

In the opinion of Clark Hill PLC and Steptoe & Johnson PLLC, Co-Bond Counsel, under existing law, (i) assuming continuing compliance by the Commission with certain covenants and the accuracy of certain representations of the Commission, interest on the 2025 Bonds is excluded 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 (ii) interest on the 2025 Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. Interest on the 2025 Bonds may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.



\$205,490,000
PENNSYLVANIA TURNPIKE COMMISSION
REGISTRATION FEE REVENUE REFUNDING BONDS,
SERIES OF 2025

Dated: Date of Delivery

Due: As shown on Inside Front Cover

The Pennsylvania Turnpike Commission Registration Fee Revenue Refunding Bonds, Series of 2025 (the "2025 Bonds") are being issued pursuant to that certain Trust Indenture dated as of August 1, 2005, as amended and supplemented from time to time (the "Original Indenture"), particularly as supplemented and amended by that certain Supplemental Trust Indenture No. 7 dated as of December 1, 2025 (the "Supplemental Indenture" and, together with the Original Indenture, the "Registration Fee Revenue Indenture") each by and between the Pennsylvania Turnpike Commission (the "Commission") and U.S. Bank Trust Company, National Association, Philadelphia, Pennsylvania, as successor trustee (the "Trustee"). Capitalized terms used herein and not otherwise expressly defined herein shall have the meanings ascribed thereto in the Registration Fee Revenue Indenture. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF AND DEFINED TERMS IN THE REGISTRATION FEE REVENUE INDENTURE" attached hereto.

The 2025 Bonds are being issued for the purposes of financing, together with other available moneys, (i) the redemption of the 2023 Bonds (as defined herein) on December 15, 2025; and (ii) the costs of issuing the 2025 Bonds. See "REFUNDING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The 2025 Bonds will be dated the date of initial issuance and delivery thereof. The 2025 Bonds will mature on July 15 of the years and bear interest from their delivery date at the rates shown on the inside front cover page hereof, calculated on the basis of a year of 360 days consisting of twelve 30-day months. Interest on the 2025 Bonds will be payable on each July 15 and January 15, commencing January 15, 2026. See "DESCRIPTION OF THE 2025 BONDS" herein.

The 2025 Bonds are deliverable in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 2025 Bonds. Beneficial ownership interests in the 2025 Bonds will be recorded in book-entry only form. The 2025 Bonds will be issued in denominations of \$5,000 or any multiple thereof. Purchasers of the 2025 Bonds will not receive bonds representing their beneficial ownership in the 2025 Bonds, but will receive a credit balance on the books of their respective DTC Participants or DTC Indirect Participants. So long as Cede & Co. is the registered owner of the 2025 Bonds, principal of and interest on the 2025 Bonds will be paid to Cede & Co., as nominee of DTC, which will, in turn, remit such principal and interest to the Participants and Indirect Participants for subsequent disbursement to the Beneficial Owners, as described herein. The 2025 Bonds will be transferable or exchangeable to another nominee of DTC or as otherwise described herein. So long as Cede & Co. is the registered owner of the 2025 Bonds, payments of principal and interest on the 2025 Bonds will be made directly by the Trustee under the Registration Fee Revenue Indenture, as described herein. See "DESCRIPTION OF THE 2025 BONDS – Book-Entry Only System" herein.

The 2025 Bonds will be subject to optional redemption prior to maturity as described herein. See "DESCRIPTION OF THE 2025 BONDS – Redemption of 2025 Bonds" herein.

The 2025 Bonds, together with any Additional Bonds and other Parity Obligations that may be issued under the Registration Fee Revenue Indenture, will be limited obligations of the Commission payable solely from the Trust Estate consisting primarily of Trust Receipts, defined as (a) any receipts, revenues and other moneys received by the Trustee on or after the date of the Original Indenture from the Commission Allocation (as defined herein) from the Act 3 Revenues (as defined herein) and (b) the interest and income earned on any fund or account established pursuant to the Registration Fee Revenue Indenture (other than the Rebate Fund) and included in the Trust Estate. See "SOURCES OF PAYMENT AND SECURITY FOR THE 2025 BONDS" herein and "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF AND DEFINED TERMS IN THE REGISTRATION FEE REVENUE INDENTURE" attached hereto.

THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA (THE "COMMONWEALTH") HAS APPROPRIATED TO THE COMMISSION \$28,000,000 ANNUALLY OF AMOUNTS RECEIVED BY THE COMMONWEALTH FROM ACT 3 REVENUES IMPOSED BY THE COMMONWEALTH. SEE "REGISTRATION FEES" HEREIN FOR MORE INFORMATION. THE 2025 BONDS ARE LIMITED OBLIGATIONS OF THE COMMISSION PAYABLE SOLELY FROM THOSE ACT 3 REVENUES PAID TO THE COMMISSION OR THE TRUSTEE BY THE COMMONWEALTH AND CERTAIN FUNDS HELD UNDER THE REGISTRATION FEE REVENUE INDENTURE AND THE EARNINGS THEREON. THE 2025 BONDS SHALL NOT BE DEEMED TO BE A DEBT OF THE COMMONWEALTH OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH AND SHALL NOT BE AN OBLIGATION OF THE COMMISSION PAYABLE FROM ANY SOURCE OTHER THAN THE COMMISSION ALLOCATION PAID TO THE COMMISSION OR THE TRUSTEE BY THE COMMONWEALTH AND CERTAIN FUNDS HELD UNDER THE REGISTRATION FEE REVENUE INDENTURE AND THE EARNINGS THEREON. THE COMMISSION HAS NO TAXING POWER.

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 2025 Bonds are being offered by the Underwriters as described herein. The 2025 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 Clark Hill PLC, and Steptoe & Johnson PLLC, Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Underwriters by Eckert Seamans Cherin & Mellott, LLC, Counsel for the Underwriters. Certain legal matters will be passed upon for the Commission by its Chief Counsel, Doreen A. McCall, Esquire, and by Stradley Ronon Stevens & Young, LLP, Disclosure Counsel to the Commission. It is anticipated that delivery of the 2025 Bonds in book-entry form will be made through the facilities of DTC in New York, New York on or about December 11, 2025.

BofA Securities

Goldman Sachs & Co. LLC

J.P. Morgan

Morgan Stanley

RBC Capital Markets

TD Financial Products

Truist Securities

MATURITY SCHEDULE

**\$205,490,000
PENNSYLVANIA TURNPIKE COMMISSION
REGISTRATION FEE REVENUE REFUNDING BONDS,
SERIES OF 2025**

\$205,490,000 Serial Bonds

| Maturity Date (July 15) | Principal Amount | Interest Rate | Yield | Price | CUSIP No. (709222)¹ |
|------------------------------------|-----------------------------|--------------------------|----------------------|------------------------|---|
| 2030 | \$5,490,000 | 5.000% | 2.630% | 110.191 | DT7 |
| 2031 | 13,060,000 | 5.000 | 2.690 | 111.921 | DU4 |
| 2032 | 13,910,000 | 5.000 | 2.780 | 113.289 | DV2 |
| 2033 | 14,810,000 | 5.000 | 2.870 | 114.439 | DW0 |
| 2034 | 15,770,000 | 5.000 | 2.890 | 115.953 | DX8 |
| 2035 | 16,785,000 | 5.000 | 3.000 | 116.564 | DY6 |
| 2036 | 17,860,000 | 5.000 | 3.100 | 117.043 | DZ3 |
| 2037 | 19,000,000 | 5.000 | 3.240 | 116.895 | EA7 |
| 2038 | 20,205,000 | 5.000 | 3.340 ^(C) | 113.528 ^(C) | EB5 |
| 2039 | 21,485,000 | 5.000 | 3.440 ^(C) | 112.653 ^(C) | EC3 |
| 2040 | 22,840,000 | 5.000 | 3.590 ^(C) | 111.355 ^(C) | ED1 |
| 2041 | 24,275,000 | 5.000 | 3.710 ^(C) | 110.330 ^(C) | EE9 |

^(C) Yield/Price to first optional redemption date of July 15, 2035.

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PENNSYLVANIA TURNPIKE COMMISSION

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Secretary of Transportation, Chair

PASQUALE T. DEON, SR.
Vice Chair

DR. KEITH LEAPHART
Secretary and Treasurer

SEAN LOGAN
Commissioner

DOUGLAS FARNHAM
Commissioner

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CRAIG R. SHUEY
Chief Operating Officer

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Chief Financial Officer

BRADLEY J. HEIGEL, P.E.
Chief Engineer

DOREEN A. MCCALL, ESQ.
Chief Counsel

ROBERT J. TAYLOR, P.E., PTOE
Chief Technology and Growth Officer

KELLI E. ROBERTS
Chief Strategy and Communications Officer

SHERI L. HERBST
Chief Administrative Officer

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
Trustee, Paying Agent, Bond Registrar and Authenticating Agent

PHOENIX CAPITAL PARTNERS, LLP
and
PUBLIC RESOURCES ADVISORY GROUP, INC.
Co-Financial Advisors

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 2025 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, the Underwriters, DTC, 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 a representation 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 2025 Bonds are not and will not be registered under the Securities Act of 1933, as amended, or under any state securities laws, and the Registration Fee Revenue 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 United States Securities and Exchange Commission (the "*SEC*") 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 sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective 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.

No quotations from or summaries or explanations of provisions of law and documents herein purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. This Official Statement is not to be construed as a contract or agreement between the Commission and the purchasers or holders of any of the securities described herein. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The cover page hereof, list of officials, this page and the Appendices attached hereto are part of this Official Statement.

If and when included in this Official Statement, the words "expects," "plans," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements, and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties, which could affect the amount of tolls and other revenue collected by the Commission, include, among others, changes in economic conditions and various other events, conditions, and circumstances, many of which are beyond the control of the Commission. Such forward-looking statements speak only as of the date of this Official Statement. The Commission disclaims any obligation or undertaking to release publicly any updates or revision to any forward-looking statement contained herein to reflect any changes in the

Commission's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

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 2025 BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

THIS OFFICIAL STATEMENT MAY BE AVAILABLE TO PROSPECTIVE PURCHASERS IN EITHER BOUND OR PRINTED FORMAT ("**ORIGINAL BOUND FORMAT**"), OR IN ELECTRONIC FORMAT FROM THE FOLLOWING WEBSITES: WWW.MCELWEEQUINN.COM AND WWW.EMMA.MSRB.ORG. THE ELECTRONIC MUNICIPAL MARKET ACCESS SYSTEM IS THE SOLE NATIONALLY RECOGNIZED MUNICIPAL SECURITIES INFORMATION REPOSITORY. PROSPECTIVE PURCHASERS MAY RELY ON THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT IN THE ORIGINAL BOUND FORMAT OR ONLY IF SAVED IN FULL FROM SUCH WEBSITES; PROVIDED, HOWEVER, THAT PROSPECTIVE PURCHASERS SHOULD READ THE ENTIRE OFFICIAL STATEMENT (INCLUDING THE COVER PAGE, THE INSIDE FRONT COVER PAGE AND ALL APPENDICES ATTACHED HERETO) TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THE ORIGINAL BOUND FORMAT AND THE ELECTRONIC FORMAT, THE ORIGINAL BOUND FORMAT SHALL CONTROL.

REFERENCES TO WEBSITE ADDRESSES PRESENTED HEREIN, INCLUDING THE COMMISSION'S WEBSITE OR ANY OTHER WEBSITE CONTAINING INFORMATION ABOUT THE COMMISSION OR ANY THIRD PARTY ARE FOR INFORMATIONAL PURPOSES ONLY AND MAY BE IN THE FORM OF A HYPERLINK SOLELY FOR THE READER'S CONVENIENCE. UNLESS SPECIFIED OTHERWISE, SUCH WEBSITES AND THE INFORMATION OR LINKS CONTAINED THEREIN ARE NOT INCORPORATED INTO, AND ARE NOT PART OF, THIS OFFICIAL STATEMENT FOR ANY PURPOSE INCLUDING FOR PURPOSES OF RULE 15c2-12 PROMULGATED BY THE SEC PURSUANT TO THE SECURITIES EXCHANGE ACT OF 1934.

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OFFICIAL STATEMENT

\$205,490,000

PENNSYLVANIA TURNPIKE COMMISSION

REGISTRATION FEE REVENUE REFUNDING BONDS,

SERIES OF 2025

INTRODUCTION

This Official Statement, which includes the cover page, the inside front cover page, and the Appendices hereto, is furnished by the Pennsylvania Turnpike Commission (the "**Commission**") in connection with the proposed issuance of \$205,490,000 Pennsylvania Turnpike Commission Registration Fee Revenue Refunding Bonds, Series of 2025 (the "**2025 Bonds**"). The 2025 Bonds are being issued for the purposes of financing, together with other available moneys, (i) the redemption of the 2023 Bonds (as defined herein) on December 15, 2025; and (ii) the costs of issuing the 2025 Bonds. See "REFUNDING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

THE COMMISSION ALLOCATION (AS DEFINED HEREIN) OF ACT 3 REVENUES (AS DEFINED HEREIN) IS THE ONLY REVENUE SOURCE FOR THE 2025 BONDS. THE COMMISSION RECEIVES TOLL REVENUES, AS WELL AS OTHER REVENUE SOURCES NOT DERIVED FROM TOLLING, ALL OF WHICH ARE NOT A PART OF THE TRUST ESTATE (AS DEFINED HEREIN) PLEDGED FOR THE 2025 BONDS. Certain information concerning the Commission, its turnpike system (the "**System**"), toll revenue and the Commission's indebtedness, amongst other things, is provided in APPENDIX A attached hereto. The audited financial statements of the Commission are provided as APPENDIX E hereto. Such financial statements relate to the financial affairs of the Commission. The 2025 Bonds are payable solely from the Trust Estate under the Registration Fee Revenue Indenture (as defined herein), consisting primarily of any receipts, revenue and other monies received by the Trustee (as defined herein) from the Commission Allocation of Act 3 Revenues. The general credit and assets of the Commission are not pledged to pay the 2025 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2025 BONDS" herein.

Certain information concerning the Commonwealth of Pennsylvania (the "**Commonwealth**") is attached hereto as APPENDIX B. A summary of certain provisions of and defined terms in the Registration Fee Revenue Indenture is attached hereto as APPENDIX C. The form of the opinions of Co-Bond Counsel to be delivered in connection with the issuance of the 2025 Bonds is attached hereto as APPENDIX D. A table setting forth the total debt service requirements for the outstanding Registration Fee Revenue Bonds (as defined herein) is attached hereto as APPENDIX F. The form of the Continuing Disclosure Agreement (as defined herein) to be executed and delivered by the Commission in connection with the issuance of the 2025 Bonds is attached hereto as APPENDIX G.

If and when included in this Official Statement, the words "expects," "plans," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements, and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties, which could affect the amount of revenues collected or received by the Commission include, among others, changes in economic conditions and various

other events, conditions, and circumstances, many of which are beyond the control of the Commission. Such forward-looking statements speak only as of the date of this Official Statement. The Commission disclaims any obligation or undertaking to release publicly any updates or revision to any forward-looking statement contained herein to reflect any changes in the Commission's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

All capitalized terms not otherwise defined herein shall have the same meanings ascribed to them in the definitions set forth in APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF AND DEFINED TERMS IN THE REGISTRATION FEE REVENUE INDENTURE – DEFINITIONS" attached hereto. All references herein to the Enabling Acts (as defined herein), Act 3 (as defined herein), the 2025 Bonds, the Registration Fee Revenue Indenture, and the Continuing Disclosure Agreement are qualified in their entirety by reference to the complete texts thereof. Copies of drafts of such documents, except for the Enabling Acts and Act 3, may be obtained during the initial offering period from the respective principal offices of the Underwriters and, thereafter, executed copies may be obtained from U.S. Bank Trust Company, National Association, as successor trustee (the "*Trustee*").

All statements in this Official Statement involving matters of opinion, estimates, forecasts, projections, or the like, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized.

Pennsylvania Turnpike Commission

The Commission is an instrumentality of the Commonwealth created by the Enabling Acts, with the power to construct, operate and maintain the System and to perform other functions authorized by Act 44 (as defined herein). 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, extended, suspended, or terminated at any time by further legislation. For more information about the Commission and the System see APPENDIX A attached hereto. The general credit and assets of the Commission are not available to pay the 2025 Bonds.

Registration Fee Revenue Indenture, Enabling Acts and Act 3

The 2025 Bonds are being issued pursuant to that certain Trust Indenture dated as of August 1, 2005, as amended and supplemented from time to time (the "*Original Indenture*"), particularly as supplemented and amended by that certain Supplemental Trust Indenture No. 7 dated as of December 1, 2025 (the "*Supplemental Indenture*" and, together with the Original Indenture, the "*Registration Fee Revenue Indenture*") each by and between the Commission and the Trustee, all pursuant to and authorized by an Act of the General Assembly of Pennsylvania (the "*General Assembly*") 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, to the extent not repealed by Act 44, the Act of August 5, 1991, P.L. 238, No. 26 and the Act of November 25, 2013, P.L. 974, No. 89 ("*Act 89*") (collectively, the "*Enabling Acts*"), the Act of April 17, 1997, P.L. 6, No. 3 ("*Act 3*"),

and the Resolutions adopted by the Commission on September 17, 2024 and amended on March 18, 2025 and November 18, 2025 (collectively, the "**Bond Resolution**").

