.

Table 15
Estimated Annual Traffic and Gross Toll Revenue
Total Turnpike System

Fiscal Year	Annual Traffic (1,000s)			Annual Revenue (1,000s)			Discounts and Adjustments (1,000s) (4)	Adjusted Annual Gross Revenue (1,000s)
	Passenger Cars	Commercial Vehicles	Total Vehicles	Passenger Cars	Commercial Vehicles	Total Vehicles		
2007-08 (1)	164,097	25,455	189,552	\$327,761	\$291,389	\$619,150	(\$20,221)	\$598,929
2008-09 (2)	160,679	23,988	184,667	346,527	294,305	640,831	(20,930)	619,902
2009-10 (3)	158,312	23,022	181,334	392,223	324,266	716,489	(23,401)	693,089
2010-11 (3)	159,175	23,143	182,318	405,972	335,698	741,670	(24,223)	717,447
2011-12 (3)	165,101	24,181	189,282	433,157	361,312	794,469	(25,947)	768,522
2012-13 (3)	170,427	25,143	195,571	459,938	387,020	846,958	(27,662)	819,296
2013-14 (3)	175,078	26,028	201,106	486,011	412,596	898,607	(29,348)	869,258
2014-15 (3)	179,548	26,822	206,370	512,617	437,767	950,384	(31,040)	919,344
2015-16 (3)	183,808	27,607	211,415	539,665	464,000	1,003,665	(32,780)	970,885
2016-17 (3)	188,177	28,407	216,584	568,151	491,772	1,059,923	(34,617)	1,025,306
2017-18 (3)	192,622	29,199	221,821	598,110	520,690	1,118,800	(36,540)	1,082,260
2018-19 (3)	197,024	30,012	227,036	629,087	551,304	1,180,391	(38,552)	1,141,840
2019-20 (3)	201,535	30,819	232,355	661,682	583,156	1,244,838	(40,656)	1,204,181
2020-21 (3)	206,119	31,647	237,766	695,928	616,842	1,312,770	(42,875)	1,269,895
2021-22 (3)	210,651	32,497	243,148	731,298	652,475	1,383,772	(45,194)	1,338,578
2022-23 (3)	215,249	33,339	248,587	768,422	689,500	1,457,922	(47,616)	1,410,306
2023-24 (3)	219,918	34,202	254,120	807,389	728,627	1,536,015	(50,166)	1,485,849
2024-25 (3)	224,698	35,088	259,785	848,346	769,974	1,618,319	(52,854)	1,565,465
2025-26 (3)	229,371	35,996	265,367	890,528	813,668	1,704,195	(55,659)	1,648,536
2026-27 (3)	234,108	36,894	271,002	934,755	859,011	1,793,765	(58,584)	1,735,181
2027-28 (3)	238,901	37,814	276,715	981,114	906,880	1,887,994	(61,662)	1,826,332
2028-29 (3)	243,800	38,757	282,556	1,029,785	957,418	1,987,203	(64,902)	1,922,301
2029-30 (3)	248,760	39,723	288,483	1,080,804	1,010,772	2,091,577	(68,311)	2,023,266
2030-31 (3)	253,780	40,714	294,494	1,134,277	1,067,100	2,201,377	(71,897)	2,129,480

(1) Reflects actual traffic and revenue experience.

(2) Assumes implementation of the 25 percent rate increase on January 4, 2009. FY 2008-09 contains six months of actual experience.

(3) Assumes implementation of a 3 percent rate increase on or about January 1 of the indicated year.

(4) Discounts and adjustments are based on actual experience in FY 2007-08 and reflect approximately 3.3 percent of gross toll revenue.

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DISCLAIMER

Current professional practices and procedures were used in the development of these findings. However, there is considerable uncertainty inherent in future traffic and revenue forecasts for any toll facility. There may sometimes be differences between forecasted and actual results caused by events and circumstances beyond the control of the forecasters. These differences could be material. Also, it should be recognized that traffic and revenue forecasts in this document are intended to reflect the overall estimated long-term trend. Actual experience in any given year may vary due to economic conditions and other factors.

Respectfully submitted,

WILBUR SMITH ASSOCIATES



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Executive Vice President



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March 30, 2010

Mr. Nikolaus Grieshaber
Chief Financial Officer
Pennsylvania Turnpike Commission
700 South Eisenhower Boulevard
Middletown, PA 17057

Re: Pennsylvania Turnpike 2010 Traffic and Toll Revenue Bring Down Letter

Dear Mr. Grieshaber:

It is our understanding that the Pennsylvania Turnpike Commission (PTC) will be going to the bond market in the next few months in order to support the Turnpike's ongoing capital improvement program and other funding requirements. Wilbur Smith Associates (WSA) developed a detailed Traffic and Toll Revenue Update Study for PTC dated January 6, 2009. Several significant events have occurred since the development of WSA's prior forecasts. Toll rate increases of 25 percent in January 2009 and three percent in January 2010, as well as the continuing effects of the recent economic recession, have all occurred in the period since WSA's last update. The purpose of this Bring Down Letter is to provide an update of Turnpike System traffic and toll revenue trends since the January 2009 study, review actual versus estimated traffic and revenue over that period, and to provide updated forecasts of Turnpike traffic and toll revenue.

The forecast period in this update is extended to FY 2034-35 (the forecast period in the January 2009 study ended in FY 2030-31). Consistent with the January 2009 analysis, and the actual January 2010 increase, it is assumed that an annual three percent toll rate increase would be implemented on or around January 1 of each year. It should also be pointed out that while tolling I-80 was once considered, for purposes this traffic and toll revenue study for the existing Turnpike System, I-80 is not assumed to be tolled.

While this Bring Down Letter provides details on the Turnpike System, the original January 2009 report should be consulted for a detailed summary and review of socioeconomic trends and forecasts for the state, region and country. Additional information regarding the Turnpike, such as historical toll rate increases, sample toll rates, E-ZPass market share, and more, are also provided in the January 2009 report. The underlying economic assumptions in that report remain unchanged from this point forward regarding the assumed length and severity of the economic downturn. The purpose of this analysis is to update the forecast to reflect the most current actual traffic and toll revenue experience and to make any necessary short term adjustments to the forecasts based on that experience.

Albany NY, Anaheim CA, Atlanta GA, Baltimore MD, Bangkok Thailand, Burlington VT, Charleston SC, Charleston WV, Chicago IL, Cincinnati OH, Cleveland OH, Columbia SC, Columbus OH, Dallas TX, Dubai UAE, Falls Church VA, Greenville SC, Hong Kong, Houston TX, Iselin NJ, Kansas City MO, Knoxville TN, Lansing MI, Lexington KY, London UK, Milwaukee WI, Mumbai India, Myrtle Beach SC, New Haven CT, Orlando FL, Philadelphia PA, Pittsburgh PA, Portland ME, Poughkeepsie NY, Raleigh NC, Richmond VA, Salt Lake City UT, San Francisco CA, Tallahassee FL, Tampa FL, Tempe AZ, Trenton NJ, Washington DC

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TICKET SYSTEM TRAFFIC TRENDS BETWEEN 1990 AND 2009

Table 1 identifies average annual daily traffic trends for each of the ticket system locations between 1990 and 2009. Gateway barrier plaza (Interchange 2) is also shown in this table. More recent trends will be discussed in Table 3. Please note that in 2003 the west end of the system converted from a ticket system to a barrier system. Thus, volumes shown at Gateway are not comparable between 2002 and 2003. Also at this time, exit toll plazas were removed from Interchanges 10, 13 and 28 as the new endpoint of the ticket system (identified in this table as Interchange 30) was shifted to between Interchanges 28 and 39. Also as footnoted in Table 1, two-way toll collection was replaced by one-way toll collection at Gateway in 2006. Traffic values in Table 1 were doubled from that point forward to simulate total two-way traffic volumes in order to be comparable to historical trends.

Passenger car trends are shown in the upper portion of Table 1. Average annual percent changes are shown for various periods. Relatively strong growth was experienced during the first decade (1990-2000) where total passenger car traffic grew at an annual rate of 3.2 percent. The second decade of this trend period has shown much more moderate annual growth at 1.4 percent. This is particularly affected by the most recent four year period (2005-2009) when annual growth averaged just 0.1 percent. This is clearly the result of the recent economic downturn that has affected Pennsylvania as well as the rest of the country. Overall passenger car growth between 1990 and 2009 has averaged 2.4 percent, including the impacts of the most recent downturn. It should also be noted that three toll increases have occurred over the time frame shown in Table 1. Rate increases were implemented in 1991 (32 percent), 2004 (43 percent) and 2009 (25 percent). These have had some negative impact on traffic levels over time, though as will be discussed in more detail below, the more recent impacts of the economic recession have been greater than impacts associated with the most recent toll increases.

The second portion of Table 1 shows commercial vehicle historical traffic trends on the ticket system. As with passenger cars, the strongest period of growth for commercial vehicles has been between 1990 and 2000. Commercial traffic increased at a 3.6 percent annual rate over that period. Over the most recent nine year period (2000-2009) traffic grew at an annual rate of 1.1 percent. This is heavily influenced by the negative 2.6 percent annual growth between 2005 and 2009 when commercial activity was particularly hard hit by the economic recession plus toll increase related impacts. Still, over the entire historical period shown, commercial traffic has increased at an average annual rate of 2.4 percent.

Total vehicle traffic trends are shown in the lower portion of Table 1. Because passenger cars make up about 85 percent of total ticket system toll transactions, the trends and growth rates for total vehicles closely mirror those for passenger cars.

BARRIER SYSTEM TRAFFIC TRENDS BETWEEN 1994 AND 2009

Table 2 identifies average annual daily traffic trends for each of the Turnpike barrier systems. These contribute relatively little to overall traffic and revenue (about 15 percent of traffic and 5 percent of revenue), but, as shown in Table 2, they have been growing at a slightly greater level than the ticket system. The higher growth in these corridors is likely related to the fact that they are newer facilities than the ticket system, and that the potential for “induced” and “ramp-up” growth is greater. These facilities tend to be on the fringe of urban areas and are benefiting from the increasing spread of development into their corridors.

RECENT MONTHLY TRAFFIC AND REVENUE TRENDS

Table 3 provides monthly traffic volumes on all facilities for FY 2005-06 through February FY 2009-10. Information is also provided for passenger cars and commercial vehicles separately. Similar to the longer term historical trends shown in Tables 1 and 2, the ticket system has exhibited generally lower growth compared to the barrier locations. The effects of the current negative economic climate are clearly shown in this data. What is especially clear, however, is that the biggest decline was between FY 2007-08 and FY 2008-09. During that period, total passenger car transactions declined by 0.9 percent and commercial vehicle traffic declined by 7.4 percent. It should be pointed out that the January 2009 twenty-five percent toll increase most likely negatively impacted traffic during this period, but the biggest impact was due to the general economic climate.

Transaction data for the most recent period, FY 2009-10, is shown for the period June through February. Subtotals for this period are also shown for each fiscal year. Traffic trends for the most recent period (FY 2009-10 over FY 2008-09) show a clear improvement in Turnpike activity. Total passenger car transactions are essentially unchanged over this period and commercial vehicle activity is down by a more modest 5.5 percent. Even more encouraging is that the last four months of data for commercial vehicles have shown much improved activity. Over this period (November-February) commercial activity is negative by an average of only 2.4 percent. It should be pointed out that car and truck travel demand was negatively impacted by two particularly severe winter storms in February 2010. Normal, unimpacted, traffic volumes in February 2010 would have been much higher than those shown absent the effects of February's inclement weather.

Figure 1 provides another perspective to recent traffic trends on the Pennsylvania Turnpike by comparing its experience with those of other toll facilities around the country. Monthly passenger car and commercial vehicle traffic trends are shown for the last three full calendar years for the Pennsylvania Turnpike, Oklahoma Turnpike, New Jersey Turnpike, and Illinois Tollway.

Two features are especially prominent in this figure. First are the nearly identical patterns exhibited by commercial vehicles over the last two years. Most show a peaking in negative impact by late 2008 or early 2009, with peak declines approaching 15 percent. Since then, the negative impacts have been in decline, such that during the last quarter of 2009, most facilities show negative growth as less than three percent, or even slightly positive as in the case of the Illinois Tollway. As shown in Table 3, the positive growth trend in passenger-car volumes and the smaller reductions in commercial vehicle trips are continuing on the Pennsylvania Turnpike in the current fiscal year. As recently as January 2010, passenger traffic was up by 2.4 percent and commercial traffic down by only 1.8 percent over the same month in 2009. February data does show relatively large negative growth, but, as explained above, this was heavily influenced by multiple snow storms during that period.

The second interesting feature of these graphs is that two of the facilities had toll increases near the beginning of the economic downturn (Pennsylvania Turnpike and New Jersey Turnpike) and two did not (Oklahoma Turnpike and Illinois Tollway). Yet, the overall patterns of growth are nearly identical (especially for commercial vehicles) among all four facilities. This would indicate that the impact of the rate increases have been minimal and totally eclipsed by the impact of the economic downturn.

Monthly gross toll revenue trends over the same time period are shown in Table 4 for each toll facility. The effects of the January 2009 twenty-five percent toll increase are clearly evident in this data. Passenger car revenue growth generally ranges between 20 percent and 30 percent in calendar year 2009 over calendar year 2008. Though positive, commercial vehicle toll revenue growth over the same period was much lower due to the larger negative traffic impacts resulting from the economic downturn. The improving picture for commercial vehicles, however, is evident by the increasingly large revenue growth throughout calendar year 2009. January 2009 commercial vehicle toll revenue was only 0.6 percent greater than January 2008 revenue. Those percents progressively increase through December, when commercial revenue growth in 2009 was 17.6 percent greater than in 2008. On a Systemwide basis, total toll revenue increased by 3.1 percent in FY 2008-09 over FY 2007-08, including a five month impact of the January 2009 toll increase. Thus far in FY 2009-10 (through February) total toll revenue has increased by 15.0 percent over the previous fiscal year. This includes seven month's impact of the 25 percent toll increase and two months (January and February) of the three percent toll increase that was implemented in January 2010.

ACTUAL VERSUS ESTIMATED TRAFFIC AND TOLL REVENUE

Table 5 provides a comparison of actual traffic and toll revenue versus estimated traffic and toll revenue from WSA's January 2009 Study. The analysis period in this table is from December 2008 through February 2010. This 15 month period corresponds to the period for which actual data currently exists, but was estimated at the time of the last study.

In general, the effect of the economic downturn has not affected passenger car traffic as much as originally estimated. Total actual passenger car traffic was about 2.6 percent greater than estimated, while actual toll revenue outpaced WSA estimates by 5.3 percent. Most of the differences fall within a relatively narrow range, with the exception being for PA 43. Here, actual experience was 6.7 percent greater than WSA estimates. This is because a significant capital improvement was completed during this period. A four-lane, limited access extension over ten miles in length was constructed at the southern terminus of this corridor. While not tolled, it significantly improves access to PA 43. WSA underestimated the positive impact of this improvement in the January 2009 Study.

As shown in Table 5, actual passenger car toll revenue exceeded WSA estimates by 5.3 percent. Again, the impact of the limited access extension at PA 43 resulted in the largest difference between actual and forecasted revenue, with actual experience outperforming WSA estimates by 6.4 percent.

With the exception of PA 43 (for reasons explained above) actual commercial vehicle experience underperformed WSA estimates on all sections of the Turnpike. On a traffic basis, the worst performer was PA 60, which was nearly 10 percent under WSA estimates. Overall, however, commercial traffic was just 2.1 percent below WSA estimates. The fact that commercial vehicle revenue was down by 7.8 percent on the ticket system, versus only 2.1 percent on a traffic basis, indicates that the effect of the economic downturn affected longer distance (higher paying) trips much more than shorter distance (lower paying) trips. In addition, the average weight classification (and thus toll rate) has shifted downward slightly in calendar year 2009 compared to 2008. Class 2 and 3 vehicles now make up a slightly greater proportion of commercial vehicles and Classes 4-8 make up a slightly lower proportion.

This has resulted in slightly less toll revenue per vehicle being collected. Total commercial vehicle toll revenue underperformed WSA estimates by 7.6 percent.

The over performance of passenger car activity and the underperformance of commercial vehicle activity nearly cancel each other out on a total Systemwide basis. For all vehicles combined, actual traffic experience outperformed WSA estimates by 2.0 percent, with actual toll revenue experience underperforming WSA estimates by 0.6 percent.

UPDATED NEAR AND LONG TERM GROWTH ESTIMATES

The comparison of WSA's recent estimates with actual experience (shown in the previous section) helped to fine tune the near term forecasts for passenger cars and commercial vehicles. Compared to the January 2009 forecast, passenger vehicle growth was increased slightly and commercial vehicle growth was decreased slightly. It must be remembered that while the impact of the economic downturn has been especially severe for commercial vehicles, the last four months of actual data have shown dramatic improvement and are essentially back to growth levels that were previously assumed. Longer term growth estimates, beyond 2012, remain unchanged from the assumptions in WSA's January 2009 Study.

Table 6 provides a comparison of actual (2008 and 2009) and estimated (2010 through 2014) growth in gross domestic product (GDP) and updated traffic growth forecasts. As shown, GDP is projected to spike in 2012 to 5.0 percent. It is important to note (as footnoted in this table) that the Turnpike traffic growth estimates are on a fiscal year basis, such that 2008 reflects the growth in traffic in FY 2007-08. The first WSA estimate year is for FY 2009-10; as shown traffic is still estimated to show a decline of 0.5 percent compared to the previous year. A slight improvement to positive 1.3 percent traffic growth is forecast for FY 2010-11. The 3.8 percent growth in FY 2011-12 reflects both normal growth plus a "bump" in growth due to recovery from the several years of low to negative growth. Beyond FY 2013-14, average Turnpike traffic growth is estimated to average about 2 percent growth; again, this is consistent with assumptions in the January 2009 study.

ESTIMATED TRAFFIC AND GROSS TOLL REVENUE

Traffic and toll revenue forecasts for the Pennsylvania Turnpike were refined and extended through FY 2034-35. Consistent with WSA's January 2009 Study, annual rates adjustments of 3 percent were assumed to be implemented on, or about, January 1st of each year.

Table 7 shows the traffic and toll revenue for only the ticket system, assuming 3 percent annual toll increases. FY 2007-08 and FY 2008-09 reflect actual data and FY 2009-10 includes actual data through February 2010. Total toll transactions increase from 158.3 million to 256.2 million over the forecast period, an average annual increase of 1.8 percent. Gross toll revenue increases from \$590.8 million to nearly \$2.5 billion by FY 2034-35. This amounts to an average annual increase of 5.4 percent, reflecting the impact of normal growth plus the annual rates adjustments and the 25 percent toll increase in January 2009.

The same information is shown for the barrier toll systems in Table 8. Compared to the ticket system, total annual toll transactions are estimated to grow at a slightly higher average annual rate, averaging 3.0 percent over the period shown. Total barrier revenue increases at an annual rate of 6.7 percent. In FY

2007-08 barrier revenue amounts to about 4.6 percent of total Systemwide toll revenue. By FY 2034-35 that percent has increased slightly to about 6.2 percent due to the higher growth rates.

Table 9 identifies total combined gross toll revenue and also factors in estimated toll discounts and adjustments. The vast majority of the discounts and adjustments results from commercial account toll adjustments due to the Turnpike's volume discount program. The final column in Table 9 shows total adjusted annual gross toll revenue. As shown, total adjusted gross toll revenue is estimated to grow from approximately \$598.9 million in FY 2007-08 to nearly \$2.6 billion by FY 2034-35. This reflects an average annual growth rate in gross toll revenue of 5.5 percent. Again, this includes the impact of normal growth, annual three percent toll adjustments and the January 2009 twenty-five percent toll increase. The net impact of including the most recent traffic and revenue experience and short term growth adjustments is that total estimated toll revenue is about 1 percent lower than the estimates developed as part of the January 2009 Study.

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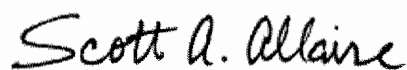
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Respectfully submitted,

WILBUR SMITH ASSOCIATES



Scott A. Allaire
Division Manager – New Haven Operations
Transportation, Finance, and Technology Group



Gary T. Quinlin
Project Manager

Table 1

Passenger Cars By Interchange (Milepost)

A 10% increase of 42.5% was implemented on August 1, 2004.

Several changes have occurred at Gateway Plaza during this time period. It was converted from the western terminus of the ticket system to a barrier plaza on June 1, 2003; at this time a 10% increase in 25% was implemented on January 3, 2009. Full access to Priority Connection A-3/B and the Main Platform Express 1 and 2 is available to Brownsville returning passengers.

[illegible]

Table 3
Pennsylvania Turnpike Monthly Traffic Volume Trends By Facility and Vehicle Class
Volumes in Thousands

Passenger Cars												
Month	2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2009-10			
June	12,486	(5.7)	11,769	1.9	11,992	(3.6)	11,561	2.4	11,836			
July	12,805	(6.5)	11,979	1.8	12,197	(0.8)	12,100	2.7	12,422			
Aug	12,868	(4.1)	12,345	3.1	12,731	(1.8)	12,562	(0.6)	12,431			
Sept	11,401	(1.3)	11,253	1.6	11,431	(6.6)	11,014	3.3	11,278			
Oct	11,702	0.5	11,762	2.0	12,002	(1.3)	11,843	(0.7)	11,766			
Nov	11,418	(1.4)	11,262	(0.2)	11,236	(2.8)	10,927	1.8	11,129			
Dec	11,073	0.2	11,096	(4.6)	10,585	3.1	10,915	(1.6)	10,745			
Jan	10,348	(0.1)	10,336	0.1	10,347	(0.1)	9,816	2.9	10,104			
Feb	9,559	(3.8)	9,200	5.6	9,716	(2.1)	9,516	(12.6)	9,321			
March	11,226	(2.7)	10,925	1.4	11,077	(3.0)	10,740					
April	11,063	(0.4)	11,022	0.5	11,078	1.1	11,205					
May	11,825	1.6	11,816	(1.6)	11,625	0.3	11,637					
Total Year	137,574	(2.0)	134,765	0.9	136,019	(1.6)	133,796					
June-Feb	103,660	(2.6)	101,002	1.2	102,239	(2.0)	100,194	(1.0)	100,132			

Commercial Vehicles												
Month	2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2009-10			
June	2,103	(4.5)	2,009	(0.9)	1,991	(4.8)	1,895	(7.1)	1,760			
July	1,969	(4.9)	1,872	3.4	1,936	0.6	1,947	(8.9)	1,774			
Aug	2,133	(2.4)	2,081	(0.1)	2,079	(8.5)	1,902	(8.6)	1,738			
Sept	2,004	(5.9)	1,886	(2.1)	1,847	(0.6)	1,835	(6.6)	1,713			
Oct	2,005	(1.2)	1,980	3.3	2,045	(6.5)	1,912	(8.7)	1,746			
Nov	1,887	(3.8)	1,816	(0.7)	1,803	(13.4)	1,562	(1.9)	1,532			
Dec	1,786	(5.8)	1,683	(3.4)	1,626	(3.7)	1,566	(1.7)	1,540			
Jan	1,870	5.3	1,759	(5.8)	1,745	(17.7)	1,488	(2.5)	1,451			
Feb	1,572	2.4	1,609	0.9	1,624	(13.5)	1,405	(5.5)	1,328			
March	1,885	(2.2)	1,843	(5.2)	1,747	(8.6)	1,596					
April	1,783	2.0	1,818	4.3	1,897	(12.4)	1,662					
May	1,999	2.5	2,038	(6.1)	1,913	(12.2)	1,679					
Total Year	22,786	(1.7)	22,394	(6.0)	22,253	(8.1)	20,449					
June-Feb	17,129	(2.5)	16,695	0.0	16,696	(7.1)	15,512	(6.0)	14,582			

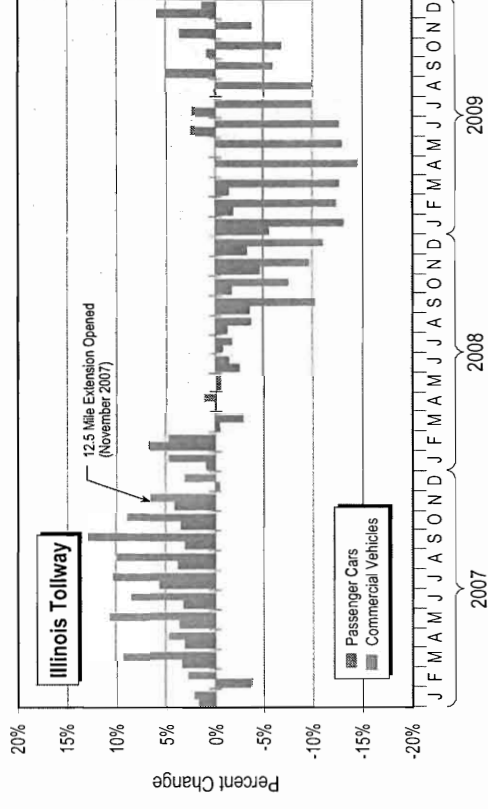
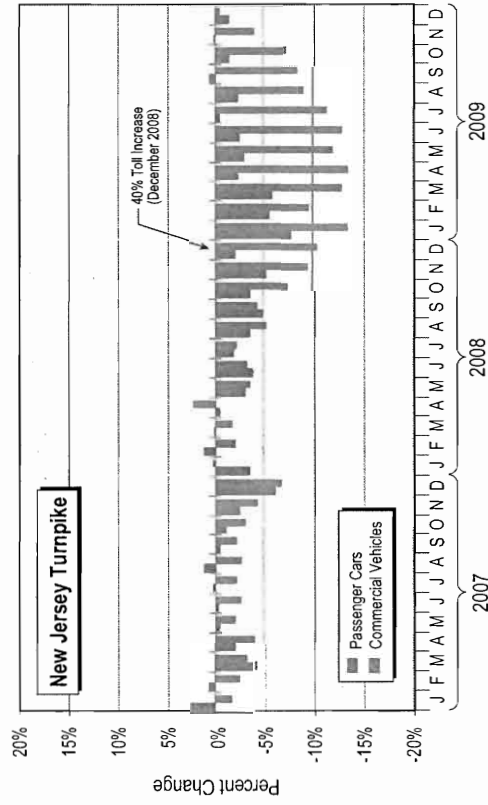
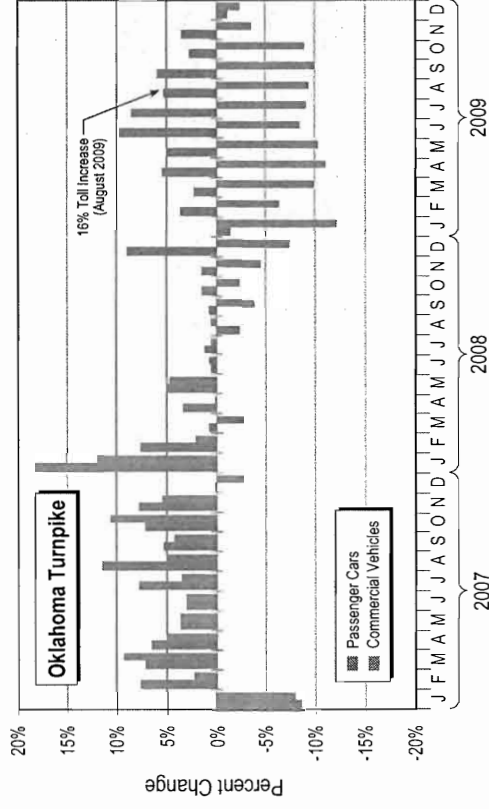
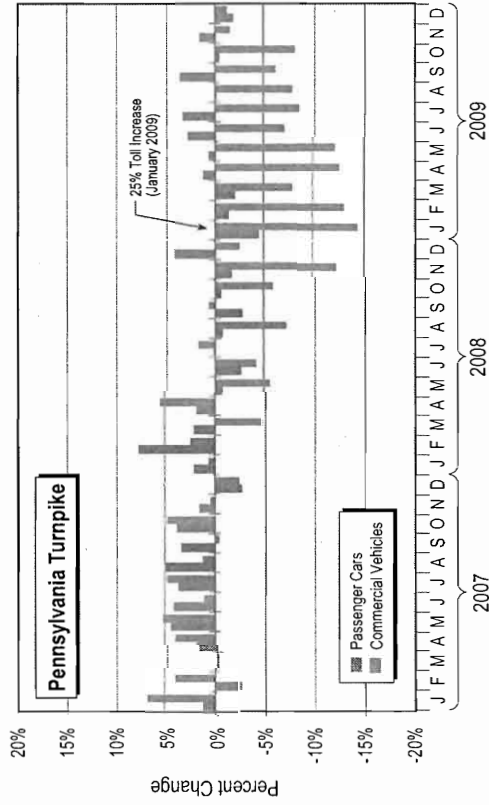
Total Vehicles												
Month	2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2009-10			
June	14,589	(5.6)	13,778	1.5	13,983	(3.8)	13,456	1.0	13,596			
July	14,774	(6.2)	13,851	2.0	14,133	(0.6)	14,047	1.1	14,196			
Aug	15,001	(3.8)	14,426	2.7	14,810	(2.7)	14,404	(1.6)	14,169			
Sept	13,405	(2.0)	13,139	1.1	13,278	(3.2)	12,849	1.9	13,091			
Oct	13,707	0.3	13,742	2.2	14,047	(2.1)	13,755	(1.8)	13,512			
Nov	13,305	(1.7)	13,078	(0.3)	13,039	(4.2)	12,489	1.4	12,661			
Dec	12,859	(0.6)	12,779	(4.4)	12,211	2.2	12,481	(1.5)	12,285			
Jan	12,018	0.2	12,095	(0.0)	12,092	(6.5)	11,304	2.2	11,555			
Feb	11,131	(2.9)	10,809	4.9	11,342	(3.7)	10,921	(11.6)	9,649			
March	13,111	(2.6)	12,768	0.4	12,824	(3.8)	12,336					
April	12,846	(0.0)	12,840	1.1	12,975	(0.8)	12,867					
May	13,614	1.8	13,854	(2.3)	13,538	(1.5)	13,336					
Total Year	160,380	(2.0)	157,199	0.7	158,772	(2.5)	154,245					
June-Feb	120,789	(2.6)	117,697	1.1	118,935	(6.7)	115,706	(0.9)	114,714			

Passenger Cars												
Month	2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2009-10			
June	666	1.2	674	5.6	712	1.5	723	11.5	806			
July	671	3.3	693	4.2	722	4.6	755	11.5	842			
Aug	710	6.1	753	4.5	787	3.7	816	6.5	869			
Sept	717	6.1	761	2.5	780	4.0	811	8.4	879			
Oct	736	7.6	792	3.4	819	7.4	880	4.4	919			
Nov	681	6.0	722	1.8	735	11.8	822	0.2	824			
Dec	664	6.8	709	(2.4)	692	17.5	813	(2.1)	796			
Jan	628	4.6	657	3.3	679	7.4	729	(1.0)	722			
Feb	613	0.7	617	9.6	676	8.7	735	(0.9)	662			
March	692	4.9	726	(1.5)	715	14.5	819					
April	695	3.7	721	5.1	758	11.1	842					
May	696	7.8	750	7.6	815	8.1	813					
Total Year	8,169	5.0	8,575	2.9	8,824	8.3	9,558					
June-Feb	6,086	4.8	6,378	3.5	6,602	7.3	7,084	3.3	7,319			

Commercial Vehicles												
Month	2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2009-10			
June	23	4.3	24	12.5	27	22.2	33	9.1	36			
July	22	4.5	23	21.7	28	28.6	36	13.9	41			
Aug	24	0.0	24	20.8	29	24.1	36	27.8	46			
Sept	21	4.8	22	9.1	24	37.5	33	33.3	44			
Oct	20	20.0	24	12.5	27	29.6	35	20.0	42			
Nov	18	11.1	20	10.0	22	45.5	32	15.6	37			
Dec	16	6.3	17	0.0	17	58.8	27	14.8	31			
Jan	15	6.7	16	16.8	19	31.6	25	12.0	28			
Feb	14	21.4	17	17.6	20	40.0	28	(14.3)	24			
March	19	5.3	20	5.0	21	52.4	32					
April	20	0.0	20	25.0	25	24.0	31					
May	22	9.1	24	20.0	29	6.1	31					
Total Year	234	7.3	251	14.7	288	31.6	379					
June-Feb	173	8.1	187	13.9	213	33.8	285	15.4	329			

Total Vehicles												
Month	2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2009-10			
June	689	1.3	698	5.9	739	2.3	756	11.4	842			
July	693	3.3	716	4.7	750	5.5	791	11.6	883			
Aug	734	5.9	777	5.0	816	4.4	852	7.4	915			
Sept	738	6.1	783	2.7	804	5.0	844	8.4	923			
Oct	756	7.9	816	3.7	846	8.2	915	5.0	961			
Nov	699	6.2	742	2.0	757	12.8	854	0.8	861			
Dec	680	6.8	726	(2.3)	739	16.5	840	(1.5)	827			
Jan	643	4.7	673	3.7	698	8.0	754	(0.5)	750			
Feb	627	1.1	634	9.8	696	9.6	763	(10.1)	686			
March	711	4.9	746	(1.3)	736	15.6	851					
April	715	3.6	741	5.7	783	11.5	873					
May	718	7.8	774	6.9	778	8.5	844					
Total Year	8,403	5.0	8,826	3.2	9,112	9.1	9,937					
June-Feb	6,259	4.9	6,565	3.8	6,815	8.1	7,369	3.8	7,648			

Passenger Cars												
Month	2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2009-10			
June	358	8.1	387	39.0	538	10.8	596	2.0	608			
July	358	23.7	443	23.5	547	12.8	617	0.8	622			
Aug	364	33.5	486	18.7	577	11.3	642	(3.1)	622			
Sept	340	37.9	469	20.5	565	7.4	607	(0.3)	605			
Oct	345	42.6	492	30.1	640	0.0	640	(4.1)	614			



COMPARISON OF VARIOUS STATES' MONTHLY
PASSENGER CAR AND COMMERCIAL VEHICLE TRANSACTION TRENDS

Month	Passenger Cars										Commercial Vehicles										Total Vehicles									
	2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2009-10		2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2009-10		2005-06	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2009-10	
June	\$28,374	(2.6)	\$27,631	3%	\$28,665	(3.4)	\$27,110	27.5	\$34,578	\$24,105	3%	\$24,945	(0.9)	\$24,173	(5.6)	\$23,324	10.1	\$26,874	\$52,479	0.2	\$52,676	1%	\$53,378	(5.5)	\$50,434	19.5%	\$60,252			
July	30,861	(0.3)	29,805	1%	30,855	(2.3)	30,572	25.3	38,194	22,468	1.6	22,468	0.6	22,468	(11.6)	23,826	6.6	25,449	\$51,429	(1.4)	\$52,683	2.8	\$54,708	(2.0)	\$53,088	19.9%	\$63,643			
Aug	30,410	(1.2)	30,032	5.4	31,655	(2.4)	30,972	25.1	38,194	24,517	4.2	24,562	6.2	26,055	(10.0)	23,589	8.8	25,276	\$52,774	3.2	\$53,710	1.7	\$54,717	(0.3)	\$54,171	17.7%	\$64,047			
Sept	25,146	3.2	25,960	1.0	26,218	(5.9)	24,682	31.7	32,509	20,120	2.0	23,655	(0.3)	23,716	(3.9)	23,787	9.6	24,979	\$48,327	2.7	\$49,615	0.6	\$49,934	(4.9)	\$47,469	21.1%	\$57,488			
Oct	26,728	1.3	26,628	(0.8)	26,410	(0.3)	26,482	25.3	33,193	23,851	2.9	24,930	3.6	26,828	(9.1)	23,477	8.1	25,385	\$50,283	2.5	\$51,558	1.3	\$52,238	(4.4)	\$49,959	17.3%	\$56,578			
Nov	25,589	26.8	26,165	(15.5)	25,673	(1.5)	25,296	27.8	32,323	22,450	1.8	22,847	(22.85)	17,855	(17.9)	18,267	14.7	22,107	\$48,040	1.8	\$48,602	(0.7)	\$48,538	(8.2)	\$44,563	22.1%	\$54,330			
Dec	24,088	4.5	25,160	(6.3)	24,212	(4.4)	24,612	20.8	30,228	21,840	(2.1)	21,378	(0.9)	21,378	(0.9)	19,244	17.3	22,588	\$45,028	1.3	\$46,338	(4.4)	\$47,027	(2.0)	\$43,854	20.4%	\$52,786			
Jan	21,621	(0.9)	21,434	(1.2)	21,182	20.8	25,598	7.6	27,544	22,618	4.7	22,636	1.3	22,929	0.4	23,010	(3.1)	22,295	\$43,239	1.9	\$44,070	0.1	\$44,111	(10.2)	\$46,608	25.5%	\$49,939			
Feb.	19,904	(8.6)	18,917	8.2	19,687	26.4	24,894	(1.8)	21,950	24,479	9.9	22,507	(4.5)	21,504	1.0	21,716	(5.0)	20,828	\$40,383	(0.8)	\$40,704	1.2	\$41,191	(3.2)	\$46,610	(8.7)	\$42,578			
March	23,902	(1.6)	23,511	0.5	23,622	22.4	28,925			24,279	0.9	24,497	(4.7)	23,336	3.6	24,179			\$48,181	(0.4)	\$48,608	(2.2)	\$49,658	13.1	\$53,104					
April	22,726	3.4	22,466	6.7	23,981	31.4	31,511			26,037	(0.3)	25,983	(4.4)	24,604					\$47,783	1.4	\$48,449	(1.9)	\$49,549	18.0	\$56,115					
May	26,202	3.5	27,118	(1.1)	26,706	26.5	33,794			24,536	4.2	25,559	(7.7)	23,597	4.5	24,657			\$50,738	3.8	\$52,677	(4.5)	\$50,303	16.2	\$58,451					
Total Year	\$304,202	(0.0)	\$304,052	1.1	\$307,288	26.4	\$333,120			\$279,635	2.8	\$287,402	(1.4)	\$275,512	(3.5)	\$273,528			\$583,837	1.3	\$591,454	(0.1)	\$590,810	2.7	\$606,648					
June-Feb	\$232,372	(0.6)	\$230,957	0.9	\$232,989	2.5	\$238,860	21.1	\$289,279	\$204,763	3.2	\$211,363	(0.8)	\$212,011	(6.1)	\$200,088	7.1	\$214,361	\$437,135	1.2	\$442,320	(0.8)	\$446,000	(1.6)	\$438,					

- (1) A toll increase of 25% was implemented on January 4, 2009. Toll rates on Findlay Connector/PA-576 and the Mon-Fayette Express/Type 43 Unionville to Brownsville remained unchanged.
- (2) A toll increase of 3% was implemented on January 3, 2010. Toll rates on Findlay Connector/PA-576 remained unchanged.
- (3) February traffic was negatively impacted several times due to severe snowstorms.
- (4) All six (6) Phase 1 projects of the Mon/Fayette Expressway, Uniontown to Brownsville Project were completed in the fall of 2008. Phase 1 was open to traffic on October 30, 2008. This had positive traffic impacts on the Mon/Fayette Expressway.

Table 5
Comparison of Estimated and Actual Traffic Volumes and Toll Revenue
From December 2008 through February 2010 (1)
Pennsylvania Turnpike System

Facility	Total Traffic (in Thousands)			Total Toll Revenue (in Thousands)		
	Estimated	Actual	Actual vs Estimated (% Difference)	Estimated	Actual	Actual vs Estimated (% Difference)
Passenger Cars						
Ticket and Gateway Barrier	159,683	163,981	2.7	\$435,072	\$458,613	5.4
PA 43	11,308	12,070	6.7	10,907	11,601	6.4
PA 66	8,613	8,589	(0.3)	9,330	9,349	0.2
Northeast Extension	5,751	5,902	2.6	3,565	3,753	5.3
PA 60	8,833	8,777	(0.6)	7,476	7,585	1.5
Total System	194,188	199,318	2.6	\$466,350	\$490,901	5.3
Commercial Vehicles						
Ticket and Gateway Barrier	24,503	23,978	(2.1)	\$381,511	\$351,761	(7.8)
PA 43	439	502	14.4	1,208	1,436	18.9
PA 66	1,085	1,067	(1.6)	3,650	3,488	(4.4)
Northeast Extension	1,013	1,009	(0.4)	3,659	3,645	(0.4)
PA 60	1,251	1,130	(9.6)	3,020	2,763	(8.5)
Total System	28,290	27,687	(2.1)	\$393,048	\$363,094	(7.6)
Total Vehicles						
Ticket and Gateway Barrier	184,186	187,959	2.0	\$816,583	\$810,374	(0.8)
PA 43	11,747	12,572	7.0	12,115	13,037	7.6
PA 66	9,697	9,657	(0.4)	12,980	12,837	(1.1)
Northeast Extension	6,764	6,912	2.2	7,224	7,399	2.4
PA 60	10,084	9,907	(1.8)	10,496	10,348	(1.4)
Total System	222,479	227,006	2.0	\$859,398	\$853,995	(0.6)

(1) This 15 month period corresponds to the period for which actual data currently exists, but was estimated at the time of WSA's January 6, 2009 Traffic and Toll Revenue Study.

Table 6

**Near Term GDP and Total Turnpike
Traffic Estimates**

Percent Change over Previous Year

Year	Gross Domestic Product Growth (1)	Total Penn Turnpike Traffic Growth (2)
2008	0.4	2.2
2009	(2.4)	(1.8)
2010	2.8	(0.5)
2011	3.6	1.3
2012	5.0	3.8
2013	3.5	3.3
2014	2.6	2.9

(1) GDP percent changes are based on constant dollars. 2008 and 2009 data are from the US Bureau of Economic Analysis. Forecast data (2010-2014) is from Moody's Economy.com baseline forecast (February 2010).

(2) Traffic growth estimates are based on fiscal year basis. Thus, for example, year 2010 traffic growth data reflects the growth in FY 2009-10 over FY 2008-09.

Table 7
Estimated Annual Traffic and Gross Toll Revenue
Pennsylvania Turnpike: Ticket System Only

Traffic and Toll Revenue in Thousands

Fiscal Year	Annual Traffic			Annual Gross Toll Revenue		
	Passenger	Commercial	Total	Passenger	Commercial	Total
	Cars	Vehicles	Vehicles	Cars	Vehicles	Vehicles
2007-08 (1)	136,018	22,253	158,271	\$307,299	\$283,511	\$590,810
2008-09 (1)(2)	133,797	20,449	154,246	333,121	273,528	606,649
2009-10 (3)	133,902	19,396	153,298	386,821	288,104	674,925
2010-11 (4)	136,142	19,043	155,185	404,745	291,421	696,166
2011-12 (4)	140,907	19,900	160,807	431,478	313,671	745,149
2012-13 (4)	145,134	20,756	165,890	457,755	336,973	794,728
2013-14 (4)	148,763	21,586	170,349	483,275	360,966	844,241
2014-15 (4)	152,184	22,342	174,526	509,222	384,808	894,030
2015-16 (4)	155,380	23,012	178,392	535,513	408,243	943,756
2016-17 (4)	158,643	23,679	182,322	563,162	432,684	995,846
2017-18 (4)	161,975	24,342	186,317	592,238	458,143	1,050,381
2018-19 (4)	165,214	25,024	190,238	622,205	485,100	1,107,305
2019-20 (4)	168,519	25,699	194,218	653,689	513,144	1,166,833
2020-21 (4)	171,889	26,393	198,282	686,765	542,809	1,229,574
2021-22 (4)	175,155	27,106	202,261	720,808	574,189	1,294,997
2022-23 (4)	178,483	27,811	206,294	756,539	606,791	1,363,330
2023-24 (4)	181,874	28,534	210,408	794,041	641,245	1,435,286
2024-25 (4)	185,329	29,276	214,605	833,401	677,655	1,511,056
2025-26 (4)	188,665	30,037	218,702	873,854	716,132	1,589,986
2026-27 (4)	192,061	30,788	222,849	916,271	756,056	1,672,327
2027-28 (4)	195,518	31,557	227,075	960,747	798,206	1,758,953
2028-29 (4)	199,038	32,346	231,384	1,007,382	842,706	1,850,088
2029-30 (4)	202,621	33,155	235,776	1,056,280	889,687	1,945,967
2030-31 (4)	206,268	33,984	240,252	1,107,552	939,287	2,046,839
2031-32 (4)	209,424	34,706	244,130	1,158,232	988,027	2,146,259
2032-33 (4)	212,628	35,444	248,072	1,211,230	1,039,297	2,250,527
2033-34 (4)	215,881	36,197	252,078	1,266,654	1,093,227	2,359,881
2034-35 (4)	219,184	36,966	256,150	1,324,614	1,149,955	2,474,569

(1) Reflects actual traffic and revenue experience.

(2) A 25 percent toll rate increase was implemented on January 4, 2009.

(3) A 3 percent toll increase was implemented on January 3, 2010. FY 2009-10 contains 9 months of actual experience.

(4) Assumes implementation of a 3 percent rate increase on or about January 1 of the indicated year.