Purpose

The 2025 Bonds are being issued for the purposes of financing, together with other available moneys, (i) the redemption of the 2023 Bonds (as defined herein) on December 15, 2025; and (ii) the costs of issuing the 2025 Bonds. See "REFUNDING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Upon issuance of the 2025 Bonds, a portion of the proceeds thereof will be deposited with the Escrow Agent (as defined herein) under an Escrow Agreement (as defined herein) and will be used, together with other available moneys, to redeem the 2023 Bonds. See "REFUNDING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Sources of Payment and Security for the 2025 Bonds

The Commonwealth imposes annual registration fees on owners or lessees of passenger cars, recreational motor vehicles, motorcycles, trucks, farm vehicles and other vehicles (together with certain related charges, the "**Registration Fees**") pursuant to Title 75 of the Pennsylvania Consolidated Statutes, Section 1911 et seq. (the "**Registration Fee Act**"). Pursuant to Act 3, the annual Registration Fees were increased (with a few exceptions) effective July 1, 1997 (the portion of the Registration Fees received under the Registration Fee Act as in effect prior to the effectiveness of Act 3 is referred to as the "**Base Fees**" and the portion of the Registration Fees received as a result of the increases imposed by Act 3 is referred to as the "**Act 3 Revenues**"). Pursuant to Section 20 of Act 3, the Commonwealth has pledged not to limit or alter the rights vested in the Commission to the annual appropriation of \$28,000,000 of Act 3 Revenues payable to the Commission in the monthly amount of \$2,333,333.33 (the portion of the Act 3 Revenues appropriated to the Commission is referred to as the "**Commission Allocation**"). Pursuant to the Intercept Agreement (as defined herein) the Commonwealth and PennDOT have acknowledged and agreed that the Commission Allocation will be paid in equal monthly installments from the first available Act 3 Revenues. Over the past five years, the Commission has received monthly payments no later than the 20th day of each month.

The Commission previously issued and has outstanding its Registration Fee Revenue Refunding Bonds, Series A of 2005 (the "**Series A of 2005 Bonds**") and its Registration Fee Revenue Refunding Bonds (Floating Rate Notes), Series of 2023 in the original principal amount of \$231,425,000 (the "**2023 Bonds**") and entered into four separate interest rate swap agreements (collectively, the "**Swaps**") with JPMorgan Chase Bank, National Association, Morgan Stanley Capital Services LLC, The Bank of New York Mellon, and Bank of America, N.A. (collectively, the "**Counterparties**" and each individually a "**Counterparty**"), as the counterparties for the respective Swaps. Under the Swaps, the Commission has been paying fixed rate payments and receiving variable rate payments from the Counterparties. Concurrent with the issuance of the Series 2025 Bonds, the Swaps will be amended to provide for fully fixed payments by the Commission through the maturity of the Swaps in 2041.

A portion of the Series A of 2005 Bonds will remain outstanding after the issuance of the 2025 Bonds and the redemption of the 2023 Bonds. The scheduled payment of principal and interest on the

Series A of 2005 Bonds is insured by a municipal bond insurance policy (the "**2005 Bond Insurance Policy**") issued by Assured Guaranty Municipal Corp. (formerly Financial Security Assurance Inc.) (the "**2005 Bond Insurer**"). The 2005 Bond Insurer and the Counterparties each have certain consent rights under the Registration Fee Revenue Indenture. All necessary consents to the issuance of the 2025 Bonds and the execution and delivery of the Supplemental Indenture by the Commission have been received from the 2005 Bond Insurer and Counterparties. See "SOURCES OF PAYMENT AND SECURITY FOR THE 2025 BONDS" herein and APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF AND DEFINED TERMS IN THE REGISTRATION FEE REVENUE INDENTURE – DEFINITIONS" attached hereto for more information.

The Series A of 2005 Bonds and the 2025 Bonds are collectively referred to herein as the "**Outstanding Registration Fee Revenue Bonds**." Pursuant to a resolution adopted by the Commission on November 18, 2025, the Commission has elected, concurrently with the issuance of the 2025 Bonds, to use monies available to the Commission (other than proceeds of the 2025 Bonds) to defease a portion of the outstanding Series A of 2005 Bonds in the outstanding principal amount of \$4,475,000 (the "**Defeased 2005A Bonds**"). Upon such defeasance, the Commission will provide notice as required by its Continuing Disclosure Agreements. Upon the issuance of the 2025 Bonds, the redemption of the 2023 Bonds and the defeasance of the Defeased 2005A Bonds, there will be an aggregate of \$264,080,000 in aggregate principal amount of Outstanding Registration Fee Revenue Bonds.

The Outstanding Registration Fee Revenue Bonds, the Swaps, and any Additional Bonds and other Parity Obligations issued pursuant to the Registration Fee Revenue Indenture, are special limited obligations of the Commission payable solely from (a) any receipts, revenue and other monies received by the Trustee from the Commission Allocation, (b) the interest and income earned on any fund or account established pursuant to the Registration Fee Revenue Indenture (other than the Commission Rebate Fund) ((a) and (b) above generally referred to herein as the "**Trust Receipts**"), (c) the Commission's right to receive the Commission Allocation and any portion of the Commission Allocation actually received by the Commission, (d) all right, title and interest of the Commission in the Intercept Agreement; and (e) all moneys deposited into accounts or funds created by the Registration Fee Revenue Indenture (other than the Commission Rebate Fund) ((a), (b), (c), (d) and (e) are collectively referred to herein as the "**Trust Estate**"). See "REGISTRATION FEES" herein for more information. Pursuant to the Registration Fee Revenue Indenture, the Trust Estate has been pledged and assigned by the Commission to the Trustee to pay principal of and interest on the Outstanding Registration Fee Revenue Bonds, the Swaps, and any Additional Bonds and any other Parity Obligations hereafter issued pursuant to the Registration Fee Revenue Indenture.

THE GENERAL ASSEMBLY OF THE COMMONWEALTH HAS APPROPRIATED TO THE COMMISSION \$28,000,000 ANNUALLY OF AMOUNTS RECEIVED BY THE COMMONWEALTH FROM ACT 3 REVENUES IMPOSED BY THE COMMONWEALTH. SEE "REGISTRATION FEES" HEREIN FOR MORE INFORMATION. THE 2025 BONDS ARE LIMITED OBLIGATIONS OF THE COMMISSION PAYABLE SOLELY FROM THOSE ACT 3 REVENUES PAID TO THE COMMISSION OR THE TRUSTEE BY THE COMMONWEALTH AND CERTAIN FUNDS HELD UNDER THE REGISTRATION FEE REVENUE INDENTURE AND THE EARNINGS THEREON. THE 2025 BONDS SHALL NOT BE DEEMED TO BE A DEBT OF THE COMMONWEALTH OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH AND SHALL NOT BE AN

OBLIGATION OF THE COMMISSION PAYABLE FROM ANY SOURCE OTHER THAN THE COMMISSION ALLOCATION PAID TO THE COMMISSION OR THE TRUSTEE BY THE COMMONWEALTH AND CERTAIN FUNDS HELD UNDER THE REGISTRATION FEE REVENUE INDENTURE AND THE EARNINGS THEREON. THE COMMISSION HAS NO TAXING POWER.

There is no Debt Service Reserve Fund for the 2025 Bonds. There is no minimum amount required to be maintained in the Self-Liquidity Fund on account of the 2025 Bonds. See "SOURCES OF PAYMENT AND SECURITY FOR THE 2025 BONDS" herein.

DESCRIPTION OF THE 2025 BONDS

General

The 2025 Bonds will bear interest at fixed 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 2025 Bonds will accrue from the Dated Date (as defined herein) and will be payable semi-annually to maturity (or earlier redemption) on each July 15 and January 15 (each an "*Interest Payment Date*"), commencing on January 15, 2026.

The 2025 Bonds shall have a Series Issue Date which shall be the date of original issuance and first authentication and delivery against payment therefor. The 2025 Bonds shall have a "Dated Date" that is the same as the Series Issue Date.

The 2025 Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof. As provided in the Registration Fee Revenue Indenture, the principal or redemption price of the 2025 Bonds is payable at the designated trust office of the Trustee (initially its corporate trust office located in Philadelphia, Pennsylvania). Interest on the 2025 Bonds shall be paid to the person whose name appears on the bond registration books of the Bond Registrar as of the Regular Record Date for each Interest Payment Date. Payment of the interest on the 2025 Bonds shall be made by check mailed to such holder at its address as it appears on such registration books or, upon the written notice of any holder of at least \$1,000,000 in aggregate principal amount of 2025 Bonds, submitted to the Trustee no later than one Business Day prior to the Regular Record Date for each Interest Payment Date, by wire transfer to an account within the continental United States designated by such holder.

Upon original issuance, the 2025 Bonds will be registered in the name of and held by Cede & Co., as registered holder, and nominee for DTC. Purchases of the 2025 Bonds will initially be made in book-entry form. See " – Book-Entry Only System" below. As long as the 2025 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 2025 Bonds, will be paid directly to Cede & Co. by wire transfer by U.S. Bank Trust Company, National Association, Philadelphia, Pennsylvania, as Paying Agent. While the book-entry only system is in effect, transfers, and exchanges of the 2025 Bonds will be effected through DTC's book-entry system.

DTC may determine to discontinue providing its service with respect to the 2025 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, 2025 Bonds will be authenticated and delivered as provided in the Registration Fee Revenue Indenture to the Beneficial Owners of the 2025 Bonds, who shall then become the registered owners thereof.

Redemption of 2025 Bonds

Optional Redemption of 2025 Bonds

The 2025 Bonds maturing on or after July 15, 2038 are subject to optional redemption by the Commission, in whole or in part, at any time and from time to time on or after July 15, 2035 at a redemption price of 100% of the principal amount thereof to be redeemed plus, in each case, accrued interest on the 2025 Bonds to be redeemed to the date fixed for redemption.

Notice of Redemption

A notice of any such redemption, either in whole or in part, prepared and signed, on behalf of the Commission, by the Trustee, (a) shall be filed with the Trustee and (b) shall be mailed via first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the redemption date, to all registered owners of 2025 Bonds or portions of 2025 Bonds to be redeemed at their registered addresses, and to the Rating Agency and the Bond Buyer or their respective successors, if any, but failure to mail any such notice or defect in the mailed notice or in the mailing thereof shall not affect the validity of the redemption. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the 2025 Bonds then outstanding shall be called for redemption, the CUSIP numbers, if any, of such 2025 Bonds to be redeemed and, in the case of 2025 Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In case any 2025 Bond is to be redeemed in part only, the notice of redemption which relates to such 2025 Bond shall also state that on or after the redemption date, upon surrender of such 2025 Bond, a new 2025 Bond or 2025 Bonds in principal amount equal to the unredeemed portion of such 2025 Bond will be issued. Any notice of redemption may be subject to the condition that funds be delivered to the Trustee at the time of the redemption.

Effect of Calling for Redemption

The 2025 Bonds or portion of 2025 Bonds called for redemption shall, on the redemption date designated by the Commission in its notice of redemption, become and be due and payable at the redemption price provided for redemption of such 2025 Bonds and portions of 2025 Bonds on such date; provided, however, that such redemption may be conditioned upon moneys sufficient for, or Government Obligations, the principal of and interest on which when due, will be sufficient for the payment of the redemption price of, and accrued interest to the date fixed for redemption on, the 2025 Bonds to be redeemed are being held in separate accounts by the Trustee, or an escrow agent that would meet the qualifications for a trustee under the Registration Fee Revenue Indenture in trust for owners of the 2025 Bonds or portions thereof to be redeemed, all as provided in the Registration Fee Revenue Indenture on the date designated for redemption and shall not be effective if such moneys or Government Obligations are not so held on such date. If notice of redemption has been filed as required and such moneys or Government Obligations are so held on the date so designated for redemption, then interest on the 2025 Bonds or portions of 2025 Bonds so called for redemption shall cease to accrue, such 2025 Bonds and portions of 2025 Bonds shall cease to be entitled to any lien,

benefit or security under the Registration Fee Revenue Indenture, and the registered owners of such 2025 Bonds or portions of 2025 Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof solely from the securities and cash escrowed for such payment pursuant the Registration Fee Revenue Indenture and the proceeds thereof and, to the extent provided in the Registration Fee Revenue Indenture to receive 2025 Bonds for any unredeemed portions of 2025 Bonds.

Selection of 2025 Bonds to be Redeemed

If less than all of the 2025 Bonds which are stated to mature on the same date shall be called for redemption, the particular 2025 Bonds or portions of 2025 Bonds to be redeemed shall be selected by lot by the Trustee or in such manner as the Trustee in its discretion may determine, provided, however, that the portion of any 2025 Bond to be redeemed shall be in an Authorized Denomination, and that, in selecting portions of 2025 Bonds for redemption, the Trustee shall treat each 2025 Bond as representing that number of 2025 Bonds which is obtained by dividing the principal amount of such 2025 Bond by the Authorized Denomination. Any unredeemed portion of 2025 Bonds must be in Authorized Denominations.

Partial Redemption of 2025 Bonds

In the event that part but not all of an outstanding 2025 Bond shall be selected for redemption, the registered owner thereof shall present and surrender such 2025 Bond, duly endorsed or accompanied by a written instrument of transfer satisfactory to the Trustee, to the Trustee for payment of the principal amount thereof so called for redemption, and the Commission shall execute, the Trustee shall authenticate and the Trustee shall deliver to or upon the order of such registered owner, without charge there for, a new 2025 Bond for the unredeemed balance of the principal amount of the 2025 Bond so surrendered.

Registration, Transfer and Exchange

The Commission shall cause books for the registration and for the transfer and exchange of the 2025 Bonds as provided in the Registration Fee Revenue Indenture to be kept by the Bond Registrar. The Trustee shall serve as the Bond Registrar. The principal of any 2025 Bond shall be payable only to or upon the order of the registered owner or his legal representative.

Any 2025 Bond may be transferred only upon the books kept for the registration and transfer of 2025 Bonds, upon surrender thereof to the Bond Registrar together with an assignment duly executed by the registered owner or his legal representative in such form as shall be satisfactory to the Bond Registrar. Upon the transfer of any such 2025 Bond, the Commission shall execute in the name of the transferee, the Trustee shall authenticate and the Bond Registrar shall deliver, a new 2025 Bond or Bonds, of the same series and maturity and bearing interest at the same rate, of any denomination or denominations authorized by the Registration Fee Revenue Indenture, in an aggregate principal amount equal to the principal amount of such 2025 Bond, or the unredeemed portion thereof, of the same series and maturity and bearing interest at the same rate.

2025 Bonds, upon surrender thereof at the designated corporate trust office of the Trustee, together with an assignment duly executed by the registered owner or his attorney in such form as shall be satisfactory to the Bond Registrar may, at the option of the registered owner thereof, be

exchanged for 2025 Bonds of the same series and maturity, of any denomination or denominations authorized by the Registration Fee Revenue Indenture, in an aggregate principal amount equal to the principal amount of such 2025 Bonds, or the unredeemed portion thereof, and bearing interest at the same rate.

In all cases in which 2025 Bonds shall be exchanged or transferred under the Registration Fee Revenue Indenture, the Commission shall execute and authenticate and deliver 2025 Bonds in accordance with the provisions of the Registration Fee Revenue Indenture. All Bonds surrendered in any such exchange or transfer shall forthwith be canceled by the Bond Registrar. Except as otherwise provided in the Registration Fee Revenue Indenture, the Commission or the Bond Registrar may make a charge for every such exchange or transfer of Bonds sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, and in addition the Commission may charge a sum equal to the actual costs of exchanging or transferring such 2025 Bond for each new 2025 Bond delivered upon such exchange or transfer, and such charge or charges shall be paid before any such new 2025 Bond shall be delivered. Neither the Commission nor the Bond Registrar shall be required to make any such exchange or transfer of 2025 Bonds during the period beginning on and after a Record Date and preceding an Interest Payment Date on the 2025 Bonds or, in the case of any proposed redemption of 2025 Bonds, after such 2025 Bond or any portion thereof has been selected for redemption.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the 2025 Bonds. The 2025 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 2025 Bond certificate will be issued in the aggregate principal amount of each maturity and interest rate of the 2025 Bonds, as applicable, and will be deposited with DTC.

DTC, the world's largest securities 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 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments 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 SEC. More information about DTC can be found at www.dtcc.com.

Purchases of 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2025 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2025 Bond ("**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 2025 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 2025 Bonds, except in the event that use of the book-entry system for the 2025 Bonds is discontinued.

To facilitate subsequent transfers, all 2025 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 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2025 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2025 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 2025 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2025 Bonds, such as redemptions, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of 2025 Bonds may wish to ascertain that the nominee holding the 2025 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 the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2025 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2025 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI 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 the 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest on the 2025 Bonds will be made 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 on 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. Payments of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commission or 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.

DTC may discontinue providing its services as securities depository with respect to the 2025 Bonds at any time by giving reasonable notice to the Commission or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, 2025 Bond certificates are required to be printed and delivered.

The Commission may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2025 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Commission believes to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriters, the Trustee, or the Commission.

NEITHER THE COMMISSION NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT OR INDIRECT PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR: (1) SENDING TRANSACTION STATEMENTS; (2) MAINTAINING, SUPERVISING OR REVIEWING, OR THE ACCURACY OF, ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (3) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY DIRECT PARTICIPANT, OR BY ANY DIRECT OR INDIRECT PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON BOOK-ENTRY 2025 BONDS; (4) DELIVERY OR TIMELY DELIVERY BY DTC TO ANY DIRECT PARTICIPANT, OR BY ANY DIRECT OR INDIRECT PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNERS, OF ANY NOTICE (INCLUDING NOTICE OF REDEMPTION) OR OTHER COMMUNICATION WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE REGISTRATION FEE REVENUE INDENTURE TO BE GIVEN TO HOLDERS OR OWNERS OF BOOK-ENTRY 2025 BONDS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF BOOK-ENTRY 2025 BONDS; OR (6) ANY ACTION

TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF BOOK-ENTRY 2025 BONDS.

In the event that the Book-Entry Only System is discontinued, and the Beneficial Owners become registered owners of the 2025 Bonds, the 2025 Bonds will be transferable in accordance with the provisions of the Registration Fee Revenue Indenture.

REFUNDING PLAN

The 2025 Bonds are being issued for the purposes of financing, together with other available moneys, (i) the redemption of the 2023 Bonds on December 15, 2025; and (ii) the costs of issuing the 2025 Bonds (collectively, the "**2025 Refunding Project**"). See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Upon issuance of the 2025 Bonds, a portion of the proceeds thereof will be deposited into an escrow fund (the "**Escrow Fund**") held by the Trustee serving as escrow agent (the "**Escrow Agent**") under an Escrow Deposit Agreement between the Commission and the Escrow Agent (the "**Escrow Agreement**") and will be used, together with other available moneys, to purchase certain Government Obligations which, along with an uninvested cash deposit, will be held in the Escrow Fund. Based upon the arithmetic verification of the mathematic calculations of such uninvested cash and maturing principal of and interest on such Government Obligations held in the Escrow Fund, the maturing principal of and interest on such Government Obligations, together with such uninvested cash, will be sufficient to pay the principal of and interest due on the 2023 Bonds, and to redeem the 2023 Bonds, on December 15, 2025 (the "**Redemption Date**"), at a redemption price equal to 100% of the principal amount of such 2023 Bonds, redemption premium (if any), plus accrued interest thereon, pursuant to the optional redemption provisions of the 2023 Bonds.

Upon the issuance of the 2025 Bonds, and the funding of amounts pursuant to the Escrow Agreement, (i) the 2023 Bonds shall be defeased and shall be deemed to be no longer outstanding pursuant to the Registration Fee Revenue Indenture, (ii) the Swaps shall be amended to provide fixed swap payments to the Counterparties from December 15, 2025 through the maturity of the Swaps in 2041, and (iii) the funds in the Self-Liquidity Fund will be released to the Commission.

Prior to or concurrently with the issuance of the 2025 Bonds, and pursuant to a resolution adopted by the Commission on November 18, 2025, the Commission may elect to use monies available to the Commission to defease a portion of the outstanding Series A of 2005 Bonds. No proceeds of the 2025 Bonds will be used for the defeasance of any Series A of 2005 Bonds.

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ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds in connection with the 2025 Bonds.

SOURCES OF FUNDS

| | |
|---------------------------------|--------------------------------|
| Par Amount of 2025 Bonds | \$205,490,000.00 |
| Plus Original Issue Premium | 28,206,188.55 |
| Available Monies ⁽¹⁾ | <u>650,652.97</u> |
| TOTAL SOURCES | <u>\$234,346,841.52</u> |

USES OF FUNDS

| | |
|---|--------------------------------|
| Deposit to Escrow Fund for Redemption of the 2023 Bonds | \$232,075,652.97 |
| Costs of Issuance ⁽²⁾ | <u>2,271,188.55</u> |
| TOTAL USES | <u>\$234,346,841.52</u> |

⁽¹⁾ Represents monies released under the Registration Fee Revenue Indenture relating to the 2023 Bonds and other Commission monies.

⁽²⁾ Costs of Issuance include, but are not limited to, Underwriters' discount, legal fees, rating agency fees, printing expenses, Co-Financial Advisors' fees, Trustee fees, swap advisor fees, and other miscellaneous costs and expenses.

SOURCES OF PAYMENT AND SECURITY FOR THE 2025 BONDS

Sources of Payment; Limited Obligation

Upon the issuance of the 2025 Bonds and the redemption of the 2023 Bonds, the 2025 Bonds and the Series A of 2005 Bonds (subject to the defeasance of the Defeased 2005A Bonds) will be the only Outstanding Registration Fee Revenue Bonds. The Outstanding Registration Fee Revenue Bonds, the Swaps and any Additional Bonds and other Parity Obligations hereafter issued pursuant to the Registration Fee Revenue Indenture are limited obligations of the Commission payable solely from the Trust Estate consisting primarily of Trust Receipts, defined as (a) any receipts, revenues and other moneys received by the Trustee on or after the date of the Original Indenture from the Commission Allocation from the Act 3 Revenues and (b) the interest and income earned on any fund or account established pursuant to the Registration Fee Revenue Indenture (other than the Rebate Fund) and included in the Trust Estate. Pursuant to Section 20 of Act 3, the Commonwealth has pledged not to limit or alter the rights vested in the Commission to the annual appropriation of \$28,000,000 of Act 3 Revenues payable to the Commission in the monthly amount of \$2,333,333.33 (the portion of the Act 3 Revenues appropriated to the Commission is referred to as the "*Commission Allocation*").

Security for the 2025 Bonds and the Swaps

Under the Registration Fee Revenue Indenture, the Commission pledges, assigns and grants to the Trustee, to secure the payment of the Outstanding Registration Fee Revenue Bonds and the Swaps a security interest in the Trust Estate.

Registration Fees

Information concerning the Registration Fees, their collection and distribution to the Commission and the Commonwealth's Motor License Fund is set forth in this Official Statement under the caption "REGISTRATION FEES".

Self-Liquidity Fund

While the 2023 Bonds bear interest at the SIFMA Index Rate, the Registration Fee Revenue Indenture requires the Commission to maintain a balance of \$22,500,000 in the Self-Liquidity Fund. Upon issuance of the 2025 Bonds, and defeasance of the 2023 Bonds, no minimum amount shall be required to be maintained in the Self-Liquidity Fund.

No Debt Service Reserve Fund

There will be no Debt Service Reserve Fund for the 2025 Bonds, but one may be created with respect to Additional Bonds pursuant to a Supplemental Indenture. See "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF AND DEFINED TERMS IN THE REGISTRATION FEE REVENUE INDENTURE" attached hereto.

Additional Bonds

The Registration Fee Revenue Indenture permits the issuance of Additional Bonds on a parity with the Outstanding Registration Fee Revenue Bonds. The Additional Bonds may be issued under and secured by the Registration Fee Revenue Indenture at any time or times for the purpose of paying the cost of all or any part of any additional project or for the purpose of refunding all or any portion of the Outstanding Registration Fee Revenue Bonds then outstanding and, if elected by the Commission, all or a portion of the expenses incurred by the Commission in connection with the issuance of such Additional Bonds. The following documents, among others, must be filed with the Trustee as a condition to the issuance of any Additional Bonds:

(a) Supplemental Indenture providing whether the Debt Service Reserve Fund shall be funded and, if funded, shall establish a separate account within the Debt Service Reserve Fund and shall specify how such account may be funded; and

(b) except with respect to certain Additional Bonds issued for refunding purposes, as described under the immediately following heading, a certificate signed by the Treasurer or Assistant Treasurer of the Commission (the "*Treasurer's Certificate*") demonstrating and concluding that the actual debt service of all Bonds to be outstanding under the Registration Fee Revenue Indenture after the delivery of the proposed Additional Bonds in each year would not be more than the Commission Allocation.

Additional Bonds for Refunding Purposes

If Additional Bonds are issued for the purpose of providing funds for refunding or advance refunding all or any portion of outstanding Bonds, the Commission is not required to deliver the Treasurer's Certificate described above if there are delivered to the Trustee (1) a certificate of an independent public accountant verifying that the net proceeds of such refunding Bonds and any

investment income earned thereon shall be not less than an amount sufficient to pay the principal of and the redemption premium, if any, on the Bonds to be refunded, and, if permitted by law and deemed necessary by the Commission, the payment of interest thereon to the date of redemption; (2) in case all or a portion of such Bonds are to be issued for the purpose of redeeming Bonds prior to their stated maturity or maturities, such documents as shall be required by the Trustee to show that provision has been duly made for the redemption of such Bonds; and (3) a certificate signed by the Treasurer, Assistant Treasurer or Chief Financial Officer of the Commission demonstrating that the percentage derived by dividing the amount of the Trust Receipts by the debt service on Bonds outstanding after delivery of such Additional Bonds shall be either (i) at least 100% in each year or (ii) not less than the percentage obtained by dividing such amount prior to delivery of such Additional Bonds.

Consent of the 2005 Bond Insurer and Counterparties

Any amendment, supplement, modification to, or waiver of, the Registration Fee Revenue Indenture or any other transaction document including any underlying security agreement that requires the consent of Bondholders or materially or adversely affects the rights and interests of the Commission, the 2005 Bond Insurer, or the applicable Counterparty shall be subject to the prior written consent of the 2005 Bond Insurer, and such Counterparty. See "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF AND DEFINED TERMS IN THE REGISTRATION FEE REVENUE INDENTURE" attached hereto.

PARITY OBLIGATIONS

General

The Registration Fee Revenue Indenture permits the Commission to enter into one or more Swap Agreements which may be deemed Parity Obligations (excluding termination payments thereunder which may not be Parity Obligations) under the Registration Fee Revenue Indenture. In the event the Commission wishes the payments to be made and received by the Commission under a Swap Agreement or under any other obligation, to be taken into account in any calculation of annual Debt Service hereunder, the Commission must satisfy those conditions described in Appendix C. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF AND DEFINED TERMS IN THE REGISTRATION FEE REVENUE INDENTURE" attached hereto. Upon the satisfaction of such conditions such Swap Agreement will constitute an "Approved Obligation". Further, in the event the Commission wishes to enter into an Approved Obligation and to have its obligations thereunder be on parity with all Bonds and other Parity Obligations, it shall file with the Trustee the items set forth in the Registration Fee Revenue Indenture, together with a supplemental indenture granting such parity position (in which event, such Approved Obligation shall constitute a "*Parity Obligation*"). The Swaps will continue to constitute Parity Obligations.

Upon entering into a Swap Agreement that is a Parity Obligation, unless otherwise provided in a supplemental indenture, the Commission shall pay to the Trustee for deposit into the Swap Account the net amount payable, if any, to the applicable Counterparty as if such amounts were additional amounts of interest due; and the Trustee shall pay on behalf of the Commission to such Counterparty, to the extent required under such Swap Agreement, amounts deposited in the applicable Series Debt Service Fund. The amounts payable to the Swap Counterparties will be deposited into the Swap Account with the Trustee for payment to the applicable Counterparty. Net amounts received

by the Commission or the Trustee from the Counterparty pursuant to a parity Swap Agreement that is a Parity Obligation shall be deposited to the credit of the Swap Account or to such other account as designated by a Commission Official.

The Commission agrees that it will not enter any Parity Obligation unless prior to or contemporaneously with the incurrence thereof, the requirements of the Registration Fee Revenue Indenture are met and there is delivered to the Trustee such certificates or reports required therein, which takes into account the expected payments by and to the Commission pursuant to such Parity Obligation in making the calculations thereunder. Amounts paid by or to the Commission pursuant to Approved Obligations which do not constitute Parity Obligations 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).

Parity Obligations under the Registration Fee Revenue Indenture do not include Settlement Amounts (as defined in the Registration Fee Revenue Indenture as part of the applicable Swap Agreements). Settlement Amounts are secured by the Trust Estate but are paid under the Registration Fee Revenue Indenture as Subordinated Indebtedness. The Registration Fee Revenue Indenture provides that the owners of Subordinated Indebtedness shall have no right to vote on, or require, an acceleration of maturities of Parity Obligations, and the failure of the Commission to pay a termination fee due under any Swap Agreement shall not be considered a default under the Registration Fee Revenue Indenture.

The Swaps

The Commission previously entered into the Swaps, which are Parity Obligations under the Registration Fee Revenue Indenture. The Commission's payment obligations under the Swaps are not covered by the 2005 Bond Insurance Policy. For more information regarding the Swaps, see "COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Interest Rate Exchange Agreements" in APPENDIX A and "Note 11. Commitments and Contingencies – Interest Rate Swaps" in the Basic Financial Statements APPENDIX E – "AUDITED FINANCIAL STATEMENTS FOR FISCAL YEARS ENDED MAY 31, 2025 AND 2024" attached hereto. Under the Swaps, the Commission has been paying fixed rate payments and receiving variable rate payments from the Counterparties. Concurrent with the issuance of the 2025 Bonds, the Swaps will be amended to provide fixed swap payments to the Counterparties through the maturity of the Swaps in 2041. Upon such amendment, the Swaps will continue to be Parity Obligations under the Registration Fee Revenue Indenture.

REGISTRATION FEES

General

The General Assembly of the Commonwealth has by Act 3 amended Sections 1912, 1913, 1914, 1915, 1916, 1917, 1920, 1921, 1922, 1923, 1924, 1925, 1926, 1926.1, 1927, 1929, 1932, 1933, 1952 and 9606 of Title 75 of the Pennsylvania Consolidated Statutes. Such amendments, among other things, increase fees and other charges generally related to the registration of various types of vehicles. Registration fees were increased for passenger cars, motor homes, motorcycles, motor-driven cycles, trucks, truck tractors, motor buses, limousines, trailers, special mobile equipment, implements of

husbandry, antique, classic, and collectible vehicles, farm vehicles, ambulances, taxis, hearses, commercial implements of husbandry, farm equipment dealer trucks and farm equipment dealer truck tractors. Registration Fees were also increased for the issuance of certificates of title, dealer registration plates, miscellaneous motor vehicle business plates, replacement registration plates and duplicate registration cards and for transfers of registration.

Act 3 expressly provides that there shall be a continuing annual appropriation of \$28,000,000 of Act 3 Revenues deposited in the Motor License Fund to the Pennsylvania Turnpike Commission, distributed in twelve monthly payments of \$2,333,333.33, for toll roads designated under the act of September 30, 1985 (P.L. 240, No. 61), known as the Turnpike Organization, Extension and Toll Road Conversion Act. Act 3 further states that it shall operate as a pledge, by the Commonwealth to an individual or entity that acquires a bond issued by the Commission, to (1) secure the portion of the money described in Act 3 and distributed under Act 3; and (2) not limit or alter the rights vested in the Commission to the appropriation and distribution of the money set forth in Act 3. The amounts received by the Trustee therefrom are pledged as security for the Outstanding Registration Fee Revenue Bonds and any Parity Obligations.

In addition, in the Registration Fee Revenue Indenture, the Commission covenants that it will seek to enforce the pledge and appropriation of the Commonwealth with respect to the Commission Allocation and covenants that the Commission will petition the General Assembly for additional funds in the event that the Trust Receipts are inadequate to pay amounts due under the Registration Fee Revenue Indenture.

In a letter dated as of August 1, 2005 (the "*Intercept Agreement*"), signed and acknowledged by the Commission, the State Treasurer of the Commonwealth (the "*State Treasurer*") and the Pennsylvania Department of Transportation (the "*PennDOT*"), the Commission irrevocably directs the State Treasurer to allocate to a separate account the Commission Allocation received in each fiscal year of the Commonwealth for the Commission and to make the required monthly payments of the Commission Allocation directly to the Trustee from the amounts so reserved.

The Commission has directed that payment of all or any portion of the Commission Allocation be made directly to the Trustee so long as any Bonds are outstanding under the Registration Fee Revenue Indenture. Such direction is not subject to modification by the Commission unless consented to by the Trustee and such disbursements to the Trustee shall continue until written notice is received by the Commonwealth from the Commission and the Trustee that there are no longer any Outstanding Registration Fee Revenue Bonds or other Parity Obligations outstanding under the Registration Fee Revenue Indenture. Accordingly, all references herein to payments of such amounts to the Commission shall be deemed to include payments to the Trustee.