Table 8
Estimated Annual Traffic and Gross Toll Revenue
Pennsylvania Turnpike: Barrier System Only

Traffic and Toll Revenue in Thousands

Fiscal Year	Annual Traffic			Annual Gross Toll Revenue		
	Passenger	Commercial	Total	Passenger	Commercial	Total
	Cars	Vehicles	Vehicles	Cars	Vehicles	Vehicles
2007-08 (1)	28,078	3,201	31,279	\$20,462	\$7,878	\$28,340
2008-09 (1)(2)	28,841	3,134	31,975	23,225	8,371	31,596
2009-10 (3)	28,936	3,077	32,013	27,009	9,572	36,581
2010-11 (4)	29,426	3,114	32,540	28,281	9,989	38,270
2011-12 (4)	30,749	3,262	34,011	30,458	10,771	41,229
2012-13 (4)	32,054	3,400	35,454	32,727	11,557	44,284
2013-14 (4)	33,255	3,528	36,783	34,998	12,350	47,348
2014-15 (4)	34,473	3,647	38,120	37,405	13,146	50,551
2015-16 (4)	35,698	3,760	39,458	39,937	13,956	53,893
2016-17 (4)	36,969	3,868	40,837	42,642	14,784	57,426
2017-18 (4)	38,250	3,973	42,223	45,488	15,636	61,124
2018-19 (4)	39,578	4,079	43,657	48,527	16,532	65,059
2019-20 (4)	40,954	4,186	45,140	51,770	17,468	69,238
2020-21 (4)	42,339	4,295	46,634	55,179	18,451	73,630
2021-22 (4)	43,773	4,406	48,179	58,814	19,490	78,304
2022-23 (4)	45,215	4,517	49,732	62,631	20,574	83,205
2023-24 (4)	46,667	4,631	51,298	66,640	21,718	88,358
2024-25 (4)	48,169	4,748	52,917	70,908	22,927	93,835
2025-26 (4)	49,680	4,867	54,547	75,385	24,202	99,587
2026-27 (4)	51,197	4,986	56,183	80,078	25,532	105,610
2027-28 (4)	52,711	5,109	57,820	84,982	26,935	111,917
2028-29 (4)	54,272	5,234	59,506	90,189	28,415	118,604
2029-30 (4)	55,834	5,362	61,196	95,633	29,976	125,609
2030-31 (4)	57,394	5,493	62,887	101,317	31,624	132,941
2031-32 (4)	58,757	5,607	64,364	106,835	33,249	140,084
2032-33 (4)	60,152	5,724	65,876	112,653	34,958	147,611
2033-34 (4)	61,581	5,842	67,423	118,789	36,754	155,543
2034-35 (4)	63,044	5,964	69,007	125,258	38,643	163,901

(1) Reflects actual traffic and revenue experience.

(2) A 25 percent toll rate increase was implemented on January 4, 2009.

(3) A 3 percent toll increase was implemented on January 3, 2010. FY 2009-10 contains 9 months of actual experience.

(4) Assumes implementation of a 3 percent rate increase on or about January 1 of the indicated year.

Table 9
Estimated Annual Traffic and Gross Toll Revenue
Pennsylvania Turnpike: Total System

Traffic and Revenue in Thousands

Fiscal Year	Annual Traffic			Annual Gross Toll Revenue			Discounts and Adjustments (5)	Adjusted Annual Gross Revenue
	Passenger	Commercial	Total	Passenger	Commercial	Total		
	Cars	Vehicles	Vehicles	Cars	Vehicles	Vehicles		
2007-08 (1)	164,096	25,454	189,550	\$327,761	\$291,389	\$619,150	(\$20,224)	\$598,926
2008-09 (1)(2)	162,638	23,583	186,221	356,346	281,899	638,245	(22,640)	615,605
2009-10 (3)	162,838	22,473	185,311	413,830	297,676	711,506	(23,480)	688,026
2010-11 (4)	165,568	22,157	187,725	433,026	301,410	734,436	(24,236)	710,200
2011-12 (4)	171,656	23,162	194,818	461,936	324,442	786,378	(25,950)	760,428
2012-13 (4)	177,188	24,156	201,344	490,482	348,530	839,012	(27,687)	811,325
2013-14 (4)	182,018	25,114	207,132	518,273	373,316	891,589	(29,422)	862,167
2014-15 (4)	186,657	25,989	212,646	546,627	397,954	944,581	(31,171)	913,410
2015-16 (4)	191,078	26,772	217,850	575,450	422,199	997,649	(32,922)	964,727
2016-17 (4)	195,612	27,547	223,159	605,804	447,468	1,053,272	(34,758)	1,018,514
2017-18 (4)	200,225	28,315	228,540	637,726	473,779	1,111,505	(36,680)	1,074,825
2018-19 (4)	204,792	29,103	233,895	670,732	501,632	1,172,364	(38,688)	1,133,676
2019-20 (4)	209,473	29,885	239,358	705,459	530,612	1,236,071	(40,790)	1,195,281
2020-21 (4)	214,228	30,688	244,916	741,944	561,260	1,303,204	(43,006)	1,260,198
2021-22 (4)	218,928	31,512	250,440	779,622	593,679	1,373,301	(45,319)	1,327,982
2022-23 (4)	223,698	32,328	256,026	819,170	627,365	1,446,535	(47,736)	1,398,799
2023-24 (4)	228,541	33,165	261,706	860,681	662,963	1,523,644	(50,280)	1,473,364
2024-25 (4)	233,498	34,024	267,522	904,309	700,582	1,604,891	(52,961)	1,551,930
2025-26 (4)	238,345	34,904	273,249	949,239	740,334	1,689,573	(55,756)	1,633,817
2026-27 (4)	243,258	35,774	279,032	996,349	781,588	1,777,937	(58,672)	1,719,265
2027-28 (4)	248,229	36,666	284,895	1,045,729	825,141	1,870,870	(61,739)	1,809,131
2028-29 (4)	253,310	37,580	290,890	1,097,571	871,121	1,968,692	(64,967)	1,903,725
2029-30 (4)	258,455	38,517	296,972	1,151,913	919,663	2,071,576	(68,362)	2,003,214
2030-31 (4)	263,662	39,477	303,139	1,208,869	970,911	2,179,780	(71,933)	2,107,847
2031-32 (4)	268,181	40,313	308,494	1,265,066	1,021,276	2,286,343	(75,449)	2,210,894
2032-33 (4)	272,780	41,167	313,948	1,323,884	1,074,255	2,398,138	(79,139)	2,319,000
2033-34 (4)	277,462	42,040	319,501	1,385,443	1,129,981	2,515,424	(83,009)	2,432,415
2034-35 (4)	282,227	42,930	325,157	1,449,872	1,188,598	2,638,470	(87,070)	2,551,401

(1) Reflects actual traffic, revenue, and discounts and adjustments experience.

(2) A 25 percent toll rate increase was implemented on January 4, 2009.

(3) A 3 percent toll increase was implemented on January 3, 2010. FY 2009-10 contains 9 months of actual experience.

(4) Assumes implementation of a 3 percent rate increase on or about January 1 of the indicated year.

(5) Discounts and adjustments are based on actual experience from FY 2007-08 through the first nine months of FY 2009-10.

Discounts and adjustments averaged 3.3 percent of gross toll revenue over this period and this figure is used to estimate these values through the forecast period.



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February 22, 2011

Mr. Nikolaus Grieshaber
Chief Financial Officer
Pennsylvania Turnpike Commission
700 South Eisenhower Boulevard
Middletown, PA 17057

Re: Pennsylvania Turnpike 2011 Traffic and Toll Revenue Bring Down Letter

Dear Mr. Grieshaber:

It is our understanding that the Pennsylvania Turnpike Commission (PTC) will be going to the bond market in the next few months in order to support the Turnpike's ongoing capital improvement program and other funding requirements. Wilbur Smith Associates (WSA) developed a 2010 Bring Down Letter, dated March 30, 2010, that updated a detailed Traffic and Toll Revenue Update Study for PTC dated January 6, 2009. Several significant events have occurred since the last year's Bring Down Letter. A toll rate increase of three percent for E-ZPass customers, and ten percent for non E-ZPass customers was implemented on January 2, 2011. This is the first time E-ZPass customers will pay less than cash customers to travel on the Pennsylvania Turnpike. In addition, a modification was made to the post-paid, commercial-volume-discount program, which also went into effect on January 2, 2011. Before the change, post-paid commercial E-ZPass customers could receive the following discounts based on the amount of their monthly tolls:

- \$1,000.00 - \$5,000.00 in monthly tolls are eligible for a 10 percent discount;
- \$5,000.01 - \$10,000.00 in monthly tolls are eligible for a 15 percent discount; and
- \$10,000.01 and over are eligible for a 20 percent discount in tolls.

As of January 2, 2011 the available discounts were reduced by 5 percentage points for each category, resulting in the following discounts for post-paid commercial E-ZPass customers:

- \$1,000.00 - \$5,000.00 in monthly tolls are eligible for a 5 percent discount;
- \$5,000.01 - \$10,000.00 in monthly tolls are eligible for a 10 percent discount; and
- \$10,000.01 and over are eligible for a 15 percent discount in tolls.

Lastly, the U.S. economy slowly expanded in 2010 compared to 2009, although unemployment rates continued to be a concern. The purpose of this Bring Down Letter is to provide an update of Turnpike

Albany NY, Anaheim CA, Atlanta GA, Baltimore MD, Bangkok Thailand, Burlington VT, Charleston SC, Charleston WV, Chicago IL, Cincinnati OH, Cleveland OH, Columbia SC, Columbus OH, Dallas TX, Dubai UAE, Falls Church VA, Greenville SC, Hong Kong, Houston TX, Iselin NJ, Kansas City MO, Knoxville TN, Lansing MI, Lexington KY, London UK, Milwaukee WI, Mumbai India, Myrtle Beach SC, New Haven CT, Orlando FL, Philadelphia PA, Pittsburgh PA, Portland ME, Poughkeepsie NY, Raleigh NC, Richmond VA, Salt Lake City UT, San Francisco CA, Tallahassee FL, Tampa FL, Tempe AZ, Trenton NJ, Washington DC

Employee-Owned Company

System traffic and toll revenue trends since the March 2010 study, review actual versus estimated traffic and revenue over that period, and to provide updated forecasts of Turnpike traffic and toll revenue.

The forecast period in this update is extended to FY 2035-36 (the forecast period in the March 2010 study ended in FY 2034-35). Consistent with the March 2010 analysis, it is assumed that an annual three percent toll increase would be implemented on or around January 1 of each year for all the forecast years from FY 2011-12 through FY 2035-36. The estimated impacts of the actual toll increase (3 percent for E-ZPass customers and 10 percent for non E-ZPass customers) were taken into account in the traffic and revenue forecasts, as were the estimated impacts associated with the modified commercial discount program.

While this Bring Down Letter provides details on the Turnpike System, the original January 2009 report should be consulted for a detailed summary and review of socioeconomic trends and forecasts for the state, region and country. Additional information regarding the Turnpike, such as historical toll rate increases, sample toll rates, E-ZPass market share, and more, are also provided in the January 2009 report. The underlying economic assumptions in that report remain unchanged from this point forward regarding the assumed length and severity of the economic downturn. The purpose of this analysis is to update the forecast to reflect the most current actual traffic and toll revenue experience and to make any necessary short term adjustments to the forecasts based on that experience.

TICKET SYSTEM TRAFFIC TRENDS BETWEEN 1990 AND 2010

Table 1 identifies average annual daily traffic trends for each of the ticket system locations between 1990 and 2010. Gateway barrier plaza (Interchange 2) is also shown in this table. More recent trends will be discussed in Table 3. Please note that in 2003 the west end of the system converted from a ticket system to a barrier system. Thus, volumes shown at Gateway are not comparable between 2002 and 2003. Also at this time, exit toll plazas were removed from Interchanges 10, 13 and 28 as the new endpoint of the ticket system (identified in this table as Interchange 30) was shifted to between Interchanges 28 and 39. Also as footnoted in Table 1, two-way toll collection was replaced by one-way toll collection at Gateway in 2006. Traffic values in Table 1 were doubled from that point forward to simulate total two-way traffic volumes in order to be comparable to historical trends.

Passenger-car trends are shown in the upper portion of Table 1. Average annual percent changes are shown for various periods. Relatively strong growth was experienced during the first decade (1990-2000) where total passenger-car traffic grew at an annual rate of 3.2 percent. The second decade of this trend period has shown much more moderate annual growth at 1.5 percent. This is particularly affected by the most recent five-year period (2005-2010) when annual growth averaged just 0.4 percent. This is clearly the result of the recent economic downturn that has affected Pennsylvania as well as the rest of the country. Overall passenger-car growth between 1990 and 2010 has averaged 2.4 percent, including the impacts of the most recent downturn. It should also be noted that four toll increases have occurred over the time frame shown in Table 1. Rate increases were implemented in 1991 (32 percent), 2004 (43 percent), 2009 (25 percent) and 2010 (3 percent). These have had some negative impact on traffic levels over time, though as will be discussed in more detail below, the more recent impacts of the economic recession have been greater than impacts associated with the most recent toll increases.

The second portion of Table 1 shows commercial-vehicle historical traffic trends on the ticket system. As with passenger cars, the strongest period of growth for commercial vehicles has been between 1990 and 2000. Commercial traffic increased at a 3.6 percent annual rate over that period. Over the most recent ten-year period (2000-2010) traffic grew at an annual rate of 1.4 percent. This is heavily influenced by the negative 1.4 percent annual growth between 2005 and 2010 when commercial activity was particularly hard hit by the economic recession plus toll increase related impacts. Still, over the entire historical period shown, commercial traffic has increased at an average annual rate of 2.5 percent.

Total-vehicle traffic trends are shown in the lower portion of Table 1. Because passenger cars make up about 85 percent of total ticket system toll transactions, the trends and growth rates for total vehicles closely mirror those for passenger cars.

BARRIER SYSTEM TRAFFIC TRENDS BETWEEN 1994 AND 2010

Table 2 identifies average annual daily traffic trends for each of the Turnpike barrier systems. These contribute relatively little to overall traffic and revenue (about 15 percent of traffic and 5 percent of revenue), but, as shown in Table 2, they have been growing at a slightly greater level than the ticket system. The higher growth in these corridors is likely related to the fact that they are newer facilities than the ticket system, and that the potential for “induced” and “ramp-up” growth is greater. These facilities tend to be on the fringe of urban areas and are benefiting from the increasing spread of development into their corridors.

RECENT MONTHLY TRAFFIC AND REVENUE TRENDS

Table 3 provides monthly traffic volumes on all facilities for FY 2006-07 through January FY 2010-11. Information is also provided for passenger cars and commercial vehicles separately. Similar to the longer term historical trends shown in Tables 1 and 2, the ticket system has exhibited generally lower growth compared to the barrier locations. The effects of the current negative economic climate are clearly shown in this data. What is especially clear, however, is that the biggest decline was between FY 2007-08 and FY 2008-09. During that period, total passenger-car transactions declined by 0.9 percent and commercial-vehicle traffic declined by 7.4 percent. It should be pointed out that the January 2009 twenty-five percent toll increase most likely negatively impacted traffic during this period, but the biggest impact was due to the general economic climate.

Transaction data for the most recent period, FY 2010-11, is shown for the period June through January. Subtotals for this period are also shown for each fiscal year. Traffic trends for the most recent period (FY 2010-11 over FY 2009-10) show a clear improvement in Turnpike activity. Total passenger-car transactions have increased by 1.2 percent over this period systemwide, and by 1.1 percent on the ticket system. These figures include the 4.5 percent decline in passenger car transactions on the ticket system in January 2011. These decreases are primarily attributed to severe weather in January 2011 that impacted the eastern portion of the Turnpike, with a much smaller negative impact due to the toll increase implemented on January 2, 2011. Excluding January data, systemwide passenger-car transactions increased by 1.7 percent from FY 2010-11 over FY 2009-10 (June through December). Systemwide commercial-vehicle activity has returned from two prior years of declining transactions to a current increase year-to-date of 4.8 percent between FY 2010-11 and 2009-10 (June through January). Note that commercial-vehicle transactions increased in January 2011 by 2.6 percent on the ticket system,

and 3.6 percent systemwide, even though there was a toll increase early in the month and in spite of the bad weather.

Figure 1 provides another perspective to recent traffic trends on the Pennsylvania Turnpike by comparing its experience with those of other toll facilities around the country. Monthly passenger-car and commercial-vehicle traffic trends are shown for the last four full calendar years for the Pennsylvania Turnpike, Oklahoma Turnpike, New Jersey Turnpike, and Illinois Tollway.

Two features are especially prominent in this figure. First are the nearly identical patterns exhibited by commercial vehicles over the last three years. Most show a peaking in negative impact by late 2008 or early 2009, with peak declines approaching 15 percent, and a return to positive growth in March 2010. Since then, commercial-vehicle traffic growth rates have been in the range of 5 to 10 percent, except on the New Jersey Turnpike where several months of growth have been interspersed among numerous months of low growth. As shown in Table 3, the positive growth trend in passenger-car and commercial-vehicle volumes are continuing on the Pennsylvania Turnpike in the current fiscal year. As recently as November 2010, passenger car and commercial traffic were up by 2.0 and 8.5 percent, respectively, over the same month in 2009. January data does show some negative growth, but, as explained above, this was heavily influenced by multiple snow storms during that period.

The second interesting feature of these graphs is that two of the facilities had toll increases near the beginning of the economic downturn (Pennsylvania Turnpike and New Jersey Turnpike) and two did not (Oklahoma Turnpike and Illinois Tollway). Yet, the overall patterns of growth are nearly identical (especially for commercial vehicles) among all four facilities. This would indicate that the impact of the rate increases have been minimal and totally eclipsed by the impact of the economic downturn.

Monthly gross toll revenue trends over the same time period are shown in Table 4 for each toll facility. The effects of the January 2009 twenty-five percent toll increase are clearly evident in this data. Passenger-car revenue growth generally ranges between 20 percent and 30 percent in calendar year 2009 over calendar year 2008. Though positive, commercial-vehicle toll revenue growth over the same period was much lower due to the larger negative traffic impacts resulting from the economic downturn. The improved picture for commercial vehicles, however, is evident by the increasingly large revenue growth throughout calendar year 2009. January 2009 commercial-vehicle toll revenue was only 0.6 percent greater than January 2008 revenue. Those percents progressively increase through December, when commercial revenue growth in 2009 was 17.6 percent greater than in 2008. On a Systemwide basis, total toll revenue increased by 3.1 percent in FY 2008-09 over FY 2007-08, including a five month impact of the January 2009 toll increase. In FY 2009-10, total toll revenue increased by 12.5 percent over the previous fiscal year. This includes seven month's impact of the 25 percent toll increase and five months of the three percent toll increase that was implemented in January 2010.

Thus far, in FY 2010-11, total gross toll revenue has increased by 6.0 percent (through January) over the prior fiscal year. During this time period, growth in commercial-vehicle revenue totaled 8.4 percent and passenger-car revenue increased by 4.3 percent. This data shows the increased growth in toll revenue due to the impacts of the toll increase implemented in January 2011, as toll revenue is growing faster than toll transactions. For example, the systemwide commercial-vehicle toll revenue increased by 8.4 percent in FY 2010-11(year-to-date) compared to the 4.8 percent increase in commercial-vehicle

transactions. Similarly, total passenger-car revenue increased by 4.3 percent in FY 2010-11(year-to-date) compared to the 1.2 percent increase in passenger car transactions.

ACTUAL VERSUS ESTIMATED TRAFFIC AND TOLL REVENUE

Table 5 provides a comparison of actual traffic and toll revenue versus estimated traffic and toll revenue from WSA's March 2010 Bring Down Letter. The analysis period in this table is from March 2010 through December 2010. This ten-month period corresponds to the period for which actual data currently exists, but was estimated at the time of the last study. January 2011 traffic and revenue data was available at the time of this study, and was used in developing the future year forecasts, but was not used for the comparison made in Table 5. At the time the forecasts were developed for last year's Bring Down Letter, it was not known that the toll increase implemented in January 2011 would include a 10 percent increase for non E-ZPass customers; the assumption was for a three percent toll increase for all customers. Because of this difference in tolling, the January 2011 actual experience was not included in this comparison of actual and estimated traffic and revenue.

In general, the recovery in traffic and revenue has occurred sooner than originally estimated, particularly for commercial vehicles. Total actual passenger-car traffic and toll revenue was about 1.4 percent greater than estimated. Most of the differences fall within a relatively narrow range. Passenger-car traffic growth exceeded WSA estimates for all facilities except for the barrier portion of the Northeast Extension. Actual passenger-car traffic growth was 3.2 percent less than WSA estimates, and passenger-car toll revenue was 1.1 percent less than originally forecast.

Actual commercial-vehicle experience outperformed WSA estimates on all sections of the Turnpike. Systemwide, commercial-vehicle traffic was up 7.4 percent compared to WSA estimates, and commercial-vehicle toll revenue was up by 6.9 percent compared to WSA estimates. On the ticket system, commercial-vehicle traffic outperformed estimates by 7.0 percent, and commercial-vehicle toll revenue outperformed estimates by 6.7 percent. Commercial-vehicle traffic on PA 66 and Turnpike I-376 exceeded WSA estimates by 13.5 and 15.2 percent respectively, while toll revenue on PA 66 and Turnpike I-376 exceeded estimates by 15.5 and 20.2 percent respectively. All these percent differences generally reflect an earlier recovery in commercial vehicle activity than anticipated in the 2010 Bring Down letter.

On a total system basis, for all vehicles combined, actual traffic experience outperformed WSA estimates by 2.1 percent, and actual revenue experience outperformed estimates by 3.6 percent. The fact that commercial-vehicle traffic and revenue exceeded estimates by more than the passenger-car traffic and revenue reflects the pattern of this economic recovery, where commercial activity has been showing substantially stronger recovery than employment.

UPDATED NEAR AND LONG TERM GROWTH ESTIMATES

The comparison of WSA's recent estimates with actual experience (shown in the previous section) helped to fine tune the near term forecasts for passenger cars and commercial vehicles. The recent ten-month period from March 2010 through December 2010 showed that actual passenger-car growth had exceeded prior WSA estimates by 1.4 percent and commercial-vehicle growth had exceeded estimates by 7.4 percent. Near term forecasts have been adjusted to reflect the current economic recovery. Longer

term growth estimates, beyond 2015, remain relatively unchanged from the assumptions in WSA's January 2009 Study.

Table 6 provides a comparison of actual (2009 and 2010) and estimated (2011 through 2015) percent growth in gross domestic product (GDP) and updated traffic growth forecasts. Actual GDP growth is shown on a quarterly basis for years 2009 and 2010. This helps visualize the progression in the economic recovery, and the increasing rate of recovery that occurred in 2010. As shown, GDP growth is projected to peak in 2012 at 4.0. The progression in the rate of growth for GDP is 2.9 percent in 2010 (actual), followed by 3.7 percent in 2011, 4.0 percent in 2012, 3.8 percent in 2013, and then 3.2 percent in 2014 and 2.3 percent in 2015.