In the Intercept Agreement, PennDOT acknowledged and agreed (i) that the Commission is entitled annually to the first \$28,000,000 of Act 3 Revenues, to be paid to the Commission in monthly amounts of \$2,333,333.33, (ii) that the State Treasurer is required to pay the first \$2,333,333.33 of the Act 3 Revenues collected each month to the Trustee as a result of the direction of the Commission set forth in the Intercept Agreement, (iii) to make sufficient monies available from Act 3 Revenues that have been collected previously in such fiscal year to enable PennDOT to make such monthly payments to the Commission, (iv) at the beginning of each fiscal year, to provide the Commission with a copy of the executive authorization for the payment of funds issued by the Governor along

with the projected monthly distribution of Act 3 Revenues for such fiscal year and a report as to the amounts collected under the Registration Fee Act, including the amount of the Act 3 Revenues, during the prior fiscal year; and (v) to take such actions and to give such further assurances as the State Treasurer or the Commission deems necessary to comply with and/or effect the foregoing.

If the Trustee does not receive any required payment of the Commission Allocation from the Commonwealth for any reason, including the failure of the Commonwealth to adopt a budget in any fiscal year, the Commission, at the request of the Trustee, will make inquiry of the appropriate Commonwealth officials and, if payment is not then made, the Trustee is authorized by the Registration Fee Revenue Indenture to seek to enforce such payment by any remedy permitted by law.

The following table sets forth the historical revenues collected under the Registration Fee Act, including the amount of the Act 3 Revenues, as well as the coverage of the debt service on Outstanding Registration Fee Revenue Bonds paid from the Commission Allocation (for Outstanding Registration Fee Revenue Bonds, any Additional Bonds, the Swaps or other Parity Obligations) described above.

| <u>Registration Fees</u> <i>(in thousands)</i> | | | | |
|--|------------------|--------------------------------------|-----------------------------------|--------------|
| Fiscal Year (ended June 30) | Base Fees | Act 3 Revenues ⁽¹⁾ | Act 3 Revenue Coverage | Total |
| 2021 | \$476,897 | \$219,303 | 7.88x | \$696,200 |
| 2022 | \$480,939 | \$221,162 | 7.95x | \$702,100 |
| 2023 | \$469,294 | \$215,807 | 7.74x | \$685,100 |
| 2024 | \$532,999 | \$245,102 | 8.84x | \$778,100 |
| 2025 ⁽²⁾ | \$560,262 | \$257,639 | 9.32x | \$817,900 |

⁽¹⁾ Act 3 Revenues accumulate monthly. The Base Fees are not required to be achieved before Act 3 Revenues come into existence.

⁽²⁾ Preliminary, unaudited.

The Commission Allocation is derived from each dollar of Act 3 Revenues and PennDOT considers the Commission Allocation to be the first \$28,000,000 of Act 3 Revenues. There can be no assurances that future revenues collected under the Registration Fee Act, including the amount of the Act 3 Revenues, will not vary materially and adversely from the amounts shown above. See "INVESTMENT CONSIDERATIONS" herein.

Excess Act 3 Revenues Deposited with the Trustee

Any balance of Act 3 Revenues paid to the Commission or the Trustee in excess of the amounts required for making required deposits under the Registration Fee Revenue Indenture and other deposits required to be made thereunder for debt service will be transferred annually by the Trustee on the Business Day immediately succeeding the July 15 Interest Payment Date to a Commission account which may be used by the Commission for its general purposes. See "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF AND DEFINED TERMS IN THE REGISTRATION FEE REVENUE INDENTURE" attached hereto.

Factors Affecting Collection of Registration Fees

The amount of Registration Fees collected by the Commonwealth could be adversely affected by many factors. See "INVESTMENT CONSIDERATIONS" herein.

Motor License Fund

The Motor License Fund is created by Pennsylvania statute and all proceeds of the Registration Fees are deposited into such fund. Under Act 3, Registration Fees are collected by PennDOT and deposited into the Motor License Fund. The State Treasurer is custodian of all funds deposited into the Motor License Fund. PennDOT maintains records of deposits to and disbursements from the Motor License Fund.

INVESTMENT CONSIDERATIONS

There are various investment considerations which could adversely affect the sufficiency of Act 3 Revenues, and/or the Trust Estate and which, if present, may result in an inability to meet the debt service requirements on the Outstanding Registration Fee Revenue Bonds, Additional Bonds, the Swaps, and any other Parity Obligations. The following is intended only as a summary of certain investment considerations attendant to an investment in the 2025 Bonds and is not intended to be exhaustive. To identify risk factors and make informed investment decisions, potential investors should be thoroughly familiar with the entire Official Statement (including each Appendix hereto), and the Registration Fee Revenue Indenture and related documents to make a judgment as to whether the 2025 Bonds are an appropriate investment.

The following investment considerations are among those which should be evaluated by a potential investor:

The amount of Registration Fee Revenues collected by the Commonwealth could be adversely affected by many factors.

The amount of Registration Fees collected by the Commonwealth is dependent primarily upon the number of motor vehicles registered in Pennsylvania. The collection of Registration Fees could be adversely affected by many factors. For example, economic circumstances which result in significant motor vehicle acquisition or operating cost increases could adversely affect the number of motor vehicles in use. Government regulations, such as Clean Air Act requirements, might also significantly restrict motor vehicle use and therefore diminish Registration Fee collections. For these and other reasons, there can be no assurance that the Commission Allocation will be covered by the amount collected from the Act 3 Revenues and any variation could be material and adverse. See APPENDIX B attached hereto for more information regarding the Commonwealth.

| | |
|---|--|
| The Trust Estate will have limited assets from which to make payments on the 2025 Bonds, which may result in losses. | The Trust Estate will not include significant assets except for the Commission Allocation of Act 3 Revenues deposited therein. The Trust Estate consists primarily of the Commission Allocation and such other revenues on deposit in the Trust Estate. Consequently, holders of the 2025 Bonds must rely upon the obligation of the Commonwealth to make payments of Act 3 Revenues to the Trustee for deposit in the Trust Estate. |
| Litigation and Other Actions Against the Commission | The Commission is subject to litigation from time to time and may be subject to litigation and other actions in the future which could adversely affect the financial position of the Commission. The Commission cannot predict when or if any action will be brought against the Commission in the future, and, if brought, whether any action would be successful or result in monetary damages or other relief being imposed upon the Commission. See "LITIGATION" herein and also see APPENDIX A – "THE PENNSYLVANIA TURNPIKE COMMISSION – THE COMMISSION – Recent Developments and Legislation – <i>Black & Veatch Construction, Inc.</i> " attached hereto for more information regarding two separate claims filed by Black & Veatch Construction Inc. ("BVCI") relating to work done by BVCI in connection with certain portions of the design-build fiber optic network installation. |
| Certain legislative actions may result in adverse changes to the Commission, the Enabling Acts or Act 3 | 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. 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 make timely payments on the 2025 Bonds. See APPENDIX A – "THE PENNSYLVANIA TURNPIKE COMMISSION – THE COMMISSION – Recent Developments and Legislation." |
| Bankruptcy risk; Lien position | The rights and remedies of Bondholders could be limited by the provisions of the Federal Bankruptcy Code, as now or hereafter enacted (the " Bankruptcy Code "), 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.

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.

Possible changes in federal or Commonwealth tax laws could affect the excludability or deductibility of interest on tax-exempt bonds such as the 2025 Bonds

Current and future legislative proposals, if enacted into law, could cause interest on the 2025 Bonds to be subject, directly, or indirectly, to federal income taxation, or to be subject to or not be exempted from income taxation imposed by the Commonwealth, or otherwise prevent the owners of the 2025 Bonds from realizing the full current benefit of the tax status of such interest. The introduction and/or enactment of any such legislative proposals may also affect the market price for, or marketability of, the 2025 Bonds. Prospective purchasers of the 2025 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation, as to which Co-Bond Counsel will express no opinion. See "TAX MATTERS" herein.

The 2025 Bonds may be repaid early due to the exercise of the redemption option. If this happens, 2025 Bond Bondholders will bear reinvestment risk which could be at lower yields than the yields on the 2025 Bonds

The 2025 Bonds may be redeemed prior to their final maturity if the Commission exercises its option to redeem the 2025 Bonds. Bondholders bear the risk that monies received upon such redemption cannot be reinvested in comparable securities or at comparable yields.

Uncertainty as to available remedies

The remedies available to owners of the 2025 Bonds upon an Event of Default under the Registration Fee Revenue 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 Registration Fee Revenue 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 2025 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.

Cybersecurity Threats

The Commission, the Commonwealth and many of their respective vendors and contractors are dependent on information and computing technology to conduct general business operations, including toll transactions, toll collections, and customer account services. While to date the Commission has not experienced a materially disruptive cybersecurity threat, computer hacking, cyber-attacks or other malicious activities directed at the Commission's information systems or those of its vendors or contractors, could disrupt Commission services or cause physical or financial harm to the Commission, in the future. Further, cybersecurity breaches such as leakage or loss of confidential or proprietary data and failure or disruption of information technology systems could materially and adversely affect the Commission's reputation, which could lead to significant outlays and decreased performance that insurance may not cover.

The Commission has a robust cybersecurity framework that leverages multiple layers of protection including edge and internal firewalls, an intrusion prevention system, security incident and event management, multi-layered anti-virus, malware protection and spam filters. The Commission performs regular security patching and regular internal and external vulnerability scans. Periodic security assessment and penetration testing is performed regularly by qualified third parties. The Commission has implemented cybersecurity awareness training and simulated phishing attacks, and has published third-party security requirements that define general security requirements, requirements for vendors providing hosting cloud-based systems, and requirements for vendors providing on-premises systems or devices physically connected to the Commission's networks. All Commission employees are required to complete annual information technology security training and phishing simulation campaigns are performed regularly. Additionally, the Commission has cyber insurance which also provides immediate access to third party forensic investigation experts to assist the Commission with any data or system breaches.

Although the Commission devotes significant resources to maintain and regularly upgrade its systems and processes that are designed to protect the security of its computer systems, software, networks and other technology assets and the confidentiality, integrity and availability of information belonging to customers, there is no assurance that all these security measures will provide absolute security or prevent the risk of the Commission's finances or operations being negatively impacted by a cybersecurity threat directed at one of the Commission's vendors or contractors. These risks may increase in the future as the Commission continues to utilize All Electronic Tolling, mobile payments and other internet-based applications both internally and externally. A successful cybersecurity attack on the Commission, the Commonwealth or one of their respective vendors or contractors, could have a materially adverse effect on the financial condition and/or the operations of the Commission.

TAX MATTERS

In the opinion of Clark Hill PLC and Steptoe & Johnson PLLC, Co-Bond Counsel, under existing law interest on the 2025 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "*Code*"), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the 2025 Bonds may be subject to the alternative minimum tax imposed under Section 55(b) of the Code on "applicable corporations" (within the meaning of Section 59(k) of the Code).

Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the 2025 Bonds. Co-Bond Counsel expresses no opinion regarding those consequences. Co-Bond Counsel is not providing any opinion regarding any federal tax or state tax matters other than as provided in foregoing paragraph and expressly stated in the form of Co-Bond Counsel opinion included as APPENDIX D hereto.

Original Issue Premium. The initial public offering prices of certain of the maturities of the 2025 Bonds ("**Premium Offered Bonds**") are more than the principal amounts payable on such Premium Offered Bonds at their respective maturities. Such excess, over the amount payable at maturity of a Premium Offered Bond is amortizable bond premium, which is not deductible from gross income for federal income tax purposes.

Amortizable bond premium will reduce the owner's tax basis of a Premium Offered Bond in each year by the amount of amortization for such year, which basis is used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of a Premium Offered Bond.

Owners of Premium Offered Bonds should consult their own tax advisors with respect to the calculation of the amount of bond premium which will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of Premium Offered Bonds.

In the opinion of Co-Bond Counsel, under the laws of the Commonwealth of Pennsylvania as presently enacted and construed, interest on the 2025 Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax; however, under the laws of the Commonwealth, as enacted and construed on the date hereof, any profits, gains, or income derived from the sale, exchange, or other disposition of the 2025 Bonds will be subject to Pennsylvania taxes and local taxes within the Commonwealth.

Purchasers of the 2025 Bonds should consult their independent tax advisors with regard to all federal and other tax matters.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Commission set forth in the documents contained in the transcript of proceedings prepared in connection with the issuance of the 2025 Bonds, and that are intended to evidence and assure that the 2025 Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Co-Bond Counsel has not and will not independently verify the accuracy of the Commission's representations and certifications or the continuing compliance with the Commission's covenants. After the date of issuance of the 2025 Bonds, Co-Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other may adversely affect the exclusion from gross income for federal income tax purposes of interest on the 2025 Bonds.

The opinion of Co-Bond Counsel is based on the laws and legal authority existing on the date of the issuance of the 2025 Bonds. The opinion represents Co-Bond counsel's legal judgment as to exclusion of interest on the 2025 Bonds from gross income for federal income tax purposes and is not a guarantee of that conclusion. The opinion is not binding on the Internal Revenue Service (the "**IRS**") or any court. No opinion is expressed by Co-Bond Counsel as to: (i) the effect of future changes in the Code and the applicable regulations under the Code, or (ii) the interpretation and the enforcement of the Code or applicable regulations by the IRS.

Co-Bond Counsel's engagement with respect to the 2025 Bonds ends with the issuance of the 2025 Bonds, and, unless separately engaged, Co-Bond Counsel is not obligated to defend the Commission or the owners of the 2025 Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS.

CONTINUING DISCLOSURE

The Commission will enter into a Continuing Disclosure Agreement for the benefit of the Underwriters and the Registered Owners from time to time of the 2025 Bonds (the "*Continuing Disclosure Agreement*") pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "*SEC*") under the Securities Act of 1934, as amended (the "*Rule*"). The form of the Continuing Disclosure Agreement is attached hereto as APPENDIX G – "FORM OF CONTINUING DISCLOSURE AGREEMENT". The Commission has engaged Digital Assurance Certification, L.L.C. (the "*Dissemination Agent*"), to serve as the initial Dissemination Agent with respect to the Continuing Disclosure Agreement.

Pursuant to the Continuing Disclosure Agreement, the Commission will provide or cause to be provided to the Municipal Securities Rulemaking Board (the "*MSRB*"), which is currently the sole nationally recognized municipal securities information repository (the "*Repository*") under the Rule, via electronic transmissions pursuant to the MSRB's Electronic Municipal Market Access System ("*EMMA*"), accessible at <http://emma.msrb.org>, certain financial and operating information and notices, all as set forth in the Continuing Disclosure Agreement.

A default under the Continuing Disclosure Agreement shall not be deemed to be a default under the 2025 Bonds or the Registration Fee Revenue Indenture, and the sole remedy to enforce the provisions of the Continuing Disclosure Agreement 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 Continuing Disclosure Agreement.

During the five (5) year period preceding the date of this Official Statement, the Commission failed to timely meet certain of its disclosure obligations under its outstanding continuing disclosure undertakings, specifically: (i) notices of certain events and certain financial and operating information that were made available in a timely manner on EMMA, were either (a) not initially linked to all relevant CUSIP numbers, or (b) not continuously linked to all relevant CUSIP numbers; (ii) with respect to the Commission's Outstanding Registration Fee Revenue Bonds, the quarterly reporting of liquidity fund² balances was not reported on a timely basis on two occasions; and (iii) on one occasion, the timely publication of a notice with respect to the issuance of certain Turnpike Senior Revenue Bonds in exchange for satisfaction of the Commission's obligations under a prior EB-5 loan in accordance with the terms of the prior loan agreement relating thereto. The Commission has worked with the Dissemination Agent to correct these issues and enhance compliance with the Commission's continuing disclosure obligations in the future.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

When the 2025 Bonds are issued, Causey Public Finance, LLC (the "*Verification Agent*"), will deliver to the Commission a report indicating that it has verified the arithmetic accuracy of (a) the mathematical calculations of the adequacy of the cash and the maturing principal amounts of, and the interest on, the Government Obligations held in the Escrow Fund pursuant to the Escrow

² Upon issuance of the 2025 Bonds, and defeasance of the 2023 Bonds, no minimum amount shall be required to be maintained in the Self-Liquidity Fund.

Agreement to pay the interest on and redemption price of the 2023 Bonds and (b) certain yield calculations relating to the Government Obligations and the 2023 Bonds.

RATINGS

Moody's Investors Service, Inc., S&P Global Ratings, and Fitch Ratings have assigned their municipal bond ratings of "A1" (stable outlook), "AA-" (stable outlook), and "AA-" (stable outlook), respectively, to the 2025 Bonds.

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: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; S&P Global Ratings at 55 Water Street, New York, New York 10041; and Fitch Ratings, 33 Whitehall Street New York, New York 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 any 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 2025 Bonds.

Except as provided in the Continuing Disclosure Agreement, neither the Underwriters nor the Commission have undertaken any responsibility to bring to the attention of the holders of the 2025 Bonds any proposed or actual change in or withdrawal of any rating or the outlook of any rating and neither the Underwriters nor the Commission have undertaken any responsibility to oppose any proposed change or withdrawal of any rating or the outlook thereof. See "CONTINUING DISCLOSURE" above.