It is important to note (as footnoted in Table 6) that the Turnpike traffic growth estimates are on a fiscal year basis, such that 2009 reflects the growth in traffic in FY 2008-09 compared to FY 2007-08. The first forecast year for traffic is FY 2010-11 (although eight months of this year is actual experience). As seen in Table 6, the actual and estimated traffic growth correlates quite closely to the forecast changes in GDP. Traffic volumes fell in FY 2008-09 primarily as a result of the recession. In FY 2009-10, passenger-car traffic increased by 0.6 percent, and commercial-vehicle traffic fell by 2.8 percent even as the GDP increased by 2.9 percent in 2010. In 2011 the GDP is forecast to increase by 3.7 percent. In FY 2010-11 (with 8 months actual experience), passenger-car traffic is estimated to increase by 2.2 percent, commercial-vehicle traffic is estimated to increase by 4.3 percent, and total traffic is estimated to increase by 2.5 percent over the prior year, due largely to the economic recovery. Total traffic growth is estimated to continue increasing at a rate averaging 3.6 percent in FY 2011-12, 3.5 percent in FY 2012-13, and 2.8 percent in FY 2013-14. Beyond FY 2014-15, Turnpike traffic growth is estimated to average about 2 percent growth; again, this is consistent with assumptions in the January 2009 study.

ESTIMATED TRAFFIC AND GROSS TOLL REVENUE

Traffic and toll revenue forecasts for the Pennsylvania Turnpike were refined and extended through FY 2035-36. Consistent with WSA's January 2009 Study, and the 2010 Bring Down Letter, annual toll rate adjustments of 3 percent were assumed to be implemented on, or about, January 1st of each year in all forecast years. The exception is in FY 2010-11, when an actual toll increase of 3 percent for E-ZPass customers and 10 percent for non E-ZPass customers was implemented on January 2, 2011. Toll revenue impacts due to modifications in the post-paid, commercial-volume discount program, that was implemented on January 2, 2011, were also taken into account. The following sections present the estimated traffic and revenue forecasts for the ticket system, the barrier system, and the combined system (ticket and barrier).

Ticket System: Estimated Traffic and Gross Toll Revenue - Table 7 shows the traffic and toll revenue for only the ticket system, assuming 3 percent annual toll increases. FY 2007-08, 2008-09, and 2009-10 reflect actual data and FY 2010-11 includes actual data through January 2011. Total toll transactions increase from 158.3 million to 267.8 million over the forecast period, an average annual increase of 1.9 percent. Gross toll revenue increases from \$590.8 million to \$2.6 billion by FY 2035-36. This amounts to an average annual increase of 5.5 percent, reflecting the impact of normal growth plus the annual rate adjustments and the toll increase implemented in January 2011 (three percent for E-ZPass customers and ten percent for non E-ZPass customers). In FY 2011-12, growth in passenger-car traffic is forecast at 3.5 percent, while passenger-car toll revenue is forecast at 7.8 percent, due to the

impacts of the toll increases implemented on January 2, 2011 (3 percent increase for E-ZPass customers and 10 percent increase for non E-ZPass customers), and the assumed 3 percent increase January 2012. Similarly for commercial vehicles in FY 2011-12, growth in transactions is forecast at 3.9 percent, and growth in toll revenue is forecast at 8.0 percent.

The ticket system forecasts in Table 7 take into account the anticipated annual increases in E-ZPass participation due to normal increases through time, and due to the anticipated shift in E-ZPass participation due to the toll increase implemented on January 2, 2011, where for the first time, cash toll rates exceeded E-ZPass toll rates for the same trip on the Turnpike. In FY 2010-11 it is estimated that about 60 percent of passenger-car transactions will be made with E-ZPass, compared to about 76 percent in FY 2035-36. Regarding commercial vehicles, it is estimated that about 78 percent of transactions will be made with E-ZPass in FY 2010-11, compared to about 89 percent in FY 2035-36.

Barrier System: Estimated Traffic and Gross Toll Revenue - The same information is shown for the barrier toll systems in Table 8. Compared to the ticket system, total annual toll transactions are estimated to grow at a slightly higher average annual rate, averaging 2.8 percent over the period shown. Total barrier revenue increases at an annual rate of 6.7 percent. In FY 2007-08 barrier revenue amounts to about 4.6 percent of total Systemwide toll revenue. By FY 2035-36 that percent has increased slightly to about 6.2 percent due to the higher growth rates.

Total System (Combined Ticket and Barrier Systems): Estimated Traffic and Gross Toll Revenue - Table 9 identifies total combined transactions and gross toll revenue and also factors in estimated toll discounts and adjustments. The vast majority of the discounts and adjustments results from commercial account toll adjustments due to the Turnpike's volume discount program. As mentioned earlier in this letter, the post-paid commercial volume discount program was modified on January 2, 2011. The modification reduced the amount of discount that post-paid accounts were eligible for based on monthly tolls. Prior to the modification, based on FY 2009-10 data, the average weighted discount was 19.4 percent for all-post-paid commercial vehicle accounts. After the January 2011 modification, the average weighted discount is estimated at 14.4 percent for all-post-paid commercial vehicle accounts. This equates to an estimated 25.7 percent reduction in future discounts and adjustments through the forecast period.

The final column in Table 9 shows total adjusted annual gross toll revenue. As shown, total adjusted gross toll revenue is estimated to grow from approximately \$598.9 million in FY 2007-08 to nearly \$2.7 billion by FY 2035-36. This reflects an average annual growth rate in gross toll revenue of 5.6 percent. Again, this includes the impact of normal growth, annual three percent toll adjustments and the January 2011 toll increase (three percent for E-ZPass customers and ten percent for non E-ZPass customers). In the short term, in FY 2011-12, growth in passenger-car traffic is forecast at 3.5 percent, while passenger-car toll revenue is forecast at 7.9 percent, due to the impacts of the toll increases implemented on January 2, 2011 (3 percent increase for E-ZPass customers and 10 percent increase for non E-ZPass customers), and the assumed 3 percent increase in January 2012. Similarly for commercial vehicles in FY 2011-12, growth in transactions is forecast at 4.0 percent, and growth in toll revenue is forecast at 8.0 percent.

The combined system forecasts (ticket and barrier systems) in Table 9 take into account the anticipated annual increases in E-ZPass participation due to normal increases through time, and due to the anticipated shift in E-ZPass participation due to the toll increase implemented on January 2, 2011. In FY 2010-11 it is estimated that about 57 percent of passenger-car transactions will be made with E-ZPass, compared to about 78 percent in FY 2035-36. Regarding commercial vehicles, it is estimated that about 76 percent of transactions will be made with E-ZPass in FY 2010-11, compared to about 90 percent in FY 2035-36.

The net impact of including the most recent traffic and revenue experience and short term growth adjustments is that total estimated traffic in FY 2010-11 is 1.8 percent greater than previously estimated, and total estimated gross toll revenue is 4.6 percent greater than previously estimated in the March 2010 Bring Down Letter. The revenue growth adjustment is greater than the traffic growth adjustment due to the higher estimated growth in commercial activity (relative to passenger car growth) and due to the 10 percent non E-ZPass rate increase in January 2011 (which was assumed to be 3 percent in the previous estimates).

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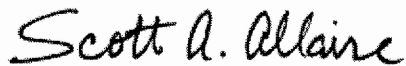
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DISCLAIMER

Current professional practices and procedures were used in the development of these findings. However, there is considerable uncertainty inherent in future traffic and revenue forecasts for any toll facility. There may sometimes be differences between forecasted and actual results caused by events and circumstances beyond the control of the forecasters. These differences could be material. Also, it should be recognized that traffic and revenue forecasts in this document are intended to reflect the overall estimated long-term trend. Actual experience in any given year may vary due to economic conditions and other factors.

Respectfully submitted,

WILBUR SMITH ASSOCIATES



Scott A. Allaire
Vice President



Gary T. Quinlin
Project Manager

Table 1
Summary of Annual Ticket System and Gateway Average Daily Transaction Trends
Pennsylvania Turnpike System

Passenger Cars By Interchange (Milepost)

Interchange (Milepost)	Calendar Year																			Average Annual Percent Change					
	1990	1991 ⁽¹⁾	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004 ⁽²⁾	2005	2006	2007	2008	2009 ⁽³⁾	2010 ⁽⁴⁾	1990-00	2000-10	1990-10	
2 ⁽⁵⁾	6,812	6,873	6,916	6,999	7,064	7,288	7,292	7,496	7,815	7,850	7,333	8,056	9,082	13,828	16,379	15,873	16,388	16,365	16,192	16,882	17,432	0.7	9.0	1.9	4.8
10 ⁽⁶⁾					1,566	1,691	1,836	1,911	2,010	2,064	2,164	2,302	2,344									NA	NA	NA	NA
13 ⁽⁶⁾	1,825	1,740	1,654	1,581	1,507	1,488	1,516	1,604	1,743	1,759	1,771	1,824	1,860									(0.3)	NA	NA	NA
28 ⁽⁶⁾	7,363	7,414	7,445	7,519	7,574	7,819	8,232	8,569	9,211	9,369	9,399	9,940	10,183									2.5	NA	NA	NA
30 ⁽⁶⁾																						NA	NA	1.5	NA
39	4,015	4,019	4,013	4,029	4,035	4,053	4,279	4,483	4,827	5,003	4,939	5,180	5,186	5,448	5,417	5,154	5,181	5,613	5,627	5,595	5,527	2.1	1.1	1.4	1.6
48	7,182	7,198	7,196	7,235	7,257	7,045	7,602	8,084	7,962	8,686	9,251	8,998	9,366	9,505	9,377	9,101	9,129	9,406	9,226	8,879	8,879	2.6	(0.4)	(0.5)	1.1
57	15,577	15,621	15,624	15,714	15,763	15,887	16,101	16,700	17,291	17,626	17,782	18,337	18,436	18,770	18,598	18,087	18,290	18,198	18,305	18,083	17,452	1.3	(0.2)	(0.7)	0.6
67	7,758	7,874	7,971	8,113	8,236	8,226	8,398	8,586	9,082	9,481	9,533	9,593	9,789	10,303	10,054	9,437	9,582	9,614	9,068	8,674	8,776	2.1	(0.8)	(1.4)	0.6
75	7,922	7,785	7,629	7,519	7,391	7,651	8,046	8,331	8,706	9,684	8,594	8,868	9,366	9,394	9,191	8,860	8,779	8,806	8,522	8,433	8,550	0.8	(0.1)	(0.8)	0.4
91	2,099	2,126	2,149	2,185	2,216	2,311	2,212	2,253	2,352	2,381	2,142	2,236	2,204	2,234	2,239	2,257	2,237	2,478	2,395	2,351	2,371	0.2	1.0	1.0	0.6
110	1,933	1,944	1,949	1,966	1,978	2,024	2,025	2,030	2,059	1,916	1,848	1,911	2,031	2,061	1,948	1,892	1,927	2,067	2,119	2,104	2,136	(0.4)	1.5	2.5	0.5
146	1,955	1,943	1,927	1,922	1,912	2,038	2,135	2,222	2,479	2,728	2,760	2,960	3,225	3,290	3,370	3,163	3,037	3,059	2,994	2,972	2,945	3.5	0.7	(1.4)	2.1
161	5,593	5,407	5,214	5,057	4,893	5,109	5,214	5,438	5,697	5,838	5,828	6,331	6,599	6,820	6,713	6,517	6,356	6,216	6,005	6,356	6,262	0.4	0.7	(0.8)	0.6
180	573	570	566	566	564	569	586	617	643	673	630	661	700	715	761	691	676	711	675	655	658	1.0	0.4	(1.0)	0.7
189	354	358	362	368	373	381	407	428	462	480	453	436	477	488	483	448	443	440	426	409	418	2.5	(0.8)	(1.4)	0.8
201	420	430	439	451	462	477	500	521	549	567	574	591	661	670	679	649	658	662	614	603	642	3.2	1.1	(0.2)	2.1
226	4,328	4,333	4,327	4,346	4,354	4,675	4,665	4,281	4,826	4,886	4,792	5,304	5,180	5,365	5,262	4,939	4,959	4,973	4,736	4,628	4,899	1.0	0.2	(0.2)	0.6
236	2,612	2,672	2,726	2,797	2,862	3,499	3,665	3,495	3,641	3,889	4,039	4,172	4,580	4,804	4,796	4,567	4,562	4,661	4,470	5,074	5,074	4.5	2.3	2.1	3.4
242	4,035	3,974	3,905	3,858	3,802	4,186	4,146	4,080	4,295	4,699	5,103	5,081	5,400	5,781	5,734	5,352	5,196	5,265	5,068	5,894	5,476	2.4	0.7	0.5	1.5
247	7,129	7,164	7,162	7,241	7,282	7,608	7,989	7,991	8,409	8,818	9,004	9,125	9,739	10,217	10,256	9,917	9,553	9,902	10,073	9,952	10,478	2.4	1.5	1.1	1.9
266	2,179	2,212	2,241	2,282	2,319	2,363	2,500	2,643	2,867	2,987	3,037	3,214	3,381	3,663	3,695	3,643	3,602	3,740	3,577	3,484	3,571	3.4	1.6	(0.4)	2.5
286	4,607	4,750	4,887	5,056	5,220	5,453	5,490	5,729	6,041	6,096	6,242	6,472	6,655	6,954	7,207	6,969	7,185	7,397	7,060	6,910	6,937	3.1	1.1	(0.1)	2.1
298	3,958	4,001	4,035	4,092	4,139	4,224	4,330	4,844	5,253	5,513	5,661	6,187	6,682	7,201	7,359	7,335	7,457	7,446	7,448	7,176	7,018	3.6	2.2	(0.9)	2.9
312	6,279	6,439	6,587	6,775	6,950	7,070	6,723	7,311	7,838	8,361	8,824	9,437	10,008	10,421	10,455	10,291	10,558	11,011	10,635	10,234	10,353	3.5	1.6	0.1	2.5
326	23,948	22,920	21,881	20,122	20,707	21,092	21,337	21,337	20,337	20,665	20,585	11,335	11,901	12,297	12,586	11,861	28,173	27,069	26,975	27,783	29,284	(1.1)	3.1	0.8	1.0
333	13,551	12,073	10,730	9,592	8,553	8,975	9,296	9,912	10,337	10,665	10,585	11,335	11,901	12,297	12,586	11,861	11,455	11,312	11,848	11,904	12,166	(2.4)	1.4	0.5	(0.5)
20					22,910	25,569	26,959	28,430	29,605	29,628	30,770	31,945	33,406	34,130	35,753	35,452	36,060	36,659	35,518	34,961	35,236	N/A	1.4	(0.1)	N/A
339	13,691	14,473	15,262	16,186	17,125	18,179	18,335	18,812	20,185	20,031	19,967	21,056	21,380	22,140	22,015	21,709	21,561	21,203	20,312	20,989	22,973	3.8	1.4	1.1	2.6
340																998	1,318	1,541	1,570	1,581	1,370	1,422	N/A	N/A	N/A
343	16,874	17,576	18,267	19,100	19,926	21,963	22,370	22,902	23,207	22,397	23,085	23,753	24,197	24,850	25,716	25,152	24,609	26,054	25,277	25,165	26,569	3.2	1.4	1.1	2.3
351	21,292	21,686	21,995	22,458	22,876	24,361	24,750	25,685	26,256	26,089	26,665	27,653	28,556	29,503	30,084	29,563	29,433	29,917	29,315	29,196	29,890	2.3	1.1	0.1	1.7
352																					158	N/A	N/A	N/A	N/A
358	5,068	5,065	5,050	5,065	5,068	5,024	5,215	5,291	5,422	5,476	5,317	5,478	5,755	5,765	6,011	5,856	5,854	5,917	5,964	5,767	5,716	0.6	0.6	(0.5)	0.6
359	14,168	14,113	14,026	14,019	13,979	14,248	14,595	14,829	15,312	15,450	15,565	16,349	16,765	17,532	18,086	17,844	17,635	17,727	17,274	16,943	17,255	0.9	1.0	(0.7)	1.0
31	4,528	5,191	5,936	6,826	7,830	8,256	8,760	9,980	10,594	11,187	11,381	11,430	12,411	12,939	13,166	12,941	13,034	13,304	13,389	13,431	13,432	9.7	1.7	0.7	5.6
44	3,927	4,141	4,358	4,615	4,877	5,087	5,344	5,595	6,250	6,526	6,690	6,693	6,981	7,378	7,926	7,950	8,149	8,235	8,313	8,399	8,478	5.5	2.4	1.3	3.9
56	7,290	7,764	8,248	8,811	9,387	9,907	10,534	11,218	11,290	11,843	12,558	13,363	13,805	14,528	15,392	15,064	15,318	15,581	14,950	15,339	16,008	5.6	2.5	1.2	4.0
74	2,433	2,551	2,669	2,809	2,949	3,059	3,261	3,452	3,709	3,885	3,897	4,137	4,323	4,442	4,691	4,562	4,657	4,796	4,811	4,723	4,722	4.8	1.9	0.7	3.4
95	2,931	3,020	3,105	3,211	3,313	3,397	3,603	3,632	4,003	4,150	4,414	4,151	4,413	4,599	5,020	4,722	4,750	4,761	4,709	5,021	5,200	3.5	2.3	1.9	2.9
105	1,887	1,970	2,053	2,152	2,250	2,329	2,442	2,550	2,593	2,611	2,716	2,859	2,946	3,033	3,060	3,188	3,060	3,188	3,232	3,337	3,337	3.3	2.5	1.9	2.9
115	1,778	2,018	2,286	2,606	2,965	3,170	3,232	3,401	3,548	3,587	3,592	3,697	4,042	4,013	4,256	4,051	4,047	4,043	4,128	4,289	4,067	7.3	1.2	0.1	4.2
Total	239,874	241,388	242,810	246,130	273,839	287,342	295,564	306,765	320,486	326,504	330,117	345,595	359,914	370,623	385,275	375,967	376,550	381,271	375,695	375,594	383,685	3.2	1.5	0.4	2.4

(1) A toll increase of 32% was implemented on June 1, 1991.
(2) A toll increase of 42.5% was implemented on August 1, 2004.
(3) A toll increase of 25% was implemented on January 4, 2009. Toll rates on Findlay Connector/PA-576 and the Mon-Fayette Express/Tpke 43 Unionville to Brownsville remained unchanged.
(4) A toll increase of 3% was implemented on January 3, 2010.
(5) Several changes have occurred at Gateway Plaza during this time period. It was converted from the western terminus of the ticket system to a barrier plaza on June 1, 2003. At this time toll classifications were switched from weight based to axle based. On January 2, 2006, toll collection at the barrier location was converted from two-way to one-way collection.
(6) Once Gateway was converted to a barrier plaza, Interchange 30, Warrendale, became the new start of the Turnpike ticket system in 2004. Toll collection was removed from Interchanges 10, 13 and 28 at this time.

Table 1 (Cont'd)
Summary of Annual Ticket System and Gateway Average Daily Transaction Trends
Pennsylvania Turnpike System