AUDITED FINANCIAL STATEMENTS

The financial statements of the Commission for the years ended May 31, 2025 and May 31, 2024 are set forth in APPENDIX E – "AUDITED FINANCIAL STATEMENTS FOR FISCAL YEARS ENDED MAY 31, 2025 AND 2024." The financial statements for the fiscal years ended May 31, 2025 and May 31, 2024 were audited by SB & Company, LLC in its capacity as the Commission's Independent Auditor. SB & Company, LLC has not been engaged to perform nor has it performed, since the date of its auditor's report, any procedures on the financial statements addressed in the reports. Additionally, SB & Company, LLC has not performed any procedures related to this Official Statement or other debt-related offering documents.

Such financial statements relate to the financial affairs of the Commission. The 2025 Bonds are payable solely from the Trust Estate, consisting primarily of any receipts, revenue and other monies received by the Trustee from the Commission Allocation. The general credit and assets of the Commission are not pledged to pay the 2025 Bonds. No separate financial statements are prepared or currently expected to be available with respect to the restricted account within the Motor License Fund into which the Act 3 Revenues are deposited and from which the Commission Allocation is to be distributed.

LITIGATION

General

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the 2025 Bonds, or in any way contesting or affecting the validity of the 2025 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 2025 Bonds, the existence or powers of the Commission, or the authority for the Commission to undertake the 2025 Refunding Project.

The Commission is covered by Act No. 152, approved September 28, 1978, *42 Pa.C.S. § 8528*, 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. On March 11, 2024 the Pennsylvania Supreme Court granted appeal in *Freilich v. Se. Pennsylvania Transportation Auth.*, 302 A.3d 1261 (Pa. Commw. Ct. 2023), appeal granted, No. 245 EAL 2023, 2024 WL 1044586 (Pa. Mar. 11, 2024). In granting the appeal in *Freilich*, the Pennsylvania Supreme Court will consider whether Section 8528(b)'s statutory cap on damages of \$250,000 violates Article I, Sections 6 and 11 of the Pennsylvania Constitution. In the event that the Pennsylvania Supreme Court determines that such statutory cap is unconstitutional, the Commission could be subject to significant additional liabilities in personal injury and related litigation matters. The Commission currently self-insures against tort claims. The Commission is unable to presently predict the availability and cost of commercial insurance coverages, should the Commission choose to obtain third party insurance against such claims in the future. Accordingly, the Commission is currently unable to predict the impact on the Commission's finances should the *Freilich* matter result in an elimination of the statutory caps. The defendant, the Southeastern Pennsylvania Transportation Authority, filed its brief on the matter with the Pennsylvania Supreme Court on August 2, 2024. On that date the Commission also joined a brief filed with the Pennsylvania Supreme Court as *amici curiae*, asking the Court to rule that the statutory caps on damages are constitutional. The Court heard oral arguments on the Freilich matter on March 4, 2025 and their decision is pending. During the current session of the Pennsylvania General Assembly, Senate Bill 383 was proposed which, if enacted, would, *inter alia*, increase the limitations on damages in cases involving permanent dismemberment or death. See APPENDIX A – "THE PENNSYLVANIA TURNPIKE COMMISSION – THE COMMISSION – Recent Developments and Legislation--*Litigation Relating to Sovereign Immunity in Pennsylvania.*"

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 such claims, individually or in the aggregate, are deemed to expose the Commission to a material risk of loss.

Certain Litigation

The Commission may be subject to additional litigation or other actions from time to time in the future which cannot be predicted at this time. See "INVESTMENT CONSIDERATIONS – Litigation and Other Actions Against the Commission" herein and APPENDIX A – "THE PENNSYLVANIA TURNPIKE COMMISSION – THE COMMISSION – Recent Developments and Legislation."

LEGAL MATTERS

Certain legal matters with respect to the 2025 Bonds will be passed upon by Clark Hill PLC, Pittsburgh, Pennsylvania, and Steptoe & Johnson PLLC, Pittsburgh, Pennsylvania, Co-Bond Counsel. A copy of the proposed form of opinions of Co-Bond Counsel which will be delivered on the date of issuance and delivery of the 2025 Bonds is set forth in APPENDIX D – "FORM OF OPINIONS OF CO-BOND COUNSEL." Certain other legal matters will be passed upon for the Underwriters by their Counsel, Eckert Seamans Cherin & Mellott, LLC, and for the Commission by its Chief Counsel, Doreen A. McCall, Esquire, and Stradley Ronon Stevens & Young, LLP, as Disclosure Counsel to the Commission.

The various legal opinions to be delivered concurrently with the delivery of the 2025 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.

UNDERWRITING

Pursuant to the provisions of a bond purchase agreement with the Commission (the "**Purchase Agreement**"), BofA Securities, Inc. (the "**Representative**"), on its own behalf and on behalf of the other Underwriters shown on the cover page hereof (collectively, the "**Underwriters**"), will agree, subject to certain customary conditions precedent to closing, to purchase the 2025 Bonds from the Commission at a purchase price equal to \$232,845,651.61 (representing the par amount of the 2025 Bonds, plus original issue premium of \$28,206,188.55, and less an Underwriters' discount of \$850,536.94). Pursuant to the Purchase Agreement, the Underwriters will be obligated to purchase all of the 2025 Bonds if any of such 2025 Bonds are purchased.

The 2025 Bonds may be offered and sold to certain dealers (including the Underwriters and other dealers depositing such 2025 Bonds into investment trusts) at prices lower than such public offering price (and such public offering price may be changed, from time to time, by the Underwriters) only after a public offering of the 2025 Bonds at the initial offering price.

The obligation of the Underwriters to accept delivery of the 2025 Bonds is subject to the terms and conditions set forth in the Purchase Agreement, the approval of legal matters by counsel and other conditions.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing, and brokerage services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Commission, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments

(including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Commission.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities, and instruments.

BofA Securities, Inc., an underwriter of the 2025 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“**MLPF&S**”). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the 2025 Bonds.

J.P. Morgan Securities LLC (“**JPMS**”), one of the Underwriters of the 2025 Bonds, has entered into negotiated dealer agreements (each, a “**Dealer Agreement**”) with each of Charles Schwab & Co., Inc. (“**CS&Co.**”) and LPL Financial LLC (“**LPL**”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase 2025 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2025 Bonds that such firm sells.

RBC Capital Markets, LLC (“**RBCCM**”), an underwriter of the 2025 Bonds, is a subsidiary of Royal Bank of Canada. Royal Bank of Canada is currently serving as a swap counterparty for the Commission. As swap counterparty, Royal Bank of Canada has certain rights in relation to serving as a swap counterparty to the Commission as more fully provided for in the swap documents and related disclosures. RBCCM has entered into a distribution arrangement with its affiliate City National Securities, Inc. (“**CNS**”). As part of this arrangement, RBCCM may distribute municipal securities to investors through the financial advisor network of CNS. As part of this arrangement, RBCCM may compensate CNS for its selling efforts with respect to the 2025 Bonds.

Morgan Stanley & Co. LLC, one of the Underwriters of the 2025 Bonds, has entered into a retail distribution arrangement with its affiliate, Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute securities to retail investors through the financial network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its underwriting efforts with respect to the 2025 Bonds.

TD Financial Products LLC, one of the Underwriters of the 2025 Bonds, has entered into a negotiated dealer agreement (the “**TD Dealer Agreement**”) with Revere Securities LLC (“**Revere**”) for the retail distribution of certain securities offerings, including the offered 2025 Bonds at the original issue prices. Pursuant to the TD Dealer Agreement, Revere may purchase the 2025 Bonds from TD Financial Products LLC at the original issue prices less a negotiated portion of the selling concession applicable to any of the 2025 Bonds Revere sells.

Truist Securities, Inc. has entered into an agreement (the “**TIS Distribution Agreement**”) with Truist Investment Services, Inc. (“**TIS**”) for the retail distribution of certain municipal securities offerings, including the 2025 Bonds. Pursuant to the TIS Distribution Agreement, Truist Securities, Inc. will share a portion of its underwriting compensation, as applicable, with respect to the 2025 Bonds with TIS. Each of Truist Securities, Inc. and TIS is a subsidiary of Truist Financial Corporation. Truist Securities is the trade name for the corporate and investment banking services of Truist Financial Corporation and its subsidiaries. Securities and strategic advisory services are provided by Truist Securities, Inc., member FINRA and SIPC. Lending, financial risk management, and treasury management and payment services are offered by Truist Bank. Deposit products are offered by Truist Bank, Member FDIC. In its normal course of business Truist Bank may currently, or in the future, provide credit, treasury management, or other commercial banking services to the Commission.

CO-FINANCIAL ADVISORS

The Commission has retained Phoenix Capital Partners, LLP, Philadelphia, Pennsylvania, and Public Resources Advisory Group, Inc., Media, Pennsylvania, as Co-Financial Advisors with respect to the authorization and issuance of the 2025 Bonds. The Co-Financial Advisors are not obligated to undertake or assume responsibility for, nor have they undertaken or assumed responsibility for, an independent verification of the accuracy, completeness or fairness of the information contained in this Official Statement. Each Co-Financial Advisor is a registered independent advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities.

TRUSTEE, PAYING AGENT, BOND REGISTRAR AND AUTHENTICATING AGENT

U.S. Bank Trust Company, National Association (the “**Bank**”), Philadelphia, Pennsylvania, is the Trustee, Paying Agent, Bond Registrar and Authenticating Agent under the Registration Fee Revenue Indenture, and is Escrow Agent under the Escrow Agreement. The obligations, and duties of the Trustee are as described in the Registration Fee Revenue Indenture. The duties of the Escrow Agent are as described in the Escrow Agreement. The Bank has not evaluated the risks, benefits or propriety of any investment in the 2025 Bonds, makes no representation, and has reached no conclusions, regarding the validity of the 2025 Bonds, the investment quality of the 2025 Bonds, the security therefor, the adequacy of the provisions for payment thereof or the treatment of the 2025 Bonds, including interest thereon, under federal and Commonwealth law, about all of which the Bank expresses no opinion and expressly disclaims the expertise to evaluate. The Bank has relied upon the opinion of Co-Bond Counsel for the validity of the 2025 Bonds and status of the interest on the 2025 Bonds as well as other matters set out in that opinion. Furthermore, the Bank has no oversight responsibility, and is not accountable, for the use or application by the Commission of any of the 2025 Bonds authenticated or delivered pursuant to the Registration Fee Revenue Indenture or for the use or application of the proceeds of such 2025 Bonds by the Commission.

Under the terms of the Registration Fee Revenue Indenture, the Trustee shall not be 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 Registration Fee Revenue Indenture, the Trustee is not required to take notice, and is not deemed to have notice, of any default under the Registration Fee

Revenue Indenture, unless the Trustee has been specifically notified in writing of such default by the owners of at least 10% in aggregate principal amount of the Outstanding Bonds affected by such default. All notices or other instruments required by the Registration Fee Revenue Indenture to be delivered to the Trustee must be delivered at the corporate trust office of the Trustee. In the absence of any such notice, the Trustee may conclusively assume no Event of Default (as defined in the Registration Fee Revenue Indenture) exists, except as expressly stated in the Registration Fee Revenue 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 Registration Fee Revenue Indenture for a complete statement of the Trustee's rights, duties, obligations and immunities.

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MISCELLANEOUS

The financial data and other information contained herein have been obtained from the Commission's records, information provided by PennDOT, and other sources which are believed to be reliable. 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 3, the 2025 Bonds, the Registration Fee Revenue Indenture, the Continuing Disclosure Agreement, the Escrow Agreement and other laws and documents are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and, accordingly, are qualified by reference to and are subject to the full texts thereof.

Neither this Official Statement nor any other disclosure in connection with the 2025 Bonds is to be construed as a contract with the holders of the 2025 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.

PENNSYLVANIA TURNPIKE COMMISSION

By: */s/ Richard C. Dreher*

Richard C. Dreher
Chief Financial Officer

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APPENDIX A

THE PENNSYLVANIA TURNPIKE COMMISSION

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The information in this Appendix A is intended to provide general information regarding the Commission, the Turnpike System, and certain financial, regulatory and operational matters. The order and placement of information in this Appendix A are not an indication of relevance, materiality or relative importance, and this Appendix A should be read in its entirety together with the forepart of this Official Statement and all other Appendices.

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

References to website addresses, articles, or reports presented herein, including the Commission's website or any other website containing information about the Commission, are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for any purpose including for purposes of Rule 15c2-12 promulgated by the U.S. Securities and Exchange Commission.

THE COMMISSION

General

The Commission is an instrumentality of the Commonwealth of Pennsylvania (the "**Commonwealth**") existing pursuant to an Act of the General Assembly of Pennsylvania approved on 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; the Act of September 30, 1985, P.L. 240, No. 61, to the extent not repealed by Act 44; the Act of August 5, 1991, P.L. 238, No. 26 ("**Act 26**") and the Act of November 25, 2013, P.L. 974, No. 89 ("**Act 89**") (collectively, the "**Enabling Acts**").

Pursuant to the Enabling Acts, the Commission has the power to construct, operate and maintain the Pennsylvania Turnpike System (as further described herein, the "**System**" or the "**Turnpike System**"). The Commission's composition, powers, duties, functions, duration and all other attributes are derived from the Enabling Acts. The Enabling Acts may be modified, suspended, extended or terminated at any time by further legislation.

Commission Members

The Commission is composed of five members, including one ex officio member, the Secretary (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.

Act 89 enacted additional provisions pertaining to membership of the Commission. The term of confirmed members of the Commission (other than the Secretary of PennDOT) is a period of four years and members may serve a maximum of two terms. Upon the expiration of a term, a member may continue to hold the office of Commissioner for a period of 90 days or until their successor is

appointed and qualified, whichever is less. The limitations on Commissioner terms under Act 89, including provisions for the appointment of successor Commissioners, do not apply to members of the Commission who were appointed for the first time prior to Act 89's effective date in 2013.

The present members of the Commission and the expiration dates of their respective terms (which, in the cases of Commissioners Logan and Deon, would be extended until reappointment or until a successor is appointed and confirmed) are as follows:

Michael Carroll is the current Chair of the Commission, and serves as the Secretary of PennDOT and the ex-officio member of the Commission. A former legislator who worked on transportation throughout his time in public office, Mr. Carroll was first elected to the Pennsylvania House of Representatives in 2006 and subsequently re-elected for seven additional terms. Mr. Carroll also served as the Democratic chairman of the House Transportation Committee from 2018 through 2022. In addition to his work as a former State Representative, Mr. Carroll formerly worked as the chief of staff for then-state Rep. John Yudichak, served as legislative liaison for PennDOT under Gov. Robert Casey and served as district office director for Congressman Paul Kanjorski. Mr. Carroll earned a Bachelor of Arts in Liberal Studies from the University of Scranton.

Pasquale T. Deon, Sr., an established businessman, is the current Vice Chair of the Commission and has served as a Commissioner since 2002. He is also a service-industry entrepreneur and restaurateur involved in real-estate development, radio broadcasting, beverage distribution and construction. Mr. Deon was re-nominated to serve as a Commissioner by Governor Tom Wolf and his re-nomination to serve another four-year term as a Commissioner was confirmed by the Senate in May 2018 and again on October 26, 2022. His term as a Commissioner expires in October 2026.

Dr. Keith Leaphart is the current Secretary-Treasurer of the Commission, and was appointed to serve as a Commissioner in July 2023. Dr. Leaphart is a physician, entrepreneur, and philanthropist who applies his medical training to inform and expertly advance high functioning, interdisciplinary businesses. Dr. Leaphart serves as a staff relief physician for Bryn Mawr Rehab Hospital, and simultaneously owns and runs Replica Global, LLC, a print firm offering boutique creative services for a variety of industries. Dr. Leaphart is also the founder and chairman of Philanthropi, the first full-service philanthropy fintech firm designed to match charities with individual givers. Dr. Leaphart formerly served as a member, and later chair, of the Lenfest Foundation where Dr. Leaphart oversaw the distribution of over \$300 million to Philadelphia based nonprofit organizations over ten years. Dr. Leaphart's extensive board service also includes, and is not limited to, the Public Healthcare Management Corporation, The Philadelphia Inquirer - Independent Director, Comcast NBCUniversal Joint Diversity Advisory Council, University City Science Center, Greater Philadelphia Chamber of Commerce, Pennsylvania Osteopathic Medical Association, and Medical Society of Eastern Pennsylvania. In September 2023, Keith Leaphart, DO, MBA, was named Enterprise Executive Vice President (EVP) and Humana Chief Health Equity and Community Impact Officer for Thomas Jefferson University, Jefferson Health and Jefferson Health Plans. His term as a Commissioner expires in June 2027.

Sean F. Logan, a former State Senator, was appointed to the Commission in July 2022. Mr. Logan previously served on the Commission's governing body, having first been appointed to the Commission in July 2013. He was elected Chairman of the Commission in January 2015, and served in that role through 2017. Mr. Logan was appointed to a two-year term as a commissioner on the

Pennsylvania Gaming Control Board in February 2017 and reappointed to additional two- year terms in January 2019 and in January 2021. Prior to such roles, Mr. Logan was elected to the Pennsylvania State Senate representing the 45th District in Allegheny and Westmoreland counties for three terms, from 2001 until 2010. Mr. Logan serves as Chairman of the UPMC-East board of directors and a board member for UPMC McKeesport. Commissioner Logan holds a bachelor's degree in political science from the University of Pittsburgh. Mr. Logan is the Executive Director/CEO of the Convention and Visitors Bureau of Greater Monroeville. His term as a Commissioner expires in July 2026.

Douglas Farnham, Founder/CEO of Farnham & Pfile Engineering Inc., was appointed to the Commission in September 2024. Mr. Farnham also runs Farnham & Pfile Rental and Sales in Rostraver Township, Westmoreland County, which he started in 1986. Mr. Farnham, who was born in Lackawanna County and a resident of McMurray, Washington County, has also been a leader in advancing the energy industry. He is vice-chairman of the Pennsylvania Coal Alliance, an initiative to educate the public and policymakers about the coal industry in Pennsylvania. He also created Vision 4 Pa, which promotes a clean energy future from fossil fuels produced in Pennsylvania. His term as a Commissioner expires in October 2028.

Executive Personnel

Mark P. Compton assumed the position of Chief Executive Officer of the Commission on February 1, 2013. Mr. Compton previously served as Deputy Secretary of Administration of PennDOT, overseeing eight bureaus within the agency, including: human resources, information systems governance, business solutions and services, infrastructure and operations, and fiscal management. Before joining PennDOT, Mr. Compton served as Director of Government Affairs for all four companies of American Infrastructure, a heavy-duty civil construction company headquartered in Worcester, Pennsylvania. Prior to that, he worked in various public and private operations, focusing largely on transportation, construction and economic development.

Craig R. Shuey is the Chief Operating Officer of the Commission. He joined the Commission in August 2009 as Director of Government Affairs and was named Chief Operating Officer in January 2011. Mr. Shuey served as Acting Chief Executive Officer from October 2012 to February 2013. Prior to joining the Commission, Mr. Shuey was executive director of the Pennsylvania Senate Transportation Committee from 2001 to 2009. He also served as a representative on the Senate Transportation Commission and on various advisory committees in areas such as air, rail, freight movement and safety.

Richard C. Dreher was named the Chief Financial Officer in August 2020. Prior to that, he held the position of Assistant Chief Financial Officer for Financial Management with the Commission where he managed and coordinated the Commission's municipal debt activities and oversaw the Debt and Derivatives, Risk Management, Treasury and Investment departments. Before joining the Commission in 2013, Mr. Dreher served as the Director of the Bureau of Revenue, Capital and Debt in the Governor's Office of the Budget, Commonwealth of Pennsylvania from 2003 to 2013 where he managed the Commonwealth's general obligation debt and directed the Commonwealth's Capital Budget program. In addition, during his time at the Governor's Office of the Budget from 1997 through 2013, Mr. Dreher managed and expanded the largest economic redevelopment program in

the Commonwealth totaling over \$4 billion and involving nearly 2,000 projects across the Commonwealth.

Bradley J. Heigel, P.E., was named Chief Engineer in April 2012. He was previously employed by the Commission from 1990 to 2010 and served as the Total Reconstruction Program Manager from 2000 to 2010. From 2010 to 2012, he was employed as a Vice President with Michael Baker, Jr., Inc., an engineering unit of Michael Baker Corporation.

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.

Robert J. Taylor, P.E., PTOE, was named the Chief Technology and Growth Officer in February 2017. Focusing on harnessing the power of technology and innovation, he is dedicated to enhancing customer safety and mobility while modernizing business operations. Mr. Taylor administers technology programs encompassing technology and innovation management, customer and business systems, technology infrastructure, and security. He also oversees organizational growth initiatives including but not limited to new infrastructure opportunities, new tolling alternatives, back office as a service, opportunities in tolling, parking and transit, and software as a service. Mr. Taylor is the executive sponsor of the Turnpike's Innovation Council and 'Reimagining the Turnpike' initiative. He actively contributes to the PennSTART Operating Committee, the IBTTA Emerging Technology and Agency Technology Leaders committees, and the Smart Belt Coalition. A graduate of The Pennsylvania State University, he holds a Bachelor of Science in Civil Engineering.

Kelli E. Roberts was named Chief Strategy and Communications Officer in October 2023. Since joining the Commission in 2013, Ms. Roberts has held positions in the Communications, Engineering, and Policy and External Affairs Departments providing leadership on initiatives of strategic importance. Prior to joining the Commission, Ms. Roberts most notably served as Deputy Director of Communications in the Pennsylvania Governor's Office from 2011 through 2013 and Special Assistant to the Director of Public Affairs in the U.S. Department of Transportation in 2005.

Sheri L. Herbst was named Chief Administrative Officer in March 2025. Her oversight includes the Human Resources, Diversity and Inclusion, and Internal Audit Departments. Since joining the Commission in 2015, Ms. Herbst held the position of Director of Human Resources. Prior to joining the Commission, she served the Commonwealth of Pennsylvania in various roles since 2000, where she last held the position of Director of Human Resources for PennDOT from 2011 to 2015.

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Enabling Acts

Act 44 and the Act 44 Funding Agreement

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. Subsequently, in order to, among other things, effectuate the provisions of Act 44 requiring the Commission to make substantial annual payments to PennDOT as described below, the Commission and PennDOT entered into a Lease and Funding Agreement (the “***Act 44 Funding Agreement***”), incorporating many of the terms of Act 44.

The Act 44 Funding Agreement also granted the Commission the option to lease the portion of Interstate Route 80 (“**I-80**”) located in the Commonwealth from PennDOT upon, among other things, the approval of the Federal Highway Administration (“**FHWA**”) of the conversion of such portion into a toll road (the “**Conversion**”). The Conversion was not approved by FHWA and neither the Commission nor PennDOT appealed the decision. The Commission did not exercise its option to lease such portion of I-80, and the period during which the Commission could exercise its option under the Act 44 Funding Agreement lapsed on October 14, 2010 without the Commission effectuating the Conversion or having the ability to do so in the future, leaving all legal, financial and operational responsibility for I-80 solely with PennDOT.

Pursuant to Act 44 and the Act 44 Funding Agreement, the Commission is obligated to make scheduled annual payments to PennDOT (“**Act 44/Act 89 Payments**”). Previously, aggregate annual payments in the amount of \$450 million were due through 2057, payable in equal quarterly installments, with \$200 million of the scheduled annual payments supporting road and bridge projects and \$250 million supporting transit projects throughout the Commonwealth. However, commencing with Fiscal Year 2023, the Commission’s current annual Act 44/Act 89 Payment obligation was reduced to \$50 million. See “*Act 89 and the Act 89 Amendments*” below and “COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Other Obligations” herein for more information on the total amount paid by the Commission under the Amended Funding Agreement (as hereinafter defined).

Act 89 and the Act 89 Amendments

On November 25, 2013, Act 89 was enacted to provide (i) substantial revenue enhancements to support investment in the Commonwealth’s aging transportation infrastructure, and (ii) substantial reductions in the Commission’s obligations with respect to the Act 44/Act 89 Payments. The revenue enhancements providing additional funds each year for investment in the Commonwealth’s transportation infrastructure were fully implemented in Fiscal Year 2018.

Revisions to the Commission’s Act 44/Act 89 Payment obligations enacted under Act 89 were implemented by Amendment Number One to Lease and Funding Agreement (the “**Act 89 Amendment**” and together with the Act 44 Funding Agreement, the “**Original Amended Funding Agreement**”) executed by the Commission and PennDOT on April 4, 2014.

In accordance with Act 89 and the Original Amended Funding Agreement, the Commission’s aggregate annual Act 44/Act 89 Payment to PennDOT for Fiscal Year 2014 through Fiscal Year 2022

was \$450 million, with at least \$30 million of such annual amount required to be paid from current revenues, and the remainder funded by the proceeds of bonds issued under the Subordinate Revenue Indenture (as hereinafter defined).

The Original Amended Funding Agreement was subsequently further amended, on July 31, 2018, by Amendment Number Two to Lease and Funding Agreement (the “**Amendment Two**”), and on June 11, 2020, by Amendment Number Three to the Lease and Funding Agreement (the “**Amendment Three**,” and together with the Original Amended Funding Agreement and Amendment Two, the “**Amended Funding Agreement**”), both of which were executed by all parties to provide current year adjustments for certain due dates for Act 44/Act 89 Payments in Fiscal Years 2019 through 2021. See “COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Other Obligations” below for more information on the total amount paid by the Commission under the Amended Funding Agreement.

Act 89 relieved the Commission from over \$15 billion in future Act 44/Act 89 Payments to PennDOT during Fiscal Years 2023 through 2057 (the term of the Amended Funding Agreement), by reducing the Commission’s aggregate annual Act 44/Act 89 Payments to PennDOT to \$50 million, which amount must be paid from current revenues of the Commission. Further, Act 89 revised the permitted uses of the Commission’s annual Act 44/Act 89 Payments, which between 2014 and 2022 included the support of projects such as the Commonwealth’s road and bridge projects, mass transit capital and operating needs, other transportation programs of statewide significance, and certain multi-modal projects. Pursuant to Act 89, commencing with Fiscal Year 2023, the Commission’s \$50 million scheduled annual Act 44/Act 89 Payments must be used to support mass transit capital and operating needs. See “COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Other Obligations – Act 44/Act 89 Payments to PennDOT” below for more information on the total amount paid by the Commission under the Amended Funding Agreement.

Rules Relating to Governance and Accountability Under the Enabling Acts

The Enabling Acts set forth certain rules relating to governance and accountability of the Commission, including, but not limited to: requiring the Commission to file an annual financial plan with the Pennsylvania Secretary of the Budget no later than June 1 of each year (see “FINANCIAL PLAN” herein); having an audit of the Commission’s finances (including a review of its performance, procedures, operating budget, capital budget and debt) conducted by the Auditor General every two years (such audit to be paid for by the Commission) (see “CERTAIN OTHER INFORMATION – Performance Audit by the Auditor General” herein); adopting a comprehensive code of conduct for Commissioners and executive-level employees, which the Commission adopted on October 31, 2007 and revised January 7, 2014 and January 28, 2015; and upon request, at least one Commission member shall testify annually before the appropriations committee of the Pennsylvania House of Representatives and the Senate of Pennsylvania.

Recent Developments and Legislation

Senate Resolution 209

A resolution was adopted by the Senate of Pennsylvania on January 24, 2018 (the “**Senate Resolution 209**”) directing the Joint State Government Commission to conduct an analysis of a

potential consolidation of interstate operations at PennDOT and the Commission. The Joint State Government Commission is the primary non-partisan research organization that serves the Pennsylvania General Assembly. Senate Resolution 209 tasked the Joint State Government Commission to, among other things, study all of the following:

1. Evaluate the cost savings, efficiencies and customer service improvements that may materialize as a result of consolidating the interstate operations, including personnel, equipment, facilities and highway administration.
2. Identify Federal and State laws that could impact the consolidation of interstate operations.
3. Review cases in other states where tolled bridges or roadways are effectively governed under a state department of transportation.
4. Evaluate and make recommendations on how to manage the Commission's debt as a result of the consolidation of interstate operations.
5. Evaluate and make recommendations on how to align contractual agreements, including labor agreements, bondholder agreements or other partnership agreements, as a result of the consolidation of interstate operations.
6. Propose legislation required to implement the consolidation of interstate operations.

On January 10, 2020, the Joint State Government Commission issued its report (the "**Report**") pursuant to Senate Resolution 209. The Report does not make any recommendations as to whether to consolidate the interstate operations of PennDOT or the Commission but rather identifies numerous issues that should be considered by the General Assembly. The Report also specifically responds to each of the items enumerated in Senate Resolution 209.

1. With respect to potential cost savings or efficiencies from a consolidation, the Report concludes that minor operational efficiencies could be realized. Specifically, the Report estimates that \$5.3 million in annual costs savings could be generated. When compared to the combined operating budgets of PennDOT and the Commission totaling \$10.3 billion annually, the projected savings would total roughly 0.05%.
2. The Report concludes that existing federal law does not preclude a possible consolidation of interstate operations of PennDOT and the Commission.
3. An examination of other states managing both tolled and free highways concluded that in most instances the states created a semi-independent instrumentality to operate the tolled highways within the state transportation agency. Financial protection of a state's transportation agency and the state was the primary reason to do this so that the public is not directly obligated to repay the bonds for the tolled roads.

4. The Report concludes that the Commission's outstanding debt of over \$14 billion "could serve as a potential barrier to its consolidation within the department." Further, the Joint State Government Commission concluded that "it is unclear as to how the Commonwealth can lawfully assume the commission's bond debt." Finally, as a result of the financial burden of the Commission's currently outstanding debt, the Report concludes that "the Commonwealth would be unlikely to expand its subsidy for transportation elsewhere in the Commonwealth based on turnpike revenue nor would it be likely to relieve the pressure to continue to generate turnpike revenue robust enough to service the outstanding debt."
5. Preexisting contractual obligations at both PennDOT and the Commission would also likely present many complications to a consolidation of interstate operations.
6. As required by Senate Resolution 209, the Report includes proposed legislation to implement a consolidation of the interstate operations at PennDOT and the Commission. The proposed legislation does not appear to address or resolve many of the operational or legal obstacles identified in the Report.

The Commission cannot predict if the Report may lead to the introduction or adoption of legislation that may affect the Commission and/or its operations. Furthermore, the Commission cannot predict, at this time what action, if any, may be taken by the Pennsylvania General Assembly as a result of the Report, or what effect, if any, a consolidation of the Commission and PennDOT would have on the Commission's debt or the security for such debt.

Black & Veatch Construction, Inc.

Black & Veatch Construction Inc. ("BVCI") has filed two separate claims with respect to contracts with the Commission.

On September 22, 2023, BVCI filed a claim with the Commission related to the Commission's Contract No. EN-00232-03-02 for the design build fiber optic network installation on the Turnpike Mainline between milepost 247.4 and milepost H-42.70 ("BVCI Contract #1"). BVCI submitted a bid for the work for the first of the five contracts and was the low bidder at approximately \$45 million. In September 2019, following the award, BVCI and the Commission entered into BVCI Contract #1 with respect to such work. Although the BVCI Contract #1 completion date was November 19, 2021, BVCI did not achieve substantial completion with respect thereto until June 2, 2023. The Commission assessed liquidated damages in excess of \$3 million due to BVCI's 489-day late delivery of the project under BVCI Contract #1. BVCI seeks approximately \$44 million in alleged breaches of contract and other alleged Commission caused impacts as reasons for BVCI's late delivery of the project under BVCI Contract #1. A Claims Review Meeting with respect to BVCI Contract #1 was held in April 2024. A final determination denying BVCI's claims with respect to BVCI Contract #1 was issued by the Commission's Contracting Officer's designee on August 5, 2024. On August 20, 2024, BVCI filed a complaint with the Board of Claims with respect to BVCI Contract #1 and on September 19, 2024 the Commission filed preliminary objections to various counts contained in BVCI's

Complaint. BVCI responded to the Commission's preliminary objections on November 18, 2024. The parties are in the process of filing briefs regarding the preliminary objections. Once the briefing is closed, the Board of Claims will issue its decision.

On May 3, 2024, BVCI filed a claim with the Commission related to the Commission's Contract No. EN-00232-03-03 for the design build fiber optic network installation on the northeastern extension of the Pennsylvania turnpike between mileposts 333.30 and A130.60 ("**BVCI Contract #2**"). BVCI submitted a bid for the work for the second of the five contracts and was the low bidder at approximately \$50 million. On December 2, 2019, following the award, BVCI and the Commission entered into BVCI Contract #2 with respect to such work. Although the BVCI Contract #2 completion date was December 17, 2021, BVCI did not achieve substantial completion with respect thereto until November 6, 2023. The Commission assessed liquidated damages in excess of \$4.3 million due to BVCI's 689-day late delivery of the project under BVCI Contract #2. BVCI seeks approximately \$44 million in alleged breaches of contract, alleged differing site conditions and other alleged Commission caused impacts as reasons for BVCI's late delivery of the project under BVCI Contract #2. A final determination was issued on September 3, 2024. On September 17, 2024, BVCI filed a complaint with the Board of Claims with respect to BVCI Contract #2. The Commission filed preliminary objections to various counts contained in the Complaint on November 18, 2024. BVCI responded to the Commission's preliminary objections on December 18, 2024. The parties are in the process of filing briefs regarding the preliminary objections. Once the briefing is closed, the Board of Claims will issue its decision.

On July 3, 2025, the Board of Claims granted BVCI's motion to consolidate the two claims for purposes of discovery and hearing, although each claim will require the entry of separate judgments.

The Commission cannot predict the outcome of the Board of Claims. In the event of a decision that is adverse to the Commission, it cannot estimate the amount or range of the potential loss with respect to either BVCI Contract #1 or BVCI Contract #2. However, the Commission will vigorously defend such claims and will assert all available defenses in both matters.