Interchange (Milepost)	Commercial Vehicles By Interchange (Milepost)																				Average Annual Percent Change							
	Calendar Year																				1990-00		2000-10		2005-10		1990-10	
	1990	1991 ⁽¹⁾	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004 ⁽²⁾	2005	2006	2007	2008	2009 ⁽³⁾	2010 ⁽⁴⁾	1990-00	2000-10	2005-10	1990-10			
2 ⁽⁵⁾	2,379	2,370	2,356	2,355	2,348	2,404	2,374	2,446	2,605	2,848	2,649	2,709	2,937	4,259	5,447	5,760	5,288	5,403	5,243	4,517	4,864	1.1	NA	6.3	(3.3)	3.6		
10 ⁽⁶⁾					225	241	281	302	314	363	384	394	402									NA	NA	NA	NA	NA		
13 ⁽⁶⁾	404	371	345	322	304	274	285	303	295	324	324	315	303									(2.2)	NA	NA	NA	NA		
28 ⁽⁶⁾	1,385	1,372	1,355	1,346	1,334	1,392	1,433	1,502	1,576	1,690	1,708	1,693	1,670									2.1	NA	NA	NA	NA		
30 ⁽⁶⁾														1,865	3,196	3,340	3,371	3,505	3,412	2,994	3,060	NA	NA	(1.7)	NA	NA		
39	390	389	388	390	391	412	413	437	472	519	526	521	523	513	536	552	527	575	571	544	565	3.0	0.7	0.5	1.9	1.9		
48	880	869	856	848	839	820	860	849	983	1,042	1,057	1,032	1,027	1,048	1,075	1,072	1,081	1,177	1,185	1,104	1,153	1.8	0.9	1.5	1.4	1.4		
57	1,314	1,321	1,206	1,216	1,344	1,381	1,419	1,471	1,534	1,635	1,662	1,663	1,604	1,591	1,653	1,680	1,706	1,735	1,636	1,498	1,590	2.4	(0.4)	(0.4)	(1.1)	1.0		
67	664	664	662	665	665	665	665	706	745	810	809	809	826	837	849	857	853	894	895	869	847	2.0	0.5	(0.2)	1.2	(0.2)		
75	3,337	3,292	3,239	3,206	3,164	3,300	3,400	3,548	3,789	4,059	4,138	4,066	4,161	4,255	4,345	4,348	4,389	4,478	4,399	3,902	3,854	2.2	(0.7)	(2.4)	0.7	(2.4)		
91	207	205	203	202	201	199	195	202	211	238	228	226	253	267	318	262	286	306	287	314	334	1.0	3.9	4.9	2.4	2.4		
110	676	658	639	624	608	651	674	691	725	808	750	712	734	729	710	715	743	738	652	669	1.0	(1.1)	(1.1)	(1.2)	(0.6)	(4.4)		
146	636	641	644	651	657	694	695	721	825	1,062	1,145	1,198	1,312	1,375	1,454	1,350	1,332	1,327	1,151	1,009	1,077	6.1	(0.6)	(3.4)	(4.4)	2.7		
161	1,894	1,908	1,918	1,939	1,955	2,041	2,115	2,208	2,390	2,711	2,729	2,672	2,752	2,840	2,888	2,902	2,835	2,910	2,616	2,261	2,440	3.7	(1.1)	(3.4)	1.3	(3.4)		
180	107	111	114	119	123	120	124	130	138	157	151	148	160	173	198	205	218	230	203	169	207	3.5	3.2	0.2	3.4	(0.2)		
189	105	99	93	88	83	81	89	90	95	102	104	98	100	106	106	106	107	108	96	85	100	(0.1)	(0.4)	(1.2)	(0.2)	(0.2)		
201	112	111	110	110	109	113	109	113	117	124	135	143	151	161	186	215	214	229	219	193	212	1.9	4.6	(0.2)	3.2	(0.2)		
226	2,340	2,316	2,286	2,269	2,247	2,560	2,619	2,454	2,799	3,030	3,072	3,121	3,196	3,359	3,471	3,430	3,483	3,548	3,350	2,893	2,886	2.8	(0.6)	(3.4)	1.1	(3.4)		
236	349	365	381	399	417	517	478	479	470	516	536	544	569	619	632	668	723	774	690	646	751	4.4	3.4	2.4	3.4	3.9		
242	520	529	536	546	555	638	629	656	695	771	802	813	856	995	1,070	1,119	1,154	1,194	1,243	1,146	1,105	4.4	3.3	(0.3)	3.8	(0.3)		
247	1,143	1,164	1,183	1,208	1,231	1,293	1,273	1,378	1,479	1,574	1,556	1,517	1,567	1,718	1,812	1,895	1,854	1,863	1,817	1,653	1,749	3.1	1.2	(1.6)	2.1	(1.6)		
266	305	285	271	265	261	268	282	316	358	400	399	418	452	499	501	518	538	549	523	469	486	2.7	2.0	(1.3)	2.4	(1.3)		
286	904	921	937	959	978	978	913	1,059	1,035	1,123	1,305	1,325	1,338	1,437	1,492	1,461	1,507	1,572	1,491	1,325	1,354	3.7	0.4	(1.5)	2.0	(1.5)		
298	520	548	576	610	645	679	690	829	881	966	997	985	1,034	1,146	1,194	1,160	1,187	1,188	1,084	936	963	6.7	(0.3)	(3.6)	3.1	(3.6)		
312	749	732	714	700	684	679	616	670	740	798	839	844	901	935	971	967	996	1,058	908	806	904	1.1	0.7	(1.3)	0.9	(1.3)		
326	2,530	2,437	2,341	2,085	2,182	2,269	2,375	2,495	2,670	2,708	2,727	2,868	2,984	3,137	3,360	3,408	3,486	3,446	3,190	2,902	3,118	0.8	1.3	(1.8)	1.1	(1.8)		
333	1,144	867	656	499	378	415	427	452	473	514	532	504	572	598	618	626	611	636	663	597	644	(7.4)	1.9	0.6	(2.8)	0.6		
20					2,435	2,619	2,830	3,052	3,258	3,408	3,573	3,470	3,707	3,839	4,124	4,187	4,320	4,433	4,114	3,751	3,883	N/A	0.8	(1.5)	N/A	(1.5)		
339	871	899	927	960	992	1,005	1,035	1,062	1,152	1,200	1,198	1,227	1,323	1,373	1,408	1,453	1,424	1,403	1,343	1,260	1,329	3.2	1.0	(1.8)	2.1	(1.8)		
340																						N/A	N/A	4.1	N/A	4.1		
343	1,258	1,278	1,296	1,323	1,347	1,404	1,471	1,541	1,628	1,627	1,680	1,623	1,749	1,777	1,811	1,816	1,810	1,812	1,529	1,410	1,654	2.9	2.3	0.1	2.6	0.1		
351	2,392	2,369	2,342	2,328	2,308	2,355	2,371	2,569	2,691	2,814	2,881	2,880	3,071	3,204	3,268	3,338	3,374	3,397	3,384	3,111	3,178	1.9	1.0	(1.0)	1.4	(1.0)		
352																						N/A	N/A	N/A	N/A	N/A		
358	991	1,010	1,027	1,051	1,073	1,112	1,162	1,199	1,242	1,383	1,552	1,332	1,420	1,624	1,737	1,807	1,810	1,812	1,529	1,410	1,654	4.6	0.6	(1.8)	2.6	(1.8)		
359	2,561	2,436	2,312	2,206	2,099	2,125	2,179	2,240	2,364	2,510	2,716	2,722	2,971	3,296	3,613	3,754	3,790	3,949	4,137	3,768	3,474	0.6	2.5	(1.5)	1.5	(1.5)		
31	604	663	726	800	880	924	1,005	1,097	1,143	1,216	1,242	1,202	1,249	1,319	1,387	1,409	1,429	1,505	1,495	1,453	1,498	7.5	1.9	1.2	4.6	1.2		
44	382	399	416	438	459	480	495	541	615	646	678	633	689	842	869	897	951	990	958	929	965	5.9	3.6	1.5	4.7	1.5		
56	1,185	1,255	1,326	1,409	1,493	1,582	1,713	1,911	2,081	2,250	2,380	2,336	2,443	2,592	2,833	2,909	3,051	3,139	3,118	3,039	3,147	7.2	2.8	1.6	5.0	1.6		
74	241	250	258	268	278	311	342	357	396	406	429	418	461	465	496	526	546	596	484	480	527	5.9	2.1	0.1	4.0	0.1		
95	436	476	517	566	618	674	775	837	899	1,039	1,113	1,076	1,139	1,169	1,235	1,227	1,292	1,336	1,264	1,226	1,337	9.8	1.9	1.7	5.8	1.9		
105	94	97	100	104	108	107	114	122	125	131	141	142	165	178	205	209	210	218	216	400	396	4.1	3.6	(0.9)	3.8	(0.9)		
115	465	543	632	739	863	901	944	1,038	1,113	1,160	1,162	1,140	1,241	1,250	1,336	1,340	1,329	1,358	1,204	1,167	1,268	9.6	0.9	(1.1)	5.1	(1.1)		
Total	36,474	36,220	35,888	35,813	38,881	40,673	41,869	44,073	47,121	50,682	52,009	51,539	53,925	57,500	62,662	63,786	64,125	65,816	63,156	57,489	59,525	3.6	1.4	(1.4)	2.5	(1.4)		

(1) A toll increase of 32% was implemented on June 1, 1991.
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(4) A toll increase of 3% was implemented on January 3, 2010.
(5) Several changes have occurred at Gateway Plaza during this time period. It was converted from the western terminus of the ticket system to a barrier plaza on June 1, 2003; at this time toll classifications were switched from weight based to axle based. On January 2, 2006, toll collection at the barrier location was converted from two-way to one-way collection.
(6) Once Gateway was converted to a barrier plaza, Interchange 30, Warrenton, became the new start of the Turnpike ticket system in 2004. Toll collection was removed from Interchanges 10, 13 and 28 at this time.

Table 1 (Cont'd)
Summary of Annual Ticket System and Gateway Average Daily Transaction Trends
Pennsylvania Turnpike System

Interchange (Milepost)	Total Vehicles By Interchange (Milepost)																	Average Annual Percent Change						
	Calendar Year																							
	1990	1991 ⁽¹⁾	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004 ⁽²⁾	2005	2006	2007	2008	2009 ⁽³⁾	2010 ⁽⁴⁾	1990-00	2000-10	1990-10
2 ⁽⁵⁾	9,191	9,243	9,272	9,354	9,412	9,692	9,666	9,942	10,420	10,698	9,982	10,765	12,019	18,087	21,826	21,633	21,676	21,768	21,434	21,400	22,296	0.8	8.4	0.6
10 ⁽⁶⁾					1,781	1,932	2,117	2,213	2,324	2,427	2,548	2,696	2,746									NA	NA	NA
13 ⁽⁶⁾	2,229	2,111	1,999	1,903	1,811	1,762	1,801	1,907	2,038	2,083	2,095	2,139	2,163									(0.6)	NA	NA
28 ⁽⁶⁾	8,748	8,786	8,800	8,865	8,908	9,211	9,665	10,071	10,787	11,059	11,107	11,633	11,853									2.4	NA	NA
30 ⁽⁶⁾														9,239	14,781	14,609	14,791	15,445	15,468	15,226	15,178	NA	NA	NA
39	4,405	4,408	4,401	4,419	4,426	4,465	4,692	4,920	5,299	5,522	5,465	5,701	5,709	5,961	5,953	5,706	5,709	6,188	6,198	6,039	6,092	2.2	1.1	1.3
48	8,062	8,067	8,052	8,083	8,096	7,865	8,462	8,933	9,945	9,728	10,308	10,030	10,393	10,553	10,452	10,173	10,210	10,583	10,411	10,191	10,032	2.5	(0.3)	(0.3)
57	16,891	16,942	16,930	16,930	17,107	17,268	17,520	18,171	18,825	19,261	19,444	20,000	20,040	20,361	20,251	19,767	19,996	19,933	19,941	19,581	19,042	1.4	(0.2)	(0.7)
67	8,422	8,538	8,633	8,778	8,901	8,881	9,063	9,292	9,827	10,291	10,342	10,402	10,615	11,140	10,902	10,294	10,435	10,507	9,963	9,543	9,623	2.1	(0.7)	(1.3)
75	11,259	11,077	10,868	10,725	10,555	10,951	11,446	11,879	12,495	13,743	12,732	12,934	13,527	13,650	13,357	13,228	13,168	13,284	12,912	12,334	12,404	1.2	(0.3)	(1.3)
91	2,306	2,331	2,352	2,387	2,417	2,510	2,407	2,455	2,563	2,619	2,370	2,462	2,457	2,520	2,556	2,520	2,523	2,784	2,681	2,665	2,705	0.3	1.3	1.4
110	2,609	2,602	2,588	2,590	2,586	2,675	2,699	2,721	2,784	2,724	2,598	2,623	2,766	2,789	2,676	2,602	2,642	2,810	2,857	2,755	2,805	(0.0)	0.8	1.5
146	2,591	2,584	2,571	2,573	2,569	2,732	2,830	2,943	3,304	3,790	3,905	4,158	4,536	4,665	4,824	4,514	4,369	4,386	4,146	3,981	4,022	4.2	0.3	(2.3)
161	7,487	7,315	7,132	6,996	6,848	7,150	7,329	7,646	8,087	8,549	8,557	9,003	9,352	9,561	9,601	9,419	9,191	9,126	8,621	8,617	8,702	1.3	0.2	(1.6)
180	680	681	680	685	687	689	710	747	781	830	781	809	860	888	899	896	894	941	878	824	865	1.4	1.0	(0.7)
189	459	457	455	456	456	462	496	518	557	582	557	534	577	596	589	555	550	548	522	494	518	2.0	(0.7)	(1.4)
201	532	541	549	561	571	590	609	634	666	691	709	734	812	831	865	863	872	891	832	796	854	2.9	1.9	(0.2)
226	6,668	6,649	6,613	6,615	6,601	7,235	7,284	7,375	7,425	7,916	7,864	8,425	8,376	8,724	8,733	8,369	8,442	8,521	8,085	7,521	7,785	1.7	(0.1)	(1.4)
236	2,961	3,037	3,107	3,196	3,279	4,016	4,143	3,974	4,111	4,405	4,575	4,716	5,149	5,422	5,428	5,235	5,285	5,435	5,197	5,116	5,825	4.4	2.4	3.4
242	4,555	4,503	4,441	4,404	4,357	4,824	4,775	4,736	4,990	5,470	5,905	5,894	6,256	6,777	6,803	6,471	6,350	6,459	7,311	7,040	6,581	2.6	1.1	0.3
247	8,272	8,328	8,365	8,449	8,513	8,901	9,262	9,369	9,888	10,392	10,560	10,642	11,306	11,936	12,068	11,812	11,407	11,765	11,890	11,604	12,227	2.5	1.5	0.7
266	2,484	2,497	2,512	2,547	2,580	2,631	2,782	2,959	3,225	3,387	3,436	3,632	3,833	4,163	4,196	4,161	4,140	4,289	4,100	3,954	4,057	3.3	1.7	(0.5)
286	5,511	5,671	5,824	6,015	6,198	6,431	6,403	6,788	7,076	7,219	7,547	7,797	7,992	8,391	8,699	8,430	8,691	8,969	8,551	8,235	8,291	3.2	0.9	(0.3)
298	4,478	4,549	4,611	4,702	4,784	4,903	5,020	5,673	6,134	6,479	6,658	7,172	7,715	8,347	8,552	8,495	8,644	8,634	8,532	8,112	7,981	4.0	1.8	(1.2)
312	7,028	7,171	7,301	7,475	7,634	7,749	7,339	7,981	8,578	9,159	9,663	10,281	10,909	11,355	11,426	11,259	11,554	12,069	11,543	11,039	11,257	3.2	1.5	(0.0)
326	26,478	25,357	24,222	23,094	22,304	22,976	23,467	23,832	25,030	24,351	24,258	27,652	28,158	30,064	31,591	31,609	31,659	30,515	30,165	30,685	32,402	(0.9)	2.9	0.5
333	14,695	12,940	11,386	10,091	8,931	9,390	9,723	10,810	11,719	11,117	11,839	12,473	12,895	13,204	12,487	12,066	11,948	12,511	12,501	12,810	(2.8)	1.4	0.5	
20					25,345	28,188	29,789	31,482	32,863	33,036	34,343	35,415	37,113	37,969	39,877	39,640	40,381	41,091	39,631	38,712	39,119	N/A	1.3	(0.3)
339	14,562	15,372	16,189	17,146	18,117	19,184	19,370	19,874	21,337	21,231	21,165	22,283	22,703	23,513	23,422	23,162	22,984	22,606	21,655	22,249	24,302	3.8	1.4	2.6
340	18,132	18,854	19,563	20,423	21,273	23,367	23,841	24,443	24,835	24,024	24,765	25,376	25,945	26,727	27,562	27,254	26,728	28,264	27,385	27,163	28,678	3.2	1.5	1.0
343	23,684	24,035	24,337	24,786	25,164	26,716	27,121	28,254	28,947	28,903	29,546	30,533	31,627	32,707	33,352	32,900	32,807	33,315	32,700	32,307	32,868	2.2	1.1	(0.0)
351																						N/A	N/A	N/A
352																						162		
358	6,059	6,075	6,077	6,116	6,141	6,136	6,377	6,490	6,664	6,659	6,925	6,649	6,898	7,380	7,748	7,663	7,664	7,728	7,494	7,177	7,370	1.3	0.6	(0.8)
359	16,729	16,549	16,338	16,225	16,078	16,373	16,774	17,069	17,676	17,960	18,281	19,071	19,736	20,828	21,699	21,598	21,425	21,676	21,411	20,712	20,729	0.9	1.3	(0.8)
31	5,132	5,654	6,662	7,626	8,710	9,180	9,765	11,077	11,737	12,403	12,623	13,660	14,258	14,553	14,350	14,463	14,809	14,885	14,884	14,930	9.4	1.7	0.8	
44	4,309	4,540	4,774	5,053	5,336	5,567	5,839	6,136	6,865	7,172	7,368	7,368	7,669	8,220	8,796	8,848	9,099	9,225	9,271	9,328	9,443	5.5	2.5	1.3
56	8,475	9,019	9,574	10,220	10,880	11,489	12,247	13,129	13,371	14,093	14,938	15,699	16,247	17,120	18,225	17,973	18,369	18,720	18,068	18,155	19,155	5.8	2.5	1.3
74	2,674	2,801	2,927	3,077	3,227	3,370	3,603	3,809	4,105	4,291	4,326	4,555	4,784	4,907	5,188	5,088	5,204	5,393	5,204	5,249	5,249	4.9	2.0	0.6
95	3,367	3,496	3,622	3,777	3,931	4,071	4,378	4,669	4,902	5,189	5,257	5,552	5,768	6,255	5,949	6,042	6,097	5,973	6,247	6,537	6,537	4.6	2.2	1.9
105	1,981	2,067	2,153	2,256	2,358	2,412	2,443	2,564	2,675	2,724	2,752	2,858	3,024	3,122	3,448	3,242	3,269	3,406	3,463	3,627	3,537	3.3	2.5	1.8
115	2,243	2,561	2,918	3,345	3,828	4,071	4,176	4,439	4,661	4,747	4,754	4,837	5,283	5,263	5,592	5,391	5,377	5,401	5,332	5,456	5,335	7.8	1.2	(0.2)
Total	276,348	277,608	278,698	281,943	312,720	328,015	337,433	350,838	367,607	377,186	382,126	397,134	413,839	428,123	447,937	439,753	440,674	447,087	438,851	433,083	443,210	3.3	1.5	0.2

(1) A toll increase of 32% was implemented on June 1, 1991.
(2) A toll increase of 42.5% was implemented on August 1, 2004.
(3) A toll increase of 25% was implemented on January 4, 2009. Toll rates on Findlay Connector/PA-576 and the Mon-Fayette Expy/Tpke 43 Unionville to Brownsville remained unchanged.
(4) A toll increase of 3% was implemented on January 3, 2010.
(5) Several changes have occurred at Gateway Plaza during this time period. It was converted from the western terminus of the ticket system to a barrier plaza on June 1, 2003; at this time toll classifications were switched from weight based to axle based. On January 2, 2006, toll collection at the barrier location was converted from two-way to one-way collection.
(6) Once Gateway was converted to a barrier plaza, Interchange 30, Warrendale, became the new start of the Turnpike ticket system in 2004. Toll collection was removed from Interchanges 10, 13 and 28 at this time.

Table 2
Barrier System: Average Daily Transactions by Interchange
Pennsylvania Turnpike

Passenger Cars																						
Facility	Toll Location	Calendar Year														Average Annual Percent Change						
		1994	1995	1996	1997	1998	1999	2000	2001	2002 ⁽¹⁾	2003	2004 ⁽²⁾	2005	2006	2007	2008	2009 ⁽³⁾	2010 ⁽⁴⁾	1994 ⁽⁵⁾ - 00	2000 - 10	2005 - 10	1994 ⁽⁵⁾ - 10
Northeastern Facilities	Keiser Ave.	0	4,803	6,491	6,941	6,461	5,686	5,527	5,622	5,948	6,274	6,719	6,489	6,573	6,736	6,782	7,012	6,935	NA	2.3	1.3	NA
	Clarks Summit	2,831	5,177	6,814	7,281	6,769	5,844	5,642	5,847	6,169	6,492	6,747	6,519	6,545	6,740	6,790	6,850	6,670	12.2	1.7	0.5	5.5
	Subtotal	2,831	9,980	13,305	14,222	13,230	11,530	11,169	11,469	12,117	12,766	13,466	13,008	13,117	13,476	13,572	13,862	13,605	25.7	2.0	0.9	10.3
Toll I-376 ^(6,7)	East Toll 376	6,965	7,268	7,897	8,407	8,724	8,798	9,008	9,390	9,586	9,782	9,821	9,896	9,854	10,334	10,288	9,897	9,884	4.4	0.9	(0.0)	2.2
	Beaver Falls Rte. 551	271	319	334	336	359	370	382	399						434	458	430	455	5.9	1.8	NA	3.3
	Moravia Rte. 168	481	520	546	579	613	610	619	682						756	808	706	674	4.3	0.9	NA	2.1
	West Toll 376	3,915	4,130	4,614	4,964	5,192	5,298	5,481	5,866	6,021	6,176	6,385	6,812	7,047	7,524	7,633	7,617	7,738	5.8	3.5	2.6	4.4
	Mt. Jackson Rte. 108	720	826	1,097	1,211	1,313	1,385	1,454	1,606						1,277	1,557	1,390	1,236	12.4	(1.6)	NA	3.4
	Subtotal	12,352	13,063	14,488	15,497	16,201	16,461	16,944	17,943	15,607	15,958	16,206	16,708	16,901	20,326	20,744	20,040	19,987	5.4	1.7	3.6	3.1
Toll 66 ⁽⁸⁾	Rte. 136	295	303	366	413	437	469	478	518						597	806	727	742	8.4	4.5	NA	5.9
	AKH Mainline	5,754	6,411	7,259	8,081	8,911	8,850	9,283	9,613	10,044	10,476	10,858	11,123	12,053	12,308	12,327	12,114	12,276	8.3	2.8	2.0	4.8
	Route 30	1,641	1,977	2,191	2,471	2,471	3,020	3,105	3,390	3,751					881	2,889	4,617	4,645	12.9	3.8	NA	7.1
	Route 130	822	873	1,017	1,190	1,123	966	893	1,001						226	1,370	1,370	1,397	1.4	4.6	NA	3.4
	Route 66	413	459	501	523	527	458	455	516						117	580	762	738	1.6	5.2	NA	3.8
	Subtotal	8,925	10,023	11,334	12,678	14,018	13,848	14,499	15,399	10,044	10,476	10,858	11,123	13,473	17,633	19,883	19,594	20,088	8.4	3.3	12.5	5.2
Mon Fayette (Toll 43)	Ramp M4								29	29	30	29	26	32	39	32	22	22	NA	NA	(3.5)	NA
	M5								1,659	1,726	1,794	1,884	1,973	2,060	2,151	2,257	2,301	2,477	NA	NA	4.6	NA
	Ramp M15																		NA	NA	NA	NA
	Ramp M18																		NA	NA	NA	NA
	M19																		NA	NA	NA	NA
	M35 California	5,436	5,942	6,714	7,314	6,643	7,312	8,274	8,437	5,582	2,728	9,365	9,366	9,754	10,224	10,530	10,318	10,515	7.3	2.4	2.3	4.2
	Ramp M39								954	1,360	1,766	906	868	963	1,030	1,052	1,050	1,067	NA	NA	NA	NA
	Ramp M44											736	720	758	745	749	703	692	NA	NA	(0.8)	NA
	Ramp M48											2,543	2,790	2,936	3,213	3,301	3,356	3,471	NA	NA	4.5	NA
	M52											5,689	6,326	6,746	7,099	7,179	7,351	7,161	NA	NA	1.2	NA
Subtotal	5,436	5,942	6,714	7,314	6,643	7,312	8,274	11,079	8,698	12,006	21,789	22,469	23,602	24,581	25,273	24,931	25,807	7.3	12.0	2.8	10.2	
Southern Beltway (Toll 576)	SB Rte. 30	29,544	39,008	45,841	49,711	50,092	49,151	50,886	55,890	46,467	51,205	62,320	63,328	67,765	79,221	83,146	82,569	83,842	9.5	5.1	5.8	6.7
	SB Westport Rd.																		NA	NA	NA	NA
	Rte. 22																		NA	NA	NA	NA
	Subtotal																		NA	NA	NA	NA

(1) 2002 traffic data is not available. It is estimated by averaging 2001 and 2003 traffic data.
(2) New rates became effective Sunday, August 1, 2004. Rates were increased by 42.5%.
(3) A toll increase of 25 % was implemented on January 4, 2009. Toll rates on Findlay Connector/PA-576 and the Mon-Fayette Expy/Tpke 43 Unionville to Brownsville remained unchanged.
(4) A toll increase of 3% was implemented on January 3, 2010.
(5) Average annual growth rate of Northeastern Facilities began in 1995.
(6) Toll 60 (Turnpike 376) ramp counts were not available from 2002 to 2006.
(7) On August 1, 2010, PA 60 was renamed Turnpike I-376.
(8) Toll 66 ramp counts were not available from 2002 to 2006.