Certain Prior Litigation

On April 28, 2021, Julie Thomas (the "**Plaintiff**"), an E-ZPass customer and frequent traveler on the System, filed a putative class action lawsuit against the Commission, and TransCore, L.P. ("**TransCore**"), as the vendor that provides, operates, and maintains the Electronic Toll Collection Customer Service Center and Violations Processing Center. The Plaintiff asserted claims for conversion and unjust enrichment against the Commission, as well as additional claims against TransCore, with respect to certain toll collection practices. On August 29, 2024, the Court granted a motion by the Commission to dismiss, holding that Plaintiff's claim for conversion was barred by sovereign immunity, and that Plaintiff's unjust enrichment claim failed because of the existence of a written agreement between Plaintiff and the Commission. The Court dismissed these claims with prejudice. The Court also dismissed, without prejudice, Plaintiff's declaratory judgment cause of action against the Commission, with leave to replead in 30 days; such claim is for declaratory relief only, and would not result in the assessment of any damages against the Commission. On December 2, 2024, Plaintiff filed an amended complaint naming only TransCore as a defendant.

Litigation Relating to Sovereign Immunity in Pennsylvania

The Commission is covered by Act No. 152, approved September 28, 1978, 42 Pa.C.S. § 8528, 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. On March 11, 2024 the Pennsylvania Supreme Court granted appeal in *Freilich v. Se. Pennsylvania Transportation Auth.*, 302 A.3d 1261 (Pa. Commw. Ct. 2023), appeal granted, No. 245 EAL 2023, 2024 WL 1044586 (Pa. Mar. 11, 2024). In granting the appeal in *Freilich*, the Pennsylvania Supreme Court will consider whether Section 8528(b)'s statutory cap on damages of \$250,000 violates Article I, Sections 6 and 11 of the Pennsylvania Constitution. In the event that the Pennsylvania Supreme Court determines that such statutory cap is unconstitutional, the Commission could be subject to significant additional liabilities in personal injury and related litigation matters. The Commission currently self-insures against tort claims. The Commission is unable to presently predict the availability and cost of commercial insurance coverages, should the Commission choose to obtain third party insurance against such claims in the future. Accordingly, the Commission is currently unable to predict the impact on the Commission's finances should the *Freilich* matter result in an elimination of the statutory caps. SEPTA filed its brief on the matter with the Pennsylvania Supreme Court on August 2, 2024. On that date the Commission also joined a brief filed with the Pennsylvania Supreme Court as *amici curiae*, asking the Court to rule that the statutory caps on damages are constitutional. The Court heard oral arguments on the *Freilich* matter on March 4, 2025 and their decision is pending. During the current session of the Pennsylvania General Assembly, Senate Bill 383 was proposed which, if enacted, would have, *inter alia*, increased the limitations on damages in cases involving permanent dismemberment or death. See "Recent Developments and Legislation – *Legislative Proposals*" below.

Additional Matters

The Commission continues to be actively engaged with other Commonwealth administrative agencies in initiatives to streamline project delivery and increase operational efficiencies. Among such undertakings are a number of collaborative programs with PennDOT in various administrative and technical areas, including integration of communication and information systems, standardization of manuals and publications, and coordination of training, operations, project planning and construction phasing.

Legislative Proposals

From time to time, legislation is introduced in the Pennsylvania General Assembly (with respect to the Enabling Acts and otherwise) and in the United States Congress, the nature and content of which may affect the Commission. The Commission cannot predict whether any such legislation will be enacted into law, or how any such legislation may affect the Commission's ability to pay the Turnpike Senior Revenue Indenture Obligations (as hereinafter defined), the Subordinate Revenue Indenture Obligations (as hereinafter defined), the Oil Franchise Tax Revenue Bonds (as hereinafter defined) or the Registration Fee Revenue Bonds (as hereinafter defined), or to perform its operations and financial obligations pursuant to the Enabling Acts.

The Pennsylvania House of Representatives and the Pennsylvania Senate convene for a two-year session on the first Tuesday after New Year's Day in odd numbered years and adjourn (Sine Die) on November 30 of the next even numbered year. The 2025-2026 legislative session began on January 7, 2025, and is scheduled to adjourn on November 30, 2026.

In the past, legislation has been introduced, but not enacted, to, among other things, further reduce the payments due by the Commission under Act 44, waive tolls for emergency vehicles in certain situations, grant disabled veterans a discount, create a partnership with the United States Treasury to collect delinquent taxes and debt (including tolls), obligate the Commission to construct, operate and maintain portions of the Southern Beltway, reinstate laid off toll and fare collection employees, increase the limitations on damages in certain circumstances under the limited waiver of sovereign immunity applicable to the Commission, and impose various regulations affecting the operations of the Commission. The Commission cannot predict whether similar legislation or other legislation may be considered by the General Assembly or if any proposals or initiatives may lead to the adoption of legislation that may affect the Commission and/or its operations.

Legislation either in discussion or introduced in the Pennsylvania General Assembly during the 2025-26 legislative session, that if enacted could materially affect the Commission, includes the following:

House Bill 255, which if enacted would create a five-year "Green Vehicle Pilot Program" that would offer tiered levels of credits (between \$100 and \$200) for tolls charged on the Turnpike System, was introduced and referred to Transportation Committee on January 17, 2025.

House Bill 257, which if enacted would require PennDOT to include information relating to safe driving practices in work zones along with penalties, was passed in the Senate on August 12, 2025 and referred as to House Rules Committee on September 9, 2025.

House Bill 1734, which if enacted would increase the time rental car companies have to appeal E-ZPass toll violations from 30 to 60 days, was referred to the Senate Transportation Committee on October 15, 2025.

Senate Bill 379, which if enacted would create the "Turnpike-to-Port Freight Reimbursement Fund" at the Pennsylvania Treasury for the purpose of providing Commonwealth- funded reimbursement for certain Pennsylvania-based companies for their tolls when transporting goods to the Port of Philadelphia for shipping, was referred to Senate Transportation Committee on March 6, 2025. This is a reintroduction Senate Bill 41 of the 2023-2024 session.

Senate Bill 383, which if enacted would increase the cap on statutory damages for causes of action involving dismemberment or death against both a Commonwealth party and a local party, was referred to Senate Judiciary Committee on February 28, 2025.

Senate Bill 572, which provides for the intercept of Pennsylvania lottery winnings in excess of \$2,500 for a single prize and state income tax refunds due to persons with unpaid tolls, for the amount of tolls due to the Commission plus any penalties or associated fees, was referred to Senate Transportation Committee on April 9, 2025. This is a reintroduction of Senate Bill 473 of the 2023-2024 session.

Senate Bill 772, which if enacted would offer a 50% tax credit for certain tolls paid with a \$500 cap per filer, was referred to Senate Finance on May 22, 2025. Eligible tolls would include those incurred while traveling on the System.

House Bill 1608, which if enacted would streamline the Commission's and PennDOT's construction contracts by using the design build best value process, was recommitted to Appropriations on September 30, 2025.

House Bill 1840, which if enacted would grant disabled veterans a 50% discount for use of the Pennsylvania Turnpike, was referred to House Transportation on September 9, 2025.

House Co-Sponsorship Memoranda, which if enacted would provide a tax credit to cover 50% of certain taxpayers' toll related expenses for the taxable year up to a maximum of \$1,000, was filed July 9, 2025. Eligible tolls would include those incurred while traveling on the System.

House Co-Sponsorship Memoranda, which if enacted would require the Commission to allow at least six months to appeal video tolls or flat video tolls that have been posted to their account, was filed September 23, 2025.

House Co-Sponsorship Memoranda, which if enacted would increase the cap on statutory damages for causes of action involving dismemberment or death against both a Commonwealth party and a local party, was filed on February 11, 2025.

A Senate Co-Sponsorship Memoranda, which if enacted would phase in a two-plate license plate system with license plates on the front and rear of vehicles registered in the Commonwealth, was filed on July 10, 2025. Front license plates are helpful to ensure accurate and equitable toll collections.

Long Term and Strategic Planning

2040 Capital & Asset Analysis. In 2021, the Commission developed its Capital & Asset Analysis 2040 (the “**2040 Capital & Asset Analysis**”), which serves as an update to the 2016 Long Range Plan. The 2040 Capital & Asset Analysis provides evaluations for the asset condition of the Highway, Facilities, Fleet Equipment and Technology Programs to help the Commission make the most informed decisions on where it wants to take its assets in the long-term. Among other items, the 2040 Capital & Asset Analysis, includes recommendations for increasing the number of miles of total reconstruction per year. In December 2023, the 2040 Capital & Asset Analysis was updated because of the sharp rise in the costs of construction and vehicle/equipment procurement. This rise is tied to the abnormally high inflation, labor shortages and material delivery issues. A copy of the 2040 Capital & Asset Analysis and the subsequent update are available by request.

2025 Strategic Plan. Adopted on January 21, 2025, the Commission’s 2025-2029 Strategic Plan (the “**Strategic Plan**”) established the Commission’s current vision, mission, and values. The vision is: “To be a leader in mobility services at the forefront of innovation in transportation, safety and customer experience.” The Commission’s organizational goals are: (1) Connection – enhance the customer experience and strengthen our partnerships; (2) Culture – invest in and empower our people; (3) Growth – become best in class through innovation and modernization; (4) Safety – advance safety in all aspects of our business and operations; and (5) Stewardship – responsibly manage our finances,

assets, social, and environmental obligations. The Strategic Plan is available online at https://files.paturnpike.com/production/docs/default-source/resources/financials-and-planning/strategic_plan.pdf?sfvrsn=9d2ec1ab_19.¹

2022 Sustainability Report. The Commission's 2022 Sustainability Report focuses on the applicable elements of the United Nations Seventeen Sustainable Development Goals and reflects the benefit of the Commission's internal sustainable strategies as well as its continued work with the Commonwealth's GreenGov Council. The 2022 Sustainability Report is available online at: https://files.paturnpike.com/production/docs/default-source/resources/responsibility-matters/2022-ptc-sustainability-report.pdf?sfvrsn=98eb7727_3.²

Extreme Weather and Climate Resiliency Report. In July 2022 the Commission released the Extreme Weather and Climate Resiliency Report, which reflected a comprehensive assessment of the Commission's internal planning, operations, best management practices related to extreme weather events such as flooding, blizzards, hurricanes, and heatwaves, and opportunities to further improve preparedness and responsiveness to create a more resilient System. The Extreme Weather and Climate Resiliency Report may be found on the Commission's website at: https://files.paturnpike.com/production/docs/default-source/resources/responsibility-matters/ptc-extreme-weather-and-climate-resiliency-report_2022-07.pdf?sfvrsn=d96da44a_1.³

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¹ The information contained on such website link is not incorporated by reference in this Appendix A.

² The information contained on such website link is not incorporated by reference in this Appendix A.

³ The information contained on such website link is not incorporated by reference in this Appendix A.

THE TURNPIKE SYSTEM

General

The present Turnpike 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 completed portion of the Mon/Fayette Expressway totaling approximately 48 miles;
- a six-mile section of the Southern Beltway from PA 60 to U.S. 22; and
- a 13-mile section of the Southern Beltway between U.S. 22 and Interstate Route 79 (“**I-79**”), which opened on October 15, 2021.

For a more complete description of the Mon/Fayette Expressway and Southern Beltway projects, see “CAPITAL IMPROVEMENTS – Mon/Fayette Expressway and Southern Beltway” herein.

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A map of the Turnpike System is provided below.



Note: I-80 is not a part of the Turnpike System.

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 the development of the National Interstate Highway System and 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 System. However, portions of the System have been designated as Interstate Routes. The Turnpike Mainline has been designated as Interstate Route 276 between the area where Interstate Route 95 (“**I-95**”) crosses the System and the Valley Forge Interchange. With the September 2018 opening of the interchange connecting the Turnpike Mainline with I-95, the portion of the Turnpike Mainline east of the new interchange has been designated as I-95. 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 part of Interstate Route 76. In addition, the Turnpike Mainline between the New Stanton and Breezewood Interchanges has been designated as part of Interstate Route 70 (“**I-**

70"). The Northeast Extension has been designated as part of Interstate Route 476. Portions of the Beaver Valley Expressway are designated as part of Interstate Route 376 ("I-376").

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 placed 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 the temporary 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 ("NJTA").

Interchanges and Service Plazas

The System has a total of 73 interchanges which connect it with major arteries and population centers along its 565-mile traffic corridor. 36 of the interchanges are located on the Turnpike Mainline, including Turnpike Mainline barriers at the New Jersey and Ohio state lines, and 11 interchanges are situated on the Northeast Extension. The additional 26 interchanges are located on the Beaver Valley Expressway, Amos K. Hutchinson Bypass, and completed segments of the Mon/Fayette Expressway and Southern Beltway.

There are 17 service plazas along the System providing gasoline and diesel fuel, other automotive supplies and services, and restaurant services. Beginning in 2005, the Commission entered into long term service plaza redevelopment agreements with Applegreen ("Applegreen"), in its capacity as successor to HMSHost Restaurants, LLC, and 7-Eleven, Inc. ("7-Eleven"), in its capacity as successor to Sunoco, Inc.⁴, to design, reconstruct, finance, operate and maintain all 17 of the service plazas. The Commission has no responsibility for maintaining the service plazas under the agreements. Cumulatively, Applegreen and 7-Eleven have invested approximately \$190 million in service renovation projects, at no cost to the Commission. The Commission recognized capital contribution revenues of \$4.8 million, related to these agreements for both Fiscal Years ended May 31, 2025, and 2024, respectively, which is based on the capital assets provided by Applegreen and 7-Eleven.

Additional Services

The Commission has a 24/7 Traffic Operations Center which monitors conditions on the System and provides emergency dispatch.

The Commission participates in PennDOT's 511PA travel program, which offers motorists one source to obtain travel information for both the System and PennDOT roadways throughout the Commonwealth. It offers a suite of traveler resources such as the 511PA mobile app, a personal alerts

⁴ Pursuant to an Assignment and Assumption of Real Property Lease Agreement executed on January 23, 2018, Sunoco assigned its interest in the lease agreement by and between the Commission and Sunoco, as amended and supplemented, to 7-Eleven, Inc.

subscription service, a website with a travel conditions map and access to travel information by dialing 511 from any phone. The 511PA travel program offers roadway conditions, slowdown information, live traffic camera images, highway construction updates, weather conditions and alerts, as well as other travel resources. However, the Commission’s Customer Assistance Center is available for System-specific phone inquiries during weekday business hours.

The Commission currently has an agreement with Blink Charging, Co., to provide electric vehicle charging stations at the following service plazas: New Stanton, Oakmont, King of Prussia, Bowmansville and Peter J. Camiel. Additionally, through Applegreen’s partnership with Tesla, 48 Tesla superchargers were installed at six service plazas: North Somerset, South Somerset, Peter J. Camiel, Bowmansville, North Hickory Run and South Hickory Run. The Commission is actively engaged in efforts to provide additional EV charging opportunities across the entire System. The Commission has selected Applegreen Electric, a subsidiary of Applegreen, as its EV charging vendor to deploy and operate additional EV chargers at the service plazas along the System. An agreement between the Commission and Applegreen Electric was fully executed on August 14, 2024 and Applegreen Electric is expected to commence the development and deployment of additional EV chargers over the next two years. The Commission is also working in cooperation with FHWA and PennDOT on the Commonwealth’s National Electric Vehicle Infrastructure program. See “CERTAIN OTHER INFORMATION – Governance and Operational Factors – *Electric and Alternative Fuel Vehicles*” herein for more information.

The Commission’s fiber optic cable network project is intended to provide the information backbone from which tolling information, real-time traffic and crash data for intelligent transportation system devices, connected vehicles, financial information, and other communications can be transmitted. The fiber optic cable project provides efficiencies in the operation of the new open road tolling (“**ORT**”). See “– Toll Collection” below.

In the summer of 2019, the Commission bid two design-build projects for the fiber optic network on the Mainline from the Harrisburg East interchange to the Delaware River Bridge (“**Contract 1**”), and for the entire length of the Northeast Extension (“**Contract 2**”) to augment the existing digital microwave network utilized throughout the System. Construction has been completed for Contract 1 and Contract 2 and this portion of the fiber network was placed into service in early 2025. Additionally, the Commission released a request for proposals for the operation, maintenance and commercialization of the fiber optic network in December 2019, and the notice to proceed was issued in February 2021. The Commission has provided notices to proceed on the design-build projects for the remaining segments (the “**Western Network**”) of the fiberoptic network from (i) the Harrisburg East Interchange and the Gettysburg Pike Interchange (“**Contract 2.5**”), (ii) the Gettysburg Pike Interchange to the New Stanton Interchange (“**Contract 3**”), and (iii) from the New Stanton Interchange to the Ohio state line (“**Contract 4**”). Contract 2.5 has been accepted and is operational. Design and construction/installation work continues on Contracts 3 and 4. The estimated completion of the entire Western Network is in 2026.