Table 2 (Cont'd)
Barrier System: Average Daily Transactions by Interchange
Pennsylvania Turnpike

Commercial Vehicles																						
Facility	Toll Location	Calendar Year																Average Annual Percent Change				
		1994	1995	1996	1997	1998	1999	2000	2001	2002 ⁽¹⁾	2003	2004 ⁽²⁾	2005	2006	2007	2008	2009 ⁽³⁾	2010 ⁽⁴⁾	1994 ⁽⁵⁾ - 00	2000 - 10	2005 - 10	1994 ⁽⁵⁾ - 10
Northeastern Facilities	Keiser Ave.	0	782	1,113	1,163	1,038	936	919	892	905	918	938	1,092	1,227	1,408	1,363	1,306	1,365	NA	4.0	4.6	NA
	Clarks Summit	480	941	1,272	1,349	1,255	1,125	1,118	1,142	1,049	957	931	1,038	1,112	1,162	1,096	1,047	1,082	15.1	(0.3)	0.8	5.2
	Subtotal	480	1,723	2,385	2,512	2,293	2,061	2,037	2,034	1,954	1,875	1,869	2,130	2,339	2,570	2,459	2,353	2,447	27.2	1.9	2.8	10.7
Toll I-376 ^(6,7)	East Toll 376	719	819	986	1,110	1,147	1,263	1,301	1,359	1,332	1,304	1,328	1,353	1,311	1,490	1,548	1,342	1,506	10.4	1.5	2.2	4.7
	Beaver Falls Rte. 551	35	34	39	44	45	52	51	65						36	39	31	48	6.5	(0.6)	NA	2.0
	Moravia Rte. 168	36	60	72	93	91	85	93	144						96	145	60	73	17.1	(2.4)	NA	4.5
	West Toll 376	409	491	614	681	725	793	863	874	872	870	911	915	998	1,133	1,170	1,034	1,196	13.3	3.3	5.5	6.9
	Mt. Jackson Rte. 108	53	50	85	101	109	118	138	141						98	108	113	98	17.3	(3.4)	NA	3.9
	Subtotal	1,252	1,454	1,796	2,029	2,117	2,311	2,446	2,583	2,204	2,174	2,239	2,268	2,309	2,854	3,010	2,560	2,921	11.8	1.8	5.2	5.4
Toll 66 ⁽⁸⁾	Rte. 136	134	159	169	222	196	230	241	232					126	211	183	146	165	10.3	(3.7)	NA	1.3
	AKH Mainline	908	1,024	1,215	1,457	1,518	1,552	1,729	1,673	1,743	1,813	1,818	1,872	1,935	2,070	2,146	2,010	2,261	11.3	2.7	3.8	5.9
	Route 30	141	157	172	225	256	268	296	345					142	290	282	265	300	13.2	0.1	NA	4.8
	Route 130	56	29	30	35	38	50	67	75					17	38	29	30	26	3.0	(9.0)	NA	(4.7)
	Route 66	66	27	30	35	32	29	27	28					5	15	16	17	18	(13.8)	(4.0)	NA	(7.8)
	Subtotal	1,305	1,396	1,616	1,974	2,040	2,129	2,360	2,353	1,743	1,813	1,818	1,872	2,226	2,623	2,656	2,468	2,770	10.4	1.6	8.2	4.8
Mon Fayette (Toll 43)	Ramp M4								2	2	1	1	1	1	1	2	1	1	NA	NA	(5.0)	NA
	M5								119	135	151	135	136	150	140	196	240	275	NA	NA	15.0	NA
	Ramp M15																	0	NA	NA	NA	NA
	Ramp M18																	6	NA	NA	NA	NA
	M19																	182	NA	NA	NA	NA
M35 California	Ramp M39	227	248	280	305	277	305	345	352	218	84	314	303	321	384	478	532	573	7.2	5.2	13.6	6.0
	Ramp M44								30	41	52	23	23	26	32	34	35	40	NA	NA	NA	NA
	Ramp M44											37	34	42	46	68	33	29	NA	NA	NA	NA
	Ramp M48											107	82	59	65	66	60	73	NA	NA	(2.9)	NA
	M52											92	107	118	108	111	127	125	NA	NA	(2.2)	NA
	Subtotal	227	248	280	305	277	305	345	503	396	382	724	697	707	779	971	1,025	1,322	7.2	14.4	13.7	11.6
Southern Beltway (Toll 576)	SB Rte. 30													2	18	27	31	36	NA	NA	NA	NA
	SB Westport Rd.													1	6	14	56	58	NA	NA	NA	NA
	Rte. 22													24	210	249	287	311	NA	NA	NA	NA
	Subtotal													28	234	290	375	405	NA	NA	NA	NA
Total Barrier Facilities		3,264	4,821	6,077	6,820	6,727	6,806	7,188	7,473	6,297	6,244	6,650	6,967	7,608	9,060	9,385	8,801	9,865	14.1	3.2	7.2	7.2

(1) 2002 traffic data is not available. It is estimated by averaging 2001 and 2003 traffic data.
(2) New rates became effective Sunday, August 1, 2004. Rates were increased by 42.5%.
(3) A toll increase of 25 % was implemented on January 4, 2009. Toll rates on Findlay Connector/PA-576 and the Mon-Fayette Expy/Tpke 43 Unionville to Brownsville remained unchanged.
(4) A toll increase of 3% was implemented on January 3, 2010.
(5) Average annual growth rate of Northeastern Facilities began in 1995.
(6) Toll 60 (Turnpike 376) ramp counts were not available from 2002 to 2006.
(7) On August 1, 2010, PA 60 was renamed Turnpike I-376.
(8) Toll 66 ramp counts were not available from 2002 to 2006.

Table 2 (Cont'd)
Barrier System: Average Daily Transactions by Interchange
Pennsylvania Turnpike

Facility		Toll Location		Total Vehicles																Average Annual Percent Change			
				Calendar Year																			
				1994	1995	1996	1997	1998	1999	2000	2001	2002 ⁽¹⁾	2003	2004 ⁽²⁾	2005	2006	2007	2008	2009 ⁽³⁾	2010 ⁽⁴⁾	1994 ⁽⁵⁾ - 00	2000 - 10	2005 - 10
Northeastern Facilities	Keiser Ave.	0	5,585	7,604	8,104	7,499	6,622	6,446	6,514	6,853	7,192	7,657	7,581	7,800	8,144	8,144	8,318	8,300	NA	2.6	1.8	NA	
	Clarks Summit	3,311	6,118	8,086	8,630	8,024	6,969	6,760	6,989	7,219	7,449	7,678	7,557	7,656	7,903	7,887	7,897	7,752	12.6	1.4	0.5	5.5	
	Subtotal	3,311	11,703	15,690	16,734	15,523	13,591	13,206	13,503	14,072	14,641	15,335	15,138	15,456	16,047	16,031	16,215	16,052	23.9	2.0	1.2	10.4	
Toll I-376 ^(6,7)	East Toll 376	7,684	8,087	8,883	9,517	9,871	10,061	10,309	10,749	10,917	11,086	11,149	11,249	11,165	11,824	11,836	11,239	11,390	5.0	1.0	0.2	2.5	
	Beaver Falls Rte. 551	306	353	373	380	404	422	433	464						471	497	461	503	6.0	1.5	NA	3.2	
	Moravia Rte. 168	517	580	618	672	704	695	712	826						853	953	766	747	5.5	0.5	NA	2.3	
Toll 66 ⁽⁸⁾	West Toll 376	4,324	4,621	5,228	5,645	5,917	6,091	6,344	6,740	6,893	7,046	7,296	7,727	8,044	8,658	8,803	8,651	8,934	6.6	3.5	2.9	4.6	
	Mt. Jackson Rte. 108	773	876	1,182	1,312	1,422	1,503	1,592	1,747						1,375	1,665	1,503	1,334	12.8	(1.8)	NA	3.5	
	Subtotal	13,604	14,517	16,284	17,526	18,318	18,772	19,390	20,526	17,811	18,132	18,445	18,976	19,210	23,180	23,754	22,620	22,908	6.1	1.7	3.8	3.3	
Toll 66 ⁽⁸⁾	Rte. 136	429	462	535	635	633	699	719	750						343	808	989	873	9.0	2.3	NA	4.8	
	AKH Mainline	6,662	7,435	8,474	9,538	10,429	10,402	11,012	11,286	11,787	12,288	12,676	12,995	13,988	14,378	14,473	14,124	14,537	8.7	2.8	2.3	5.0	
	Route 30	1,782	2,134	2,363	2,696	3,276	3,373	3,686	4,096						1,003	3,178	4,899	4,910	12.9	3.5	NA	6.9	
Mon Fayette (Toll 43)	Route 130	878	902	1,047	1,225	1,161	1,016	960	1,076						243	1,298	1,399	1,400	1.5	4.0	NA	3.1	
	Route 66	479	486	531	558	559	487	482	544						122	595	778	754	0.1	4.8	NA	3.0	
	Subtotal	10,230	11,419	12,950	14,652	16,058	15,977	16,859	17,752	11,787	12,288	12,676	12,995	15,699	20,256	22,539	22,062	22,858	8.7	3.1	12.0	5.2	
Mon Fayette (Toll 43)	Ramp M4								31	31	31	30	28	33	40	34	23	23	NA	NA	(3.6)	NA	
	M5								1,778	1,862	1,945	2,020	2,110	2,210	2,292	2,453	2,541	2,752	NA	NA	5.5	NA	
	Ramp M15																	13	NA	NA	NA	NA	
Southern Beltway (Toll 576)	Ramp M18																	120	NA	NA	NA	NA	
	M19																	457	NA	NA	NA	NA	
	M35 California	5,663	6,190	6,994	7,619	6,920	7,617	8,619	8,789	5,800	2,812	9,679	9,669	10,075	10,608	11,008	10,849	11,088	7.3	2.6	2.8	4.3	
Southern Beltway (Toll 576)	Ramp M39								984	1,401	1,819	929	891	989	1,062	1,087	1,085	1,107	NA	NA	NA	NA	
	Ramp M44											773	753	799	792	817	736	721	NA	NA	(0.9)	NA	
	Ramp M48											2,649	2,872	2,995	3,277	3,368	3,416	3,544	NA	NA	4.3	NA	
Southern Beltway (Toll 576)	M52	5,663	6,190	6,994	7,619	6,920	7,617	8,619	11,582	9,094	12,387	22,513	23,186	24,309	25,360	26,245	25,956	27,129	7.3	12.1	3.2	10.3	
	Subtotal	5,663	6,190	6,994	7,619	6,920	7,617	8,619	11,582	9,094	12,387	22,513	23,186	24,309	25,360	26,245	25,956	27,129	7.3	12.1	3.2	10.3	
	SB Rte. 30																	334	NA	NA	NA	NA	
Southern Beltway (Toll 576)	SB Westport Rd.																	218	NA	NA	NA	NA	
	Rte. 22																	4,208	NA	NA	NA	NA	
	Subtotal																	4,760	NA	NA	NA	NA	

(1) 2002 traffic data is not available. It is estimated by averaging 2001 and 2003 traffic data.
(2) New rates became effective Sunday, August 1, 2004. Rates were increased by 42.5%.
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(4) A toll increase of 3% was implemented on January 3, 2010.
(5) Average annual growth rate of Northeastern Facilities began in 1995.
(6) Toll 60 (Turnpike 376) ramp counts were not available from 2002 to 2006.
(7) On August 1, 2010, PA 60 was renamed Turnpike I-376.
(8) Toll 66 ramp counts were not available from 2002 to 2006.

Table 3
Pennsylvania Turnpike Monthly Traffic Volume Trends By Facility and Vehicle Class
Volumes in Thousands

Month	Passenger Cars						Commercial Vehicles						Total Vehicles					
	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg
	2010-11						2010-11						2010-11					
June	11,769	1.9	11,992	(3.6)	11,561	2.4	12,077	1.4	11,836	1.9	1,991	(4.8)	1,895	(7.1)	1,760	4.7	1,843	2.4
July	11,979	1.8	12,197	(0.8)	12,100	2.7	12,421	1.0	12,594	1.4	1,872	3.4	1,936	0.6	1,947	1.8	1,806	1.4
Aug.	12,345	3.1	12,731	(1.8)	12,502	(0.6)	12,674	2.0	12,674	2.0	2,081	(0.1)	2,079	(8.5)	1,902	(8.6)	1,738	6.2
Sept.	11,253	1.6	11,431	(3.6)	11,014	3.3	11,529	1.3	11,378	1.3	1,886	(2.1)	1,847	(6.6)	1,835	3.9	1,779	1.7
Oct.	11,762	2.0	12,002	(1.1)	11,843	(0.7)	11,766	2.5	12,059	1.5	1,980	3.3	2,045	(6.5)	1,912	(8.7)	1,746	2.0
Nov.	11,262	(0.2)	11,236	(2.8)	11,027	1.8	11,322	1.7	11,322	1.8	1,816	(3.4)	1,803	(13.4)	1,562	(1.9)	1,532	7.6
Dec.	11,096	(4.6)	10,585	3.1	10,916	(1.6)	10,745	1.2	10,876	1.6	1,683	(3.4)	1,626	(3.7)	1,566	(1.7)	1,540	3.6
Jan.	10,336	0.1	10,347	(5.1)	9,816	2.9	10,104	(4.5)	9,649		1,745	(14.7)	1,488	(2.5)	1,451	2.6	1,489	
Feb.	9,200	5.6	9,718	(2.1)	9,516	(12.6)	8,321				1,609	0.9	1,624	(13.5)	1,405	(5.5)	1,328	
March	10,925	1.4	11,077	(3.0)	10,740	4.5	11,227	1.6	11,387	1.6	1,843	(5.2)	1,747	(8.6)	1,596	7.4	1,714	
April	11,022	0.5	11,077	1.2	11,205	1.5	11,387	1.6	11,387	1.6	1,938	4.3	1,897	(12.4)	1,682	4.5	1,736	
May	11,816	(1.6)	11,625	0.3	11,657	1.4	11,625				2,038	(6.1)	1,913	(12.2)	1,679	3.2	1,733	
Total Year	134,765	0.9	136,018	(1.6)	133,797	0.6	134,570				22,394	(0.6)	22,253	(8.1)	20,449	(3.9)	19,765	
Jan-Jun	91,802	0.8	92,521	(2.0)	90,679	1.2	91,810	1.1	92,780		15,086	(0.1)	15,072	(6.4)	14,107	(6.0)	13,254	4.0
Jul-Dec	42,963	1.9	43,497	(1.1)	43,118	1.4	41,790	1.4	41,790	1.4	16,837	(0.1)	16,837	(0.1)	16,837	(0.1)	16,837	(0.1)
Total	138,768	1.4	139,015	(0.2)	133,915	1.3	134,570	1.1	134,570	1.1	39,231	(0.2)	38,692	(1.4)	37,002	(3.6)	37,002	(3.6)
2006-07	138,768		138,768		138,768		138,768		138,768		39,231		39,231		39,231		39,231	
2007-08	139,015		139,015		139,015		139,015		139,015		38,692		38,692		38,692		38,692	
2008-09	133,915		133,915		133,915		133,915		133,915		37,002		37,002		37,002		37,002	
2009-10	134,570		134,570		134,570		134,570		134,570		39,231		39,231		39,231		39,231	
2010-11	134,765		134,765		134,765		134,765		134,765		39,231		39,231		39,231		39,231	

PA 43 (Mon Fayette Expressway)														
Month	Passenger Cars						Commercial Vehicles						Total Vehicles	
	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2006-07	% Chg
June	674	5.6	712	1.5	723	11.5	806	2.2	824	2.2	824	0.0	867	3.0
July	693	4.2	722	4.6	755	11.5	842	2.0	859	4.3	859	2.0	904	3.4
Aug.	753	4.5	787	3.7	816	6.5	869	3.2	897	3.2	897	3.2	944	3.2
Sept.	761	2.5	780	4.0	811	4.1	879	4.1	915	4.1	915	4.1	959	3.9
Oct.	792	3.4	819	7.4	880	4.4	934	3.8	954	2.2	954	2.2	997	3.7
Nov.	722	1.8	733	11.8	822	0.2	824	3.6	854	3.6	854	3.6	882	3.5
Dec.	709	(2.4)	692	17.5	813	(2.1)	796	4.6	833	4.6	833	4.6	864	3.7
Jan.	657	3.3	679	7.4	729	(1.0)	722	3.9	750	3.9	750	3.9	782	4.3
Feb.	617	9.6	676	8.7	735	(9.9)	662	7.1	703	6.1	703	6.1	735	4.6
March	726	(1.5)	715	14.5	819	5.1	876	1.5	896	2.3	896	2.3	930	3.8
April	721	5.1	758	11.1	842	4.0	876	4.0	915	4.4	915	4.4	947	3.5
May	750	(0.1)	749	8.5	813	2.8	836	2.8	836	0.0	836	0.0	876	4.8
Total	8,575	2.9	8,924	8.3	9,558	3.5	9,892	3.4	9,886	3.4	9,886	3.4	10,341	3.5
June-Jan	5,761	2.9	5,926	7.1	6,349	4.9	6,557	3.4	6,549	3.4	6,549	3.4	6,962	3.5
June-May	5,761	2.9	5,926	7.1	6,349	4.9	6,557	3.4	6,549	3.4	6,549	3.4	6,962	3.5

NOTES:

NOTES:

(1) A toll increase of 25% was implemented on January 4, 2009. Toll rates on Findlay Connector/PA-576 and the Mon-Fayette Expwy/Tpke 43 Unionville to Brownsville remained unchanged.

(1) A toll increase of 25 % was implemented on January 4, 2005. Toll rates on Findlay Connector PA-576 and the northbound toll on Findlay Connector PA-576 remained unchanged.

(3) A toll increase of 3% for E-Zpass customers and 10% for non-E-Zpass customers was implemented on January 2, 2011.

(c) All six (6) Phase 1 projects of the Mon/Fayette Expressway, Uniontown to Brownsville Project were completed in the fall of 2008. Phase 1 was open to traffic on October 30, 2008. This had positive traffic impacts on the Mon/Fayette Expressway.

(5) February 2010 traffic was negatively impacted several times due to severe snowstorms.

(6) On August 1, 2010, PA 60 was renamed Turnpike I-376.

(7) January 2011 traffic was negatively impacted due to several winter storms.

Table 3 (Cont'd)
Pennsylvania Turnpike Monthly Traffic Volume Trends By Facility and Vehicle Class
Volumes in Thousands

Month	Passenger Cars						Commercial Vehicles						Total Vehicles					
	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11
June	387	39.0	538	10.8	596	2.0	608	2.0	620	74	17.6	87	(1.1)	86	(8.1)	79	16.5	92
July	443	23.5	547	12.8	617	0.8	622	3.4	643	79	10.1	87	3.4	90	(8.9)	82	11.0	91
Aug.	486	18.7	577	11.3	642	(3.1)	622	4.3	649	89	1.1	90	(2.2)	88	(11.4)	78	23.1	96
Sept.	469	20.5	565	7.4	607	(0.3)	605	4.5	632	78	6.4	83	4.8	87	(6.9)	81	14.8	93
Oct.	492	30.1	640	0.0	640	(4.1)	614	5.0	645	84	14.3	96	(7.3)	89	(5.6)	84	6.0	89
Nov.	461	27.3	587	(0.7)	583	(1.2)	576	3.5	596	72	6.9	77	(9.1)	70	1.4	71	11.3	79
Dec.	458	26.4	579	5.0	608	(4.3)	582	1.9	583	61	3.3	63	3.2	65	4.6	68	5.9	72
Jan.	418	29.7	542	(4.1)	520	(0.2)	519	(0.6)	516	64	9.4	70	(11.4)	62	4.8	65	7.7	70
Feb.	371	39.1	516	(2.9)	501	(8.6)	458			55	21.8	67	(10.4)	60	(1.7)	59		
March	463	23.8	573	(0.9)	568	4.9	596			71	0.0	71	(2.8)	69	10.1	76		
April	478	24.3	594	(2.7)	578	4.3	603			74	12.2	83	(14.5)	71	18.3	84		
May	547	11.7	611	(0.3)	609	1.8	620			89	(5.6)	84	(11.9)	74	17.6	87		
Total Year	5,473	25.5	6,869	2.9	7,069	(0.6)	7,025	3.1	4,894	890	7.6	958	(4.9)	911	0.3	914		
June-Jan	3,614	26.6	4,575	5.2	4,813	(1.4)	4,748			601	8.7	653	(2.5)	637	(4.6)	608	12.2	682

Month	Passenger Cars						Commercial Vehicles						Total Vehicles					
	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11
June	414	3.6	429	1.4	435	1.1	440	(2.7)	428	76	5.3	80	(2.5)	78	(1.3)	77	1.3	78
July	504	1.4	511	1.2	517	11.4	576	(4.9)	548	77	3.9	80	3.8	83	3.6	86	(4.7)	82
Aug.	508	8.7	552	3.3	570	6.1	605	(8.1)	556	82	7.3	88	(6.8)	82	4.9	86	(1.2)	85
Sept.	415	2.9	427	(6.1)	401	10.0	441	(3.2)	427	77	2.6	79	1.3	80	(1.3)	79	2.5	81
Oct.	435	(3.4)	420	2.6	431	(1.2)	426	4.9	447	79	1.3	80	(2.5)	78	(5.1)	74	6.8	79
Nov.	409	(4.4)	391	0.8	394	1.5	400	4.0	416	70	(5.7)	66	(7.6)	61	0.0	61	19.7	73
Dec.	367	(9.5)	332	7.8	358	(3.1)	347	1.2	351	62	(3.2)	60	1.7	61	(1.6)	60	10.0	66
Jan.	304	(2.3)	297	(3.7)	286	0.0	286	0.7	288	66	(1.5)	65	(13.8)	56	3.6	58	8.6	63
Feb.	268	6.7	286	1.0	289	(12.1)	254			65	(3.1)	63	(14.3)	54	(3.7)	52		
March	358	(0.8)	355	(5.1)	337	3.0	347			73	(11.0)	65	(6.2)	61	9.8	67		
April	404	(1.7)	397	0.8	400	(0.2)	399			75	4.0	78	(12.8)	68	1.5	69		
May	449	1.3	455	0.7	458	(6.1)	430			86	(3.5)	83	(7.2)	77	(2.6)	75		
Total Year	4,835	0.4	4,852	0.5	4,876	1.5	4,951			888	(0.1)	887	(5.4)	839	0.6	844		
June-Jan	3,356	0.1	3,359	1.0	3,392	3.8	3,521	(1.7)	3,461	589	1.5	598	(3.2)	579	0.3	581	4.5	607

NOTES:

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- (2) A toll increase of 3% was implemented on January 3, 2010. Toll rates on Findlay Connector/PA-576 remained unchanged.
- (3) A toll increase of 3% for E-zpass customers and 10% for non-E-zpass customers was implemented on January 2, 2011.
- (4) All six (6) Phase 1 projects of the Mon/Fayette Expressway, Uniontown to Brownsville Project were completed in the fall of 2008. Phase 1 was open to traffic on October 30, 2008. This had positive traffic impacts on the Mon/Fayette Expressway.
- (5) February 2010 traffic was negatively impacted several times due to severe snowstorms.
- (6) On August 1, 2010, PA 60 was renamed Turnpike I-376.
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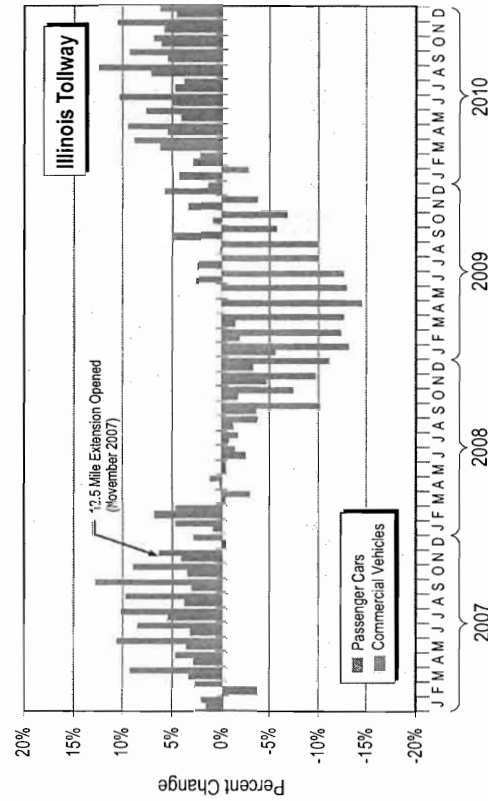
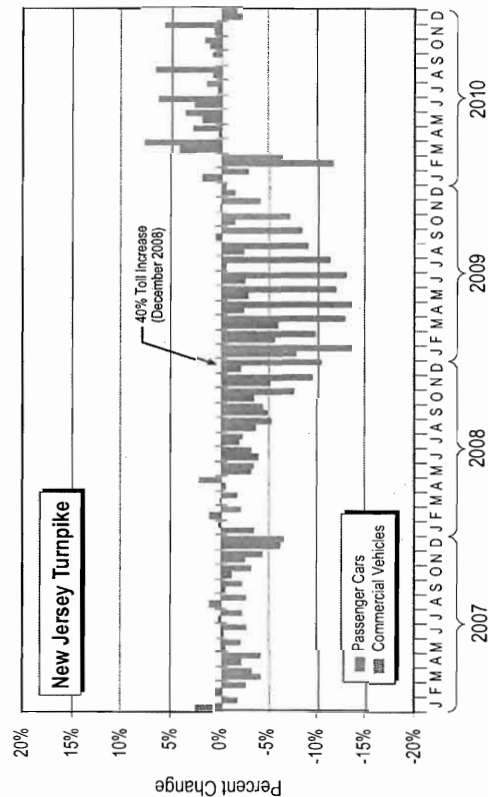
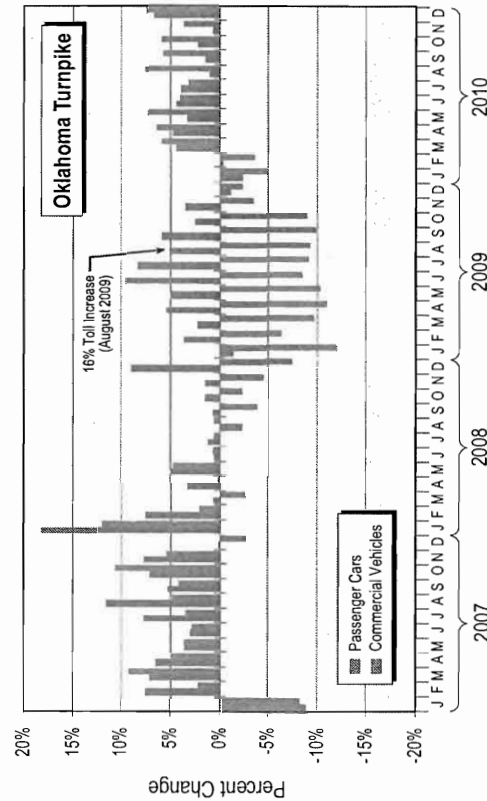
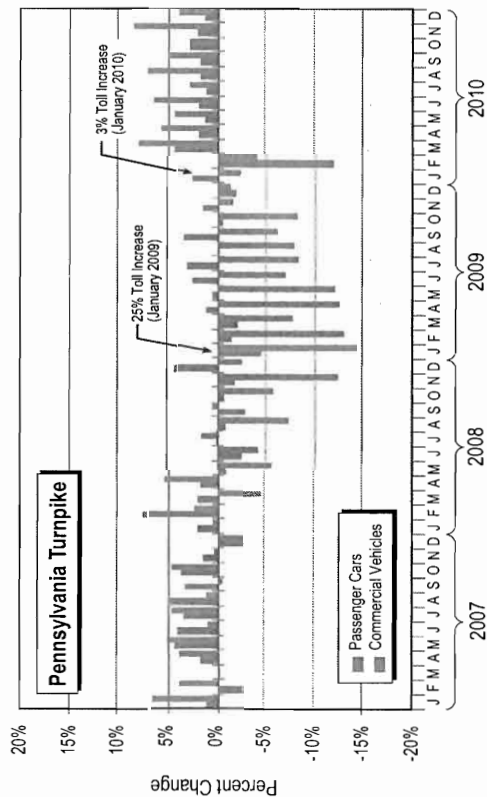
Table 3 (Cont'd)
Pennsylvania Turnpike Monthly Traffic Volume Trends By Facility and Vehicle Class
Volumes in Thousands

Month	Passenger Cars						Commercial Vehicles						Total Vehicles					
	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg
June	541	22.9	665	(2.4)	649	(1.4)	80	25.0	100	(2.0)	98	(14.3)	621	23.2	765	(2.4)	747	(3.1)
July	561	23.7	694	0.3	696	(3.3)	73	26.0	92	12.0	103	(15.5)	634	24.0	786	1.7	799	(4.9)
Aug.	563	26.5	712	(1.1)	704	(5.1)	82	23.6	99	3.0	102	(13.7)	645	25.7	811	(0.6)	806	(6.2)
Sept.	517	25.7	650	(2.9)	631	(1.4)	72	20.7	89	10.1	98	(14.3)	589	25.5	739	(1.4)	729	(3.2)
Oct.	534	25.1	668	(1.8)	656	(1.8)	64	23.8	99	(2.0)	97	(13.4)	608	26.2	767	(1.8)	753	(3.3)
Nov.	507	21.5	616	(3.7)	593	0.3	66	38.8	85	(11.8)	75	(5.3)	573	22.3	701	(4.7)	668	(0.3)
Dec.	511	15.3	589	4.1	613	(4.9)	61	14.8	70	2.9	72	(6.9)	572	15.2	659	3.9	685	(5.1)
Jan.	453	20.3	545	(8.4)	499	0.2	64	26.6	81	(18.5)	66	(1.5)	517	21.1	626	(9.7)	565	0.0
Feb.	440	18.0	519	(4.2)	497	(10.9)	60	26.7	76	(17.1)	63	9.5	500	19.0	595	(6.9)	560	(8.6)
March	588	1.4	596	(3.2)	577	0.3	77	5.2	81	(8.6)	74	13.5	665	1.8	677	(3.8)	651	1.8
April	596	4.7	624	(5.0)	593	0.0	82	18.3	97	(21.6)	76	14.5	678	6.3	721	(7.2)	669	1.6
May	649	0.9	655	(3.8)	630	(1.3)	101	(2.0)	99	(19.2)	80	12.5	750	0.5	754	(5.8)	710	0.3
Total Year	6,460	16.6	7,533	(2.6)	7,338	(2.4)	892	19.7	1,068	(6.0)	1,004	(4.4)	7,352	17.0	8,601	(3.0)	8,342	(1.7)
June-Jan	4,187	22.7	5,139	(1.9)	5,041	(2.3)	572	25.0	715	(0.6)	630	(11.4)	4,759	23.0	5,854	(1.7)	5,752	(3.4)
																	5,555	2.1

Month	Passenger Cars						Commercial Vehicles						Total Transactions					
	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg
June	13,785	4.0	14,336	(2.6)	13,964	2.6	2,263	1.0	2,285	(4.2)	2,190	(7.0)	16,048	3.6	16,621	(2.8)	16,154	1.3
July	14,180	3.5	14,671	0.1	14,685	3.1	2,124	4.7	2,223	1.6	2,259	(8.4)	16,304	3.6	16,894	0.3	16,944	1.5
Aug.	14,655	4.8	15,359	(0.8)	15,234	(0.3)	2,358	1.1	2,385	(7.3)	2,210	(7.9)	17,013	4.3	17,744	(1.7)	17,444	(1.2)
Sept.	13,415	3.3	13,853	(2.8)	13,484	3.4	2,135	(0.6)	2,122	0.5	2,133	(6.2)	15,550	2.7	15,975	(2.4)	15,597	2.1
Oct.	14,015	3.8	14,549	(0.7)	14,450	(0.6)	2,241	4.7	2,347	(5.8)	2,211	(8.2)	16,256	3.9	16,896	(1.4)	16,661	(1.6)
Nov.	13,361	1.5	13,565	(1.8)	13,319	1.5	2,044	0.4	2,053	(12.3)	1,800	(1.6)	15,405	1.4	15,618	(3.2)	15,119	1.2
Dec.	13,141	(2.8)	12,777	4.2	13,308	(1.9)	1,884	(2.5)	1,836	(2.5)	1,791	(1.4)	15,025	(2.7)	14,613	3.3	15,099	(1.9)
Jan.	12,168	2.0	12,410	(4.5)	11,850	2.4	1,969	0.6	1,980	(14.3)	1,697	(1.8)	14,137	1.8	14,390	(5.9)	13,547	1.9
Feb.	10,896	7.5	11,715	(1.5)	11,538	(12.1)	1,806	2.4	1,850	(13.0)	1,610	(4.8)	12,702	6.8	13,565	(3.1)	13,148	(11.2)
March	13,060	2.0	13,316	(2.1)	13,041	4.4	2,084	(4.8)	1,985	(7.7)	1,832	8.1	15,144	1.0	15,301	(2.8)	14,873	4.8
April	13,221	1.7	13,450	1.2	13,618	1.8	2,069	5.4	2,180	(12.5)	1,908	5.7	15,290	2.2	15,630	(0.7)	15,526	2.2
May	14,211	(0.8)	14,095	0.5	14,167	1.2	2,338	(5.6)	2,208	(12.1)	1,941	4.3	16,549	(1.5)	16,303	(1.2)	16,108	1.6
Total Year	160,108	2.5	164,096	(0.9)	162,638	0.6	25,315	0.5	25,454	(7.4)	23,582	(2.8)	185,423	2.2	189,550	(1.8)	186,220	0.2
June-Jan	108,720	2.6	111,520	(1.1)	110,274	1.3	17,018	1.3	17,231	(5.5)	16,291	(5.6)	125,738	2.4	128,751	(1.7)	126,565	0.4
																	127,039	1.6

NOTES:

- (1) A toll increase of 25% was implemented on January 4, 2009. Toll rates on Findlay Connector/PA-576 and the Mon-Fayette Expy/Tpke 43 Unionville to Brownsville remained unchanged.
- (2) A toll increase of 3% was implemented on January 3, 2010. Toll rates on Findlay Connector/PA-576 remained unchanged.
- (3) A toll increase of 3% for E-Zpass customers and 10% for non-E-Zpass customers was implemented on January 2, 2011.
- (4) All six (6) Phase 1 projects of the Mon/Fayette Expressway, Uniontown to Brownsville Project were completed in the fall of 2008. Phase 1 was open to traffic on October 30, 2008. This had positive traffic impacts on the Mon/Fayette Expressway.
- (5) February 2010 traffic was negatively impacted several times due to severe snowstorms.
- (6) On August 1, 2010, PA 60 was renamed Turnpike I-376.
- (7) January 2011 traffic was negatively impacted due to several winter storms.



COMPARISON OF VARIOUS STATES' MONTHLY
PASSENGER CAR AND COMMERCIAL VEHICLE TRANSACTION TRENDS

FIGURE 1

Table 4
Pennsylvania Turnpike Monthly Gross Toll Revenue Trends By Facility and Vehicle Class
Revenue in Thousands

Ticket System (Including Gateway Barrier Plaza)														

NOTES:
 (1) A toll increase of 25% was implemented on January 4, 2009. Toll rates on Findlay Connector/PA-576 and the Mon-Fayette Expy/Tpke 43 Unionville to Brownsville remained unchanged.
 (2) A toll increase of 3% was implemented on January 3, 2010. Toll rates on Findlay Connector/PA-576 remained unchanged.
 (3) A toll increase of 3% for E-Zpass customers and 10% for non-E-Zpass customers was implemented on January 2, 2011.
 (4) All six (6) Phase 1 projects of the Mon/Fayette Expressway, Uniontown to Brownsville Project were completed in the fall of 2008. Phase 1 was open to traffic on October 30, 2008. This had positive traffic impacts on the Mon/Fayette Expressway.
 (5) February 2010 traffic was negatively impacted several times due to severe snowstorms.
 (6) On August 1, 2010, PA 60 was renamed Turnpike I-376.
 (7) January 2011 traffic was negatively impacted due to several winter storms.

Table 4 (Cont'd)
Pennsylvania Turnpike Monthly Gross Toll Revenue Trends By Facility and Vehicle Class
Revenue in Thousands

Month	Passenger Cars					Commercial Vehicles					PA 66					Total Vehicles								
	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11
June	432	26.7	\$484	8.5	\$525	27.4	\$206	12.6	\$232	(0.9)	\$230	12.6	\$259	21.6	\$315	\$588	21.8	\$716	5.4	\$755	22.9	\$928	10.6	\$1,026
July	425	15.8	492	10.4	543	26.5	210	9.5	230	3.0	237	13.1	268	14.9	308	635	13.7	722	8.0	780	22.4	955	9.6	1,047
Aug.	459	12.0	514	10.3	567	21.2	237	(0.4)	236	(2.1)	231	11.3	257	29.6	333	696	7.8	750	6.4	798	18.3	944	14.3	1,079
Sept.	445	21.6	502	6.6	535	25.0	206	3.4	213	9.4	233	13.3	264	23.5	326	651	9.8	715	7.4	766	21.5	933	12.6	1,051
Oct.	464	21.8	564	(0.2)	563	20.4	223	14.8	256	(7.0)	238	17.6	280	10.0	308	687	19.4	820	(2.3)	801	19.6	958	9.4	1,048
Nov.	434	18.9	516	(0.6)	513	23.8	191	7.3	205	(9.8)	185	27.0	235	17.0	275	625	15.4	721	(3.2)	698	24.6	870	9.9	956
Dec.	429	18.2	507	4.9	532	19.9	165	3.0	170	0.6	171	34.5	230	9.1	251	594	14.0	677	3.8	703	23.5	868	6.6	925
Jan.	391	21.5	475	17.7	559	5.4	173	12.1	194	2.6	199	12.6	224	17.0	262	564	18.6	669	13.3	758	7.3	813	9.5	890
Feb.	345	30.7	451	22.4	552	(5.8)	147	25.2	184	10.3	203	(0.5)	202			492	29.1	635	18.9	755	(4.4)	722		
March	430	17.0	503	24.5	626	8.8	190	3.2	196	16.8	229	16.2	266			620	12.7	699	22.3	855	10.8	947		
April	440	18.4	521	22.5	638	8.2	196	13.3	222	2.7	228	26.8	289			636	16.8	743	16.6	866	13.0	979		
May	489	9.8	537	24.8	670	6.0	236	(4.2)	226	5.8	239	23.0	294			725	5.2	763	19.1	909	10.5	1,004		
Total Year	\$5,133	18.2	\$6,066	12.5	\$6,823	15.1	\$2,380	7.7	\$2,564	2.3	\$2,623	17.0	\$3,068	17.9	2,378	\$7,513	14.9	\$8,630	9.5	\$9,446	15.6	\$10,921	10.4	8,022
June-Jan	3,429	18.2	4,054	7.0	4,337	21.1	1,611	7.8	1,736	(0.7)	1,724	17.0	2,017	8.4	2,269	5,040	14.9	5,790	4.7	6,061	19.9	7,269	5.8	4,620

Month	Passenger Cars					Commercial Vehicles					Northeast Extension Barrier Plazas Only					Total Vehicles								
	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11
June	\$207	3.9	\$215	1.4	\$218	29.4	\$215	4.7	\$225	(2.2)	\$220	24.5	\$274	5.1	288	\$422	4.3	\$440	(0.5)	\$438	26.9	\$556	4.0	\$578
July	252	1.6	256	1.2	259	42.9	208	5.8	220	5.0	231	26.8	293	0.0	293	460	3.5	476	2.9	490	35.3	663	0.2	\$664
Aug.	255	8.6	277	2.9	285	36.5	230	5.2	242	(6.6)	226	30.5	295	2.7	303	485	7.0	519	(1.5)	511	33.9	684	(0.7)	\$679
Sept.	208	2.9	214	(6.1)	201	40.8	217	1.8	221	3.6	229	23.1	282	5.0	296	425	2.4	435	(1.1)	430	31.4	565	3.4	\$584
Oct.	218	(3.7)	210	2.4	215	27.0	229	2.6	235	(3.0)	228	18.9	271	8.5	294	447	(0.4)	445	(0.4)	443	22.8	544	9.4	\$595
Nov.	205	(4.4)	196	0.5	197	29.9	207	(5.3)	196	(6.1)	184	22.8	226	23.9	280	412	(4.9)	392	(2.8)	381	26.5	482	16.2	\$560
Dec.	184	(9.8)	166	7.8	179	24.0	185	(2.7)	180	1.7	183	25.1	229	14.0	261	369	(6.2)	346	4.6	362	24.6	451	10.4	\$498
Jan.	152	(2.0)	149	20.1	179	11.2	197	(2.0)	193	8.3	209	6.7	223	13.9	254	349	(2.0)	342	13.5	388	8.8	422	9.5	462
Feb.	128	11.7	143	29.4	185	(7.6)	176	5.7	186	9.1	203	0.0	203			304	8.2	329	17.9	388	(3.6)	374		
March	179	(1.1)	177	22.0	216	8.8	218	(10.6)	195	17.9	230	14.8	264			397	(6.3)	372	19.9	446	11.9	499		
April	202	(2.0)	198	29.3	256	5.1	222	5.4	234	6.8	250	6.4	266			424	1.9	432	17.1	506	5.7	535		
May	224	1.8	228	28.9	294	(1.4)	247	(4.5)	236	16.1	274	0.4	275			471	(1.5)	464	22.4	568	(0.5)	565		
Total Year	\$2,414	0.6	\$2,429	10.5	\$2,684	20.7	\$2,551	0.5	\$2,563	4.1	\$2,667	16.3	\$3,101	8.4	2,269	\$4,965	0.5	\$4,992	7.2	\$5,351	18.5	\$6,340		
June-Jan	1,681	0.1	1,683	3.0	1,733	31.2	1,688	1.4	1,712	(0.1)	1,710	22.4	2,093	8.4	2,269	3,369	0.8	3,395	1.4	3,443	26.8	4,367	5.8	4,620

NOTES:

- (1) A toll increase of 25% was implemented on January 4, 2009. Toll rates on Findlay Connector/PA-576 and the Mon/Fayette Expy/Tpke 43 Unionville to Brownsville remained unchanged.
- (2) A toll increase of 3% was implemented on January 3, 2010. Toll rates on Findlay Connector/PA-576 remained unchanged.
- (3) A toll increase of 3% for E-zpass customers and 10% for non-E-zpass customers was implemented on January 2, 2011.
- (4) All six (6) Phase 1 projects of the Mon/Fayette Expressway, Uniontown to Brownsville Project were completed in the fall of 2008. Phase 1 was open to traffic on October 30, 2008. This had positive traffic impacts on the Mon/Fayette Expressway.
- (5) February 2010 traffic was negatively impacted several times due to severe snowstorms.
- (6) On August 1, 2010, PA 60 was renamed Turnpike I-376.
- (7) January 2011 traffic was negatively impacted due to several winter storms.

Table 4 (Cont'd)
Pennsylvania Turnpike Monthly Gross Toll Revenue Trends By Facility and Vehicle Class
Revenue in Thousands

Turnpike I-376 (Formerly PA 60)

Month	Passenger Cars					Commercial Vehicles					Total Vehicles				
	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11
June	\$383	18.8	\$455	(2.6)	\$443	26.6	\$170	22.9	\$209	(11.0)	\$186	10.2	\$205	32.2	\$271
July	398	19.3	475	0.6	478	23.4	154	14.3	176	12.5	198	6.1	210	15.2	242
Aug.	398	22.4	487	(0.6)	484	21.1	173	9.8	190	2.6	195	10.8	216	20.8	261
Sept.	367	21.3	445	(2.7)	433	25.9	152	12.5	171	10.5	189	7.9	204	28.4	262
Oct.	377	21.2	457	(1.5)	450	25.1	159	20.1	191	(2.1)	187	8.6	203	18.2	240
Nov.	360	17.2	422	(3.8)	406	28.1	142	16.9	166	(12.7)	145	20.7	175	32.0	231
Dec.	364	10.2	401	4.7	420	21.2	135	0.7	136	4.4	142	19.0	169	26.6	214
Jan.	322	15.8	373	13.7	424	7.5	143	12.6	161	0.6	162	5.6	171	29.2	221
Feb.	303	16.5	353	22.7	433	(6.7)	132	14.4	151	7.3	162	11.1	180		
March	402	1.0	406	24.4	505	5.3	168	(3.6)	162	14.8	186	18.8	221		
April	406	4.9	426	21.8	519	5.0	177	7.3	190	(1.6)	187	18.7	222		
May	444	0.9	448	22.3	548	4.7	213	(11.3)	189	1.6	192	21.9	234		
Total Year	\$4,524	13.8	\$5,148	7.7	\$5,543	15.2	\$1,918	9.1	\$2,092	1.9	\$2,131	13.1	\$2,410		1,942
June-Jan	2,969	18.4	3,515	0.7	3,538	22.4	1,228	14.0	1,400	0.3	1,404	10.6	1,553	25.0	

Total Toll Revenue

Month	Passenger Cars					Commercial Vehicles					Total Vehicles				
	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2006-07	% Chg	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11
June	\$29,126	4.3	\$30,368	(5.0)	\$28,854	27.8	\$25,591	(0.6)	\$25,440	(5.5)	\$24,035	10.3	\$26,513	5.6	\$27,996
July	31,473	0.8	31,716	(1.9)	31,107	30.7	23,447	6.2	24,896	(1.3)	24,570	7.2	26,335	5.0	27,654
Aug.	31,729	5.7	33,541	(1.8)	32,937	25.3	26,338	1.7	26,785	(9.8)	24,170	8.3	26,173	8.4	28,362
Sept.	27,572	1.5	27,979	(5.4)	26,476	31.6	24,280	0.4	24,376	(3.5)	23,513	9.9	25,652	8.9	28,147
Oct.	28,303	(0.1)	28,273	(1.2)	27,060	27.6	25,596	3.8	26,572	(8.9)	24,209	8.5	26,259	6.6	27,995
Nov.	27,616	(0.9)	27,377	(1.2)	27,060	27.6	23,435	0.2	23,482	(15.5)	19,853	15.1	22,848	12.9	25,795
Dec.	26,692	(5.7)	25,175	4.8	26,386	22.7	21,904	(0.8)	21,719	(8.8)	19,804	17.6	23,288	10.4	25,714
Jan.	22,810	(0.5)	22,705	20.9	27,457	7.5	23,188	1.4	23,521	0.6	23,653	(2.8)	22,991	10.9	25,499
Feb.	19,452	8.8	21,156	26.6	26,779	(11.4)	23,000	(4.0)	22,073	1.3	22,366	(4.5)	21,356		
March	25,084	0.7	25,262	23.0	31,066	7.2	25,119	(4.7)	23,937	4.1	24,915	8.4	27,013		
April	24,071	6.8	25,712	31.2	33,739	4.9	26,026	(8.8)	24,272	4.5	25,359	5.1	26,652		
May	28,853	(1.2)	28,499	26.6	36,093	5.0	26,311	(7.6)	24,314	4.7	25,452	5.2	26,778		
Total Year	\$322,781	1.5	\$327,763	8.7	\$356,345	16.7	\$294,835	(1.2)	\$291,387	(3.3)	\$281,899	7.2	\$302,058		
June-Jan	225,321	0.8	227,134	0.7	228,668	24.9	193,779	1.6	196,791	(6.6)	183,807	9.0	200,259	8.4	217,162

NOTES:

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- (3) A toll increase of 3% for E-Zpass customers and 10% for non-E-Zpass customers was implemented on January 2, 2011.
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- (7) January 2011 traffic was negatively impacted due to several winter storms.

Table 5

Comparison of Estimated and Actual Traffic Volumes and Toll Revenue
From March 2010 through December 2010 (1)
Pennsylvania Turnpike System

Facility	Total Traffic (in Thousands)			Total Toll Revenue (in Thousands)		
	Estimated	Actual	Actual % of Estimated	Estimated	Actual	Actual % of Estimated
Passenger Cars						
Ticket and Gateway Barrier	115,939	117,569	1.4	\$ 345,912	\$ 350,276	1.3
PA 43	8,535	8,709	2.0	8,518	8,770	3.0
PA 66	5,963	6,197	3.9	6,772	7,097	4.8
Northeast Extension	4,495	4,349	(3.2)	2,969	2,937	(1.1)
Turnpike I-376 (PA 60)	6,231	6,246	0.2	5,616	5,770	2.7
Total System	141,163	143,070	1.4	\$ 369,787	\$ 374,850	1.4
Commercial Vehicles						
Ticket and Gateway Barrier	16,337	17,481	7.0	\$ 246,151	\$ 262,701	6.7
PA 43	391	412	5.4	1,152	1,222	6.1
PA 66	757	859	13.5	2,568	2,965	15.5
Northeast Extension	733	755	3.0	2,718	2,821	3.8
Turnpike I-376 (PA 60)	792	912	15.2	1,996	2,399	20.2
Total System	19,010	20,419	7.4	\$ 254,585	\$ 272,108	6.9
Total Vehicles						
Ticket and Gateway Barrier	132,276	135,050	2.1	\$ 592,063	\$ 612,977	3.5
PA 43	8,926	9,121	2.2	9,670	9,992	3.3
PA 66	6,720	7,056	5.0	9,340	10,062	7.7
Northeast Extension	5,228	5,104	(2.4)	5,687	5,758	1.2
Turnpike I-376 (PA 60)	7,023	7,158	1.9	7,612	8,169	7.3
Total System	160,173	163,489	2.1	\$ 624,372	\$ 646,958	3.6

(1) This 10 month period corresponds to the period for which actual data currently exists, but was estimated at the time of WSA's March 30, 2010 Traffic and Toll Revenue Bring Down Letter.

Table 6

Near Term GDP and Total Turnpike Traffic Estimates

Percent Change over Previous Year

Year	Gross Domestic Product Growth (1)	PA Turnpike System Traffic Growth		
		Passenger Cars	Commercial Vehicles	All Vehicles
2009	(2.6)	(0.9)	(7.4)	(1.8)
1st Quarter	(4.9)			
2nd Quarter	(0.7)			
3rd Quarter	1.6			
4th Quarter	5.0			
2010	2.9	0.6	(2.8)	0.2
1st Quarter	3.7			
2nd Quarter	1.7			
3rd Quarter	2.6			
4th Quarter	3.2			
2011	(3) 3.7	2.2	4.3	2.5
2012	4.0	3.5	4.0	3.6
2013	3.8	3.4	4.1	3.5
2014	3.2	2.7	3.0	2.8
2015	2.3	2.5	2.9	2.6

- (1) GDP percent changes are based on constant dollars. 2009 and 2010 data are from the US Bureau of Economic Analysis. Forecast data (2011-2015) is from Moody's Economy.com baseline forecast (February 2011).
- (2) Traffic growth estimates are based on a fiscal year. For example, year 2010 traffic growth data reflects the growth in FY 2009-10 over FY 2008-09.
- (3) Estimated traffic growth for 2011 includes 8 months of actual experience.

Table 7
Estimated Annual Traffic and Gross Toll Revenue
Pennsylvania Turnpike: Ticket System Only

Traffic and Toll Revenue in Thousands

Fiscal Year	Annual Traffic			Annual Gross Toll Revenue		
	Passenger Cars	Commercial Vehicles	Total Vehicles	Passenger Cars	Commercial Vehicles	Total Vehicles
2007-08 (1)	136,018	22,253	158,271	\$307,299	\$283,511	\$590,810
2008-09 (1)(2)	133,797	20,449	154,246	333,121	273,528	606,649
2009-10 (1)(3)	134,570	19,765	154,335	388,757	292,174	680,931
2010-11 (4)(5)	137,443	20,482	157,925	411,815	315,382	727,197
2011-12 (6)	142,202	21,288	163,490	444,034	340,486	784,520
2012-13 (6)	146,850	22,163	169,013	469,280	364,953	834,233
2013-14 (6)	150,529	22,829	173,358	493,051	387,090	880,141
2014-15 (6)	153,998	23,492	177,490	517,508	410,172	927,680
2015-16 (6)	157,238	24,151	181,389	542,461	434,208	976,669
2016-17 (6)	160,545	24,804	185,349	568,982	459,205	1,028,187
2017-18 (6)	163,919	25,450	189,369	597,382	485,168	1,082,550
2018-19 (6)	167,201	26,087	193,288	626,583	512,099	1,138,682
2019-20 (6)	170,548	26,740	197,288	657,210	540,525	1,197,735
2020-21 (6)	173,962	27,383	201,345	689,333	569,973	1,259,306
2021-22 (6)	177,445	28,041	205,486	723,023	601,025	1,324,048
2022-23 (6)	180,819	28,715	209,534	757,615	633,768	1,391,383
2023-24 (6)	184,258	29,376	213,634	793,859	667,643	1,461,502
2024-25 (6)	187,763	30,053	217,816	831,835	703,328	1,535,163
2025-26 (6)	191,334	30,746	222,080	871,625	740,921	1,612,546
2026-27 (6)	194,973	31,454	226,427	913,316	780,523	1,693,839
2027-28 (6)	198,681	32,179	230,860	956,999	822,241	1,779,240
2028-29 (6)	202,459	32,888	235,347	1,002,768	865,343	1,868,111
2029-30 (6)	206,310	33,612	239,922	1,050,723	910,704	1,961,427
2030-31 (6)	210,027	34,353	244,380	1,099,887	958,442	2,058,329
2031-32 (6)	213,812	35,076	248,888	1,151,350	1,007,696	2,159,046
2032-33 (6)	217,665	35,814	253,479	1,207,262	1,059,771	2,267,033
2033-34 (6)	221,588	36,568	258,156	1,265,889	1,114,538	2,380,427
2034-35 (6)	225,581	37,338	262,919	1,327,364	1,172,134	2,499,498
2035-36 (6)	229,647	38,123	267,770	1,391,823	1,232,707	2,624,531

(1) Reflects actual traffic and revenue experience.

(2) A 25 percent toll rate increase was implemented on January 4, 2009.

(3) A 3 percent toll increase was implemented on January 3, 2010.

(4) A 10 percent toll increase for non-ETC transactions, and a 3 percent toll increase for ETC transactions was implemented on January 2, 2011.

(5) Fiscal year 2010-11 includes 8 months actual experience.

(6) Assumes implementation of a 3 percent rate increase on or about January 1 of the indicated year.

Table 8
Estimated Annual Traffic and Gross Toll Revenue
Pennsylvania Turnpike: Barrier System Only

Traffic and Toll Revenue in Thousands

Fiscal Year	Annual Traffic			Annual Gross Toll Revenue		
	Passenger Cars	Commercial Vehicles	Total Vehicles	Passenger Cars	Commercial Vehicles	Total Vehicles
2007-08 (1)	28,078	3,201	31,279	\$20,462	\$7,878	\$28,340
2008-09 (1)(2)	28,841	3,134	31,975	23,225	8,371	31,596
2009-10 (1)(3)	29,029	3,168	32,197	27,224	9,884	37,108
2010-11 (4)(5)	29,771	3,442	33,213	29,468	11,273	40,741
2011-12 (6)	30,880	3,591	34,471	32,108	12,228	44,336
2012-13 (6)	32,191	3,732	35,923	34,380	13,084	47,464
2013-14 (6)	33,363	3,853	37,216	36,639	13,911	50,550
2014-15 (6)	34,512	3,970	38,482	38,997	14,762	53,759
2015-16 (6)	35,653	4,086	39,739	41,466	15,649	57,115
2016-17 (6)	36,835	4,201	41,036	44,095	16,569	60,664
2017-18 (6)	38,021	4,312	42,333	46,850	17,516	64,366
2018-19 (6)	39,247	4,423	43,670	49,804	18,499	68,303
2019-20 (6)	40,515	4,536	45,051	52,947	19,538	72,485
2020-21 (6)	41,786	4,647	46,433	56,236	20,616	76,852
2021-22 (6)	43,099	4,761	47,860	59,737	21,753	81,490
2022-23 (6)	44,412	4,873	49,285	63,398	22,931	86,329
2023-24 (6)	45,741	4,988	50,729	67,241	24,174	91,415
2024-25 (6)	47,111	5,104	52,215	71,326	25,476	96,802
2025-26 (6)	48,484	5,223	53,707	75,596	26,849	102,445
2026-27 (6)	49,869	5,344	55,213	80,071	28,288	108,359
2027-28 (6)	51,256	5,467	56,723	84,781	29,805	114,586
2028-29 (6)	52,672	5,592	58,264	89,753	31,394	121,147
2029-30 (6)	54,095	5,716	59,811	94,954	33,046	128,000
2030-31 (6)	55,523	5,841	61,364	100,391	34,775	135,166
2031-32 (6)	56,769	5,950	62,718	105,723	36,484	142,207
2032-33 (6)	58,043	6,060	64,103	111,338	38,277	149,615
2033-34 (6)	59,345	6,173	65,518	117,251	40,158	157,410
2034-35 (6)	60,677	6,288	66,964	123,479	42,132	165,611
2035-36 (6)	62,038	6,404	68,443	130,037	44,202	174,239

(1) Reflects actual traffic and revenue experience.

(2) A 25 percent toll rate increase was implemented on January 4, 2009.

(3) A 3 percent toll increase was implemented on January 3, 2010.

(4) A 10 percent toll increase for non-ETC transactions, and a 3 percent toll increase for ETC transactions was implemented on January 2, 2011.

(5) Fiscal year 2010-11 includes 8 months actual experience.

(6) Assumes implementation of a 3 percent rate increase on or about January 1 of the indicated year.

Table 9
Estimated Annual Traffic and Gross Toll Revenue
Pennsylvania Turnpike: Total System

Traffic and Toll Revenue in Thousands

Fiscal Year	Annual Traffic			Annual Gross Toll Revenue			Discounts and Adjustments (7)	Adjusted Annual Gross Revenue
	Passenger Cars	Commercial Vehicles	Total Vehicles	Passenger Cars	Commercial Vehicles	Total		
2007-08 (1)	164,096	25,454	189,550	\$327,761	\$291,389	\$619,150	(\$20,224)	\$598,926
2008-09 (1)(2)	162,638	23,583	186,221	356,346	281,899	638,245	(22,640)	615,605
2009-10 (1)(3)	163,599	22,933	186,532	415,981	302,058	718,039	(24,211)	693,828
2010-11 (4)(5)	167,214	23,924	191,138	441,283	326,655	767,938	(23,193)	744,745
2011-12 (6)	173,082	24,879	197,961	476,142	352,714	828,856	(20,810)	808,046
2012-13 (6)	179,041	25,895	204,936	503,660	378,037	881,697	(22,304)	859,393
2013-14 (6)	183,892	26,682	210,574	529,690	401,001	930,691	(23,659)	907,032
2014-15 (6)	188,510	27,462	215,972	556,505	424,934	981,439	(25,071)	956,368
2015-16 (6)	192,891	28,237	221,128	583,927	449,857	1,033,784	(26,542)	1,007,242
2016-17 (6)	197,380	29,005	226,385	613,077	475,774	1,088,851	(28,071)	1,060,780
2017-18 (6)	201,940	29,762	231,702	644,232	502,684	1,146,916	(29,658)	1,117,258
2018-19 (6)	206,448	30,510	236,958	676,387	530,598	1,206,985	(31,305)	1,175,680
2019-20 (6)	211,063	31,276	242,339	710,157	560,063	1,270,220	(33,044)	1,237,176
2020-21 (6)	215,748	32,030	247,778	745,569	590,589	1,336,158	(34,845)	1,301,313
2021-22 (6)	220,544	32,802	253,346	782,760	622,778	1,405,538	(36,744)	1,368,794
2022-23 (6)	225,231	33,588	258,819	821,013	656,699	1,477,712	(38,745)	1,438,967
2023-24 (6)	229,999	34,364	264,363	861,100	691,817	1,552,917	(40,817)	1,512,100
2024-25 (6)	234,874	35,157	270,031	903,161	728,804	1,631,965	(42,999)	1,588,966
2025-26 (6)	239,818	35,969	275,787	947,221	767,770	1,714,991	(45,298)	1,669,693
2026-27 (6)	244,842	36,798	281,640	993,387	808,811	1,802,198	(47,720)	1,754,478
2027-28 (6)	249,937	37,646	287,583	1,041,780	852,046	1,893,826	(50,271)	1,843,555
2028-29 (6)	255,131	38,480	293,611	1,092,521	896,737	1,989,258	(52,907)	1,936,351
2029-30 (6)	260,405	39,328	299,733	1,145,677	943,750	2,089,427	(55,681)	2,033,746
2030-31 (6)	265,550	40,194	305,744	1,200,278	993,217	2,193,495	(58,600)	2,134,895
2031-32 (6)	270,581	41,026	311,606	1,257,073	1,044,180	2,301,253	(61,607)	2,239,646
2032-33 (6)	275,708	41,874	317,582	1,318,600	1,098,048	2,416,648	(64,785)	2,351,864
2033-34 (6)	280,933	42,741	323,674	1,383,141	1,154,696	2,537,837	(68,127)	2,469,709
2034-35 (6)	286,258	43,625	329,883	1,450,842	1,214,266	2,665,108	(71,642)	2,593,467
2035-36 (6)	291,685	44,528	336,212	1,521,860	1,276,910	2,798,770	(75,338)	2,723,432

(1) Reflects actual traffic, revenue, and discounts and adjustments.

(2) A 25 percent toll rate increase was implemented on January 4, 2009.

(3) A 3 percent toll increase was implemented on January 3, 2010.

(4) A 10 percent toll increase for non-ETC transactions, and a 3 percent toll increase for ETC transactions was implemented on January 2, 2011.

(5) Fiscal year 2010-11 includes 8 months actual experience.

(6) Assumes implementation of a 3 percent rate increase on or about January 1 of the indicated year.

(7) Actual data on discounts and adjustments were available from FY 2007-08 through the first eight months of FY 2010-11. Beginning in January 2011, the discount adjustments are being reduced by an estimated 25.7 percent due to the modified post-paid commercial volume discount program. Prior to the modification, the FY discounts and adjustments totaled about 8.0 percent of total commercial vehicle toll revenue. From FY 2011-12 onwards, the estimated discounts and adjustments will total about 5.9 percent of total commercial vehicle toll revenue. In FY 2010-11, discounts and adjustments is estimated to total 7.1 percent of total commercial vehicle revenue to account for the partial implementation of the modified commercial discount program in January 2011.

APPENDIX I

**CERTAIN INFORMATION REGARDING
COMMONWEALTH MOTOR LICENSE FUND**

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Table 1 below sets forth a condensed summary of revenues and expenditures for the Motor License Fund for the Commonwealth's Fiscal Years 2006-07 through 2009-10. This table includes all sources of revenue (both restricted and unrestricted) for the Motor License Fund and not just the sources of revenue that are considered available under Act 44 for debt service payments on the Special Revenue Bonds.

[Table appears on following page.]

Table 1
Results of Operations-Motor License Fund
GAAP Basis-Unaudited
(In Thousands)

	Fiscal Year Ended June 30			
	2007	2008	2009	2010
Fund Balance - Beginning of Period	\$1,549,078	\$1,418,781	\$1,566,520	\$1,509,732
Restatements	-	-	30,059	-
Fund Balance – Beginning of Period, as Restated	\$1,549,078	\$1,418,781	\$1,596,579	\$1,509,732
Revenues:				
Taxes	\$2,072,442	\$2,024,045	\$1,975,678	\$2,045,505
Licenses and fees	878,679	877,141	874,711	851,164
Intergovernmental	1,448,007	1,913,422	2,062,260	2,649,613
Other revenues	250,031	114,549	75,421	240,767
Other Financing Sources:				
Operating transfers in	-	11,204	-	5,164
Other additions	154	-	-	-
TOTAL REVENUES AND OTHER SOURCES	\$4,649,313	\$4,940,361	\$4,988,070	\$5,792,213
Expenditures:				
Direction and supportive services	\$66,572	\$66,993	\$71,167	\$61,906
Protection of persons and property	667,318	647,014	638,844	647,735
Public education	991	867	806	811
Recreation and cultural enrichment	408	1,337	1,390	3,263
Transportation	2,326,944	2,198,115	2,105,489	2,372,220
Capital outlay	1,672,026	1,793,459	2,217,691	2,502,788
Other Uses:				
Operating transfers out	45,351	84,837	39,530	51,801
TOTAL EXPENDITURES AND OTHER USES	\$4,779,610	\$4,792,622	\$5,074,917	\$5,640,524
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURE AND OTHER USES	(130,297)	147,739	(86,847)	151,689
Fund Balance – End of Period.....	\$1,418,781	\$1,566,520	\$1,509,732	\$1,661,421
Components of Fund Balance				
Reserved for encumbrances	\$596,304	\$670,338	\$652,352	\$768,916
Reserved for advances and other	2,014	5,242	10,225	116,545
Unreserved - designated - highways	235,730	689,288	700,018	768,710
Unreserved - undesignated	584,733	201,652	147,137	7,250
TOTAL FUND BALANCE				

Source: Commonwealth of Pennsylvania Office of the Budget

Table 2 below shows revenues in the Motor License Fund from various sources considered to be available under Act 44 for payment of debt service on Special Revenue Bonds for the Commonwealth's Fiscal Years 2006-07 through 2010-11:

TABLE 2
MOTOR LICENSE FUND REVENUES AVAILABLE FOR SPECIAL REVENUE BONDS
(In Millions)

	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>
<i>Fuel Taxes</i>					
Liquid Fuels and Fuels tax	\$ 752.0	\$ 748.8	\$ 670.1	\$ 694.2	\$ 720.0
Oil Company Franchise tax	<u>\$ 1,068.3</u>	<u>\$ 1,033.3</u>	<u>\$ 1,045.4</u>	<u>\$ 1,034.0</u>	<u>\$1,050.3</u>
<i>Total Fuel Taxes</i>	\$ 1,820.3	\$ 1,782.1	\$ 1,715.5	\$ 1,728.2	\$1,770.3
<i>Registration Fees</i>					
Passenger cars	\$ 280.7	\$ 287.8	\$ 283.9	\$ 284.5	\$ 283.5
Motor homes	\$ 2.9	\$ 2.8	\$ 2.7	\$ 2.8	\$ 2.6
Motorcycles	\$ 6.6	\$ 7.2	\$ 7.3	\$ 7.3	\$ 7.4
Motor-driven cycles					
Trucks and Truck tractors	\$ 215.9	\$ 220.5	\$ 215.9	\$ 218.1	\$ 221.8
Motor Buses and Limousines	\$ 2.6	\$ 2.7	\$ 2.6	\$ 2.8	\$ 2.8
Implements of Husbandry					
Antique, classic and collectible vehicles	\$ 0.9	\$ 0.9	\$ 0.8	\$ 0.8	\$ 0.8
Farm Vehicles	\$ 1.8	\$ 1.9	\$ 1.9	\$ 1.9	\$ 1.9
Ambulances, taxis and hearses	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3
Dealers and Miscellaneous	\$ 4.0	\$ 3.8	\$ 3.7	\$ 3.5	\$ 3.4
Farm equipment vehicle dealers					
Transfer of Registration	\$ 6.0	\$ 5.9	\$ 5.1	\$ 5.4	\$ 5.6
Replacement Registration Plates					
Duplicate Registration cards	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.4
Commercial implements of husbandry					
Certificate of Title	\$ 78.3	\$ 76.7	\$ 67.9	\$ 69.0	\$ 70.7
Excluded Revenues	<u>\$ 8.0</u>	<u>\$ (28.0)</u>	<u>\$ (28.0)</u>	<u>\$ (28.0)</u>	<u>(28.0)</u>
<i>Total Registration Fees</i>	\$ 573.5	\$ 584.0	\$ 565.6	\$ 569.9	\$ 574.2
<i>Total Available Revenues</i>	\$ 2,393.8	\$ 2,366.1	\$2,281.1	\$ 2,298.1	\$2,344.5

Source: Pennsylvania Department of Transportation

Table 3 below shows the average daily balances in the Motor License Fund for the Commonwealth's Fiscal Years 2002-03 through 2010-11. This table includes all sources of revenue (both restricted and unrestricted) for the Motor License Fund and not just the sources of revenue that are considered available under Act 44 for debt service payments on the Special Revenue Bonds.

TABLE 3
MOTOR LICENSE FUND
AVERAGE DAILY BALANCES

	Minimum Daily Balance	Maximum Daily Balance	Average Daily Balance
2011	\$1,477,102,431.30	\$2,223,547,512.40	\$1,801,131,083.51
2010	982,849,223.63	2,148,048,685.85	1,553,419,476.30
2009	1,108,038,369.68	2,087,146,599.19	1,569,188,162.88
2008	1,349,460,833.70	1,980,685,110.19	1,662,820,948.59
2007	1,311,562,196.59	1,726,289,602.52	1,521,761,746.92
2006	1,369,817,865.16	1,739,264,399.05	1,568,993,547.43
2005	743,285,647.77	1,524,896,576.96	1,250,788,086.30
2004	639,174,718.65	1,325,571,580.11	1,014,827,845.72
2003	583,654,525.64	1,012,854,515.86	854,182,798.00

Source: Pennsylvania Department of Transportation