Toll Collection

The following information describes the infrastructure of the Commission’s all-electronic tolling (“**AET**”) and ORT toll collection systems. See “CERTAIN FINANCIAL INFORMATION – Toll Schedule and Rates” herein for information regarding the Commission’s toll rates. The operation

of an AET toll collection system inherently involves many risks including, but not limited to, threats to the integrity and security of the Commission’s information and technology. See “INVESTMENT “CONSIDERATIONS – Cybersecurity Threats” in the forepart of this Official Statement and see “CERTAIN OTHER INFORMATION – Cybersecurity” herein.

All Electronic Tolling

Early in 2011, the Commission initiated a feasibility study to examine the benefits and potential issues associated with converting the toll road to an all-electronic, cashless system. The team of McCormick Taylor/CDM Smith was selected and completed the feasibility report (the “**Feasibility Report**”) in March 2012. At that time, the Commission determined, based on the assumptions in the Feasibility Report, that conversion to an all-electronic, cashless system was technically feasible from both a financial and physical perspective. In July 2012, the Commission selected HNTB Corporation to act as its Program Manager to lead and direct the multi-disciplinary efforts required to manage and coordinate the design and implementation of an all-electronic, cashless system. The resulting Conceptual Implementation Plan report, including a schedule for conversion, was issued in October 2014, and contemplated full conversion to a non-stop AET system by 2018. However, following the enactment of Act 89, the Commission re-evaluated the schedule and determined that a modified schedule for implementation would be necessary. The Commission’s re-evaluation of the transition to a cashless, non-stop system resulted in a planned approach whereby the existing toll lanes were initially equipped with the technology for Toll By Plate (“**Toll By Plate**” or “**TBP**”) tolling to allow for cashless tolling to occur (for vehicles not utilizing an E-ZPass transponder) at the existing plaza locations, with the ultimate conversion of the remaining System utilizing an ORT system originally scheduled for October 2021. The Commission also authorized the deployment of an initial six segments of the System consisting of the Delaware River Bridge, which went into operation in January 2016; the Beaver Valley Expressway, which went into operation in April 2017; Keyser Avenue/Clarks Summit, which went into operation in April 2018; the Findley Connector, which went into operation in June 2018; and the Amos K. Hutchinson Bypass and Gateway segments, which went into operation in October 2019.

On March 16, 2020, in response to the public health concerns resulting from the COVID-19 pandemic, the Commission moved to AET collection, removed toll collectors from toll booths and transitioned to only utilizing TBP and E-ZPass toll collection across the System. Initially intended to be a temporary response to the impact of the COVID-19 pandemic, the Commissioners, on June 2, 2020, unanimously approved the permanent transition to AET collection operations.

TBP is supplemental to E-ZPass toll collections and utilizes technology where cameras read the license plates of all non-E-ZPass customers, as they pass through each toll plaza or gantry. The registered owner of the vehicle is then invoiced for the assessed tolls. With the partial conversion of the System to Open Road Tolling and the conversion of the entire System to an axle/height vehicle classification in January 2025, the Commission implemented a revised toll structure that results in TBP rates that are effectively double those for E-ZPass in order to provide continued coverage for the additional costs to operate the TBP system versus E-ZPass and to account for partial non-payment of tolls (“**Revenue Leakage**”) associated with TBP. Previously, the additional TBP toll was 45% of the toll that would otherwise be due.

The Commission continues to actively work to address Revenue Leakage due to AET through various initiatives that address customer behaviors and system improvement. In response to unpaid invoices, the Commission attempts to collect outstanding amounts via various options where practical and permitted by law. These include but are not limited to: (i) collection agency actions; (ii) vehicle registration suspensions; and (iii) court actions. See “*– Toll Violation Enforcement*” below. The Commission provides a 15% discount for TBP customers that pre-register their address and/or credit card for invoicing and has established a cash payment channel for unbanked customers through a partnership with Kubra. The Commission is also pursuing reciprocity agreements with other states to enhance cross state collections and is pursuing legislative changes to strengthen enforcement measures for toll violators.

Open Road Tolling

On January 5, 2025, the Commission transitioned its toll collection to ORT on trips east of Reading and on the entire Northeast Extension. ORT is a safer, more convenient way of travel for customers. It is a cashless, free-flowing mode of collecting tolls that operates without traditional toll booths. In an ORT system, tolls are charged electronically as customers drive at highway speeds passing beneath overhead structures, called gantries. The gantries are located between interchanges and contain the cameras and electronic readers required for toll collection. Gantry construction west of Reading is currently underway ahead of the scheduled January 2027 central and western launch on the Mainline System. Until ORT fully launches statewide on the Mainline System, tolls west of Reading where gantries are not yet operational will continue to be charged to a customer as an interchange-to-interchange trip like they were prior to ORT.

Although implementation of the ORT system has significantly altered the way in which relevant tolls are charged, there is expected to be no net revenue impact to the Turnpike System. Under the segment-based system there is a toll gantry between each interchange, and drivers will be charged a given rate at each gantry they pass through rather than one rate based on entry and exit points. As a result, the number of transactions on the ticket system will increase significantly although gross revenue is intended to remain unchanged on a System-wide basis. The segment-based system represents a simpler toll rate structure with each segment having a set price and no need for a complex matrix of entry-exit combinations. Additionally, the overhead toll gantries on portions of the Mainline System where ORT is active eliminate the need for related toll plazas at interchanges, which will be removed and allow for free-flowing traffic like a traditional Interstate highway.

E-ZPass

The Commission has installed E-ZPass, a form of electronic toll collection, throughout the System. The benefits of E-ZPass include enhanced safety and convenience for users of the System, improved traffic flow and reduced congestion at the System’s busiest interchanges.

E-ZPass is available on the entire System. In addition, Express E-ZPass lanes have been constructed at seven interchanges and permit E-ZPass customers to travel through the toll plaza at highway speeds. As of the date of this Official Statement, E-ZPass customers traveling in 19 other states that have implemented E-ZPass technology are able to use E-ZPass in those states.

The Commission has a contract, extending through 2027, 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 Commission also offers E-ZPass customers the ability to participate in E-ZPass Plus, which allows customers to use their transponder to pay for parking at participating facilities.

The following table shows that during Fiscal Year 2025 approximately 75.04% of all transactions were E-ZPass (transponder-based) and the remaining 24.96% of transactions were TBP transactions which are invoiced to the registered owner of the vehicle.

E-ZPass Transactions vs. Non-E-ZPass Transactions

| <u>Fiscal Year</u> | <u>E-ZPass*</u> | <u>Non-E-ZPass**</u> |
|---------------------------|------------------------|-----------------------------|
| 2021 | 77.28% | 22.72% |
| 2022 | 77.21% | 22.79% |
| 2023 | 77.40% | 22.60% |
| 2024 | 77.06% | 22.94% |
| 2025*** | 75.04% | 24.96% |

*E-ZPass column includes transponder-based E-ZPass and VES (as defined herein) transactions.

**Non-E-ZPass column includes TBP and Non-ETC (as defined herein) transactions.

***FY25 transactions prior to 1/5/25 were recalculated to ORT equivalent transactions. See Notes to TABLE II for additional information regarding equivalent transactions.

The E-ZPass transactions in the foregoing table only represent toll transactions processed through transponder-based systems. When customers' license plates are registered to an E-ZPass (or other transponder-based) account but a transponder-based transaction is not recorded, the customers are still processed by license plate records at E-ZPass rates and, following such processing, the overall E-ZPass account transactions in Fiscal Year 2025 represented 86.3% of all transactions.

ETC Penetration Rates

Prior to the Commission's transition to AET, the Commission's annual revenues from electronic toll collection, which includes revenues from E-ZPass and TBP transactions (collectively, "**ETC**") were approximately \$1.1 billion for Fiscal Years 2020 and 2019. The Commission's annual revenues from ticketed drivers (i.e., Non-ETC Transactions) decreased to \$170.2 million in Fiscal Year 2020 from \$233.9 million in Fiscal Year 2019. Fiscal Year 2021 was the first Fiscal Year for which the Commission almost exclusively utilized electronic tolling across the whole System. All locations, except the Mon/Fayette Expressway, which was converted to AET in mid-June 2020, utilized electronic tolling exclusively for the full fiscal year.

The following table shows the Commission's ETC penetration rates among passenger and commercial users for Fiscal Years 2021 through 2025. This table reflects a trend of both the passenger and commercial customers increasingly adopting electronic tolling prior to the transition to AET in March 2020.

ETC as a Percentage of Total Volumes

| Fiscal Year | ETC | | | | Non-ETC | | | | Grand Total | |
|-------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|-------------|--|
| | Toll By Plate* | | E-ZPass | | Cash | | Totals | | | |
| | <u>Passenger</u> | <u>Commercial</u> | <u>Passenger</u> | <u>Commercial</u> | <u>Passenger</u> | <u>Commercial</u> | <u>Passenger</u> | <u>Commercial</u> | | |
| 2021 | 20.04 | 2.64 | 61.12 | 16.16 | 0.04** | 0.00 | 81.20 | 18.80 | 100.00 | |
| 2022 | 20.06 | 2.74 | 62.46 | 14.74 | 0.00 | 0.00 | 82.52 | 17.48 | 100.00 | |
| 2023 | 19.80 | 2.80 | 62.80 | 14.60 | 0.00 | 0.00 | 82.60 | 17.40 | 100.00 | |
| 2024 | 20.08 | 2.86 | 62.76 | 14.30 | 0.00 | 0.00 | 82.84 | 17.16 | 100.00 | |
| 2025*** | 21.33 | 3.63 | 60.60 | 14.44 | 0.00 | 0.00 | 81.93 | 18.07 | 100.00 | |

* Includes V-Tolls which are assessed when, for any reason, the customer's E-ZPass transponder is not read on both the customer's entry and exit from the System, resulting in a toll assessment based upon a video snapshot of the customer's license plate.

**Related to Mon/Fayette Expressway which converted to AET collection operations in June 2020. All other locations were converted to AET prior to June 1, 2020.

***FY25 transactions prior to 1/5/25 were recalculated to ORT equivalent transactions. See Notes to TABLE II for additional information regarding equivalent transactions.

Toll Violation Enforcement

To help ensure the collection of toll revenue due to the Commission, a Violation Enforcement System ("VES") has been installed at all E-ZPass interchanges to identify violators (customers who travel through E-ZPass lanes and do not have E-ZPass) and motorists with problem tags that are unreadable. VES enables the Commission to collect appropriate tolls and other additional fees relating to violations. Act 89 and other statutory provisions governing VES and procedures for enforcement and collection provide for enhanced fare evasion measures and criminal penalties pertaining to E-ZPass violators. Under Act 89, motorists who commit or attempt to commit fare evasion on the System shall have committed a summary offense and upon conviction, shall be fined a sum between \$100 and \$1,000 in addition to civil penalties that are already in place. Further, upon conviction, motorists who take affirmative action to evade a System fare can be found to have committed a misdemeanor of the third degree, punishable by fines ranging from \$3,000 to \$6,500 (depending on the number of offenses), and imprisonment of not more than six months for a second offense.

Revenue generated from the additional fare evasion fines imposed by Act 89 is to be deposited in the Commonwealth's Motor License Fund (as hereinafter defined) rather than with the Commission; however, restitution for the full fare is paid to the Commission. Act 165 was signed into law in 2016 and subsequently amended, in relevant part, by Act 112 of 2022, which, among other things, allows for the suspension of vehicle registration for unpaid tolls. Specifically, the vehicle suspension process is triggered by the failure to pay four (4) or more violations or incurring unpaid tolls or administrative fees of \$250. Act 112 also extended the statute of limitations for enforcing unpaid toll violations from three (3) years to five (5) years.

Additionally, Act 165 assists the Commission with the collection of unpaid out-of-state tolls by authorizing PennDOT to enter into a reciprocity agreement for purposes of toll collection and enforcement penalties with another state or tolling entity. Effective September 11, 2018, PennDOT and the State of Delaware Department of Transportation, Division of Motor Vehicles ("DelDOT")

entered into the first reciprocity agreement under Act 165, generally providing that PennDOT and DelDOT will suspend or hold the registration of vehicles upon unpaid tolls, consistent with the laws and regulations of the other state, upon the request of such state.

In January 2018, the Commission began sending notices of possible vehicle registration suspensions under authority from Act 165 and in February 2018, PennDOT began suspending certain vehicle registrations. In April 2018, the Commission began filing criminal charges against some of the largest toll violators for theft of services.

The Commission's Toll Revenue Enforcement ("TRE") unit conducts all internal and external investigations including working with the local District Attorneys' Offices in pursuing criminal prosecutions of the Commission's most egregious toll violators. Additionally, the Commission has initiated a pilot program with several local magisterial districts to bring civil cases for unpaid tolls. TRE's efforts are part of the Commission's coordinated toll collection and enforcement and fraud detection efforts.

In January 2023, the United States Attorney's Office for the Middle District of Pennsylvania announced the indictment of two individuals accused of perpetuating criminal activity involving the acquisition and sale of fraudulent E-ZPass transponders. The investigation and resulting indictments reflect the Commission's continued efforts to identify and mitigate toll revenue enforcement risks.

Work Zone Safety

Signed into law on October 19, 2018, Act 86 of 2018 (formerly Senate Bill 172) ("Act 86") authorized the Commission and PennDOT to conduct speed-enforcement operations inside active work zones ("Enforcement Zones") using an automated speed-enforcement system and technology (the "Automated System"). By its own terms, the speed-enforcement authorizations set forth in Act 86 expired after five years in February 2024. The Automated System is only used in active Enforcement Zones when proper notice is provided to motorists. The Automated System generates violation notices which are sent, via first class mail, to the registered owners of vehicles that travel 11 mph or more over the posted speed limit in an active Enforcement Zone. A registered owner's first-time violation receives a written warning, the second violation is a \$75 fine and the third and all subsequent violations are a \$150 fine. After a 60-day pre-enforcement pilot period, enforcement began on March 9, 2020. Fines collected pursuant to Act 86 are deposited into a restricted account established in the State Treasury and allocated by the Commission solely for improvement projects and countermeasures to improve the safety in work zones and on highways and to increase awareness of distracted driving and transportation enhancements.

On December 14, 2023, the Commonwealth enacted Act 38, which reauthorizes and permanently extends the Automated System in active work zones and is now known as the WZSSC program. The same requirements listed in Act 86 were adopted in Act 38.

TRAFFIC STUDY

The Pennsylvania Turnpike 2023 Traffic and Revenue Forecast Study prepared by CDM Smith dated May 31, 2023 (the "2023 Traffic Study") was updated by a "bring down" letter developed by CDM Smith dated March 22, 2024 (the "March 2024 Bring Down Letter"), and a "bring down" letter developed by CDM Smith dated April 11, 2025 (the "April 2025 Bring Down

Letter” and together with the 2023 Traffic Study and the March 2024 Bring Down Letter, collectively, the “**Traffic Study**”). The 2023 Traffic Study, the March 2024 Bring Down Letter and the April 2025 Bring Down Letter speak only as of their respective dates. In addition to incorporating an additional 11 months of actual data (through December 2024), and forecasted results for the period of Fiscal Year 2025 through Fiscal Year 2055 (the “**Forecast Period**”), the April 2025 Bring Down letter also revised the presentation of forecast transactions due to the implementation of ORT, updated the categorization of vehicle classes to align with the implementation of the axle and height under automated vehicle classification system, revised socioeconomic variables, made downward revisions of the assumptions for E-Z Pass market shares throughout the Forecast Period, and made a slight upward revision to bad debt expense.

The Traffic Study is not a guarantee of any future events or trends and contains material information, forecasts, findings, assumptions and conclusions concerning traffic volume and toll revenue on the System. The Traffic Study contains certain “forward-looking statements” concerning the Commission’s operations, performance and financial condition, including the Commission’s future economic performance, plans and objectives. Such statements are based upon several assumptions and estimates which are subject to uncertainties, many of which are beyond the control of the Commission.

Notably, the Traffic Study assumes, among other things: (i) annual toll rate increases across the entire Turnpike System throughout the Forecast Period, with annual toll rate increases changing from 5.0% to 4.0% starting in 2026, 3.5% in 2027, and tapering down to 3.0% in 2028 through 2054; (ii) E-ZPass market share for passenger cars is expected to become saturated around 2027, with E-ZPass market shares of 89.8%; (iii) E-ZPass market share for commercial vehicles is expected to become saturated around 2028, with E-ZPass market shares of 93.3%; (iv) combined E-ZPass market share is expected to become saturated in 2036 at 89.9% total; (v) no net revenue impacts due to either the January 2025 conversion of the entire System to an axle/height vehicle classification or the conversion to ORT along the eastern segment of the Mainline and the Northeast Extension; and (vi) due to the transition to AET, the ongoing impacts of associated consumer behaviors regarding a portion of unpaid tolls and future annual toll increases, bad debt expenses will continue to increase in value but generally remain a steady percentage of net toll revenue over the Forecast Period. Although the dollar value of bad debt expense continues to grow each year, Fiscal Year 2024 represented the peak in the forecasted value in relation to net toll revenue. In Fiscal Year 2025, bad debt expense is forecast to equal 7.64% of net toll revenue. This figure is expected to gradually decline throughout the Forecast Period, reaching 7.45% of net toll revenue by Fiscal Year 2055.

The material information, forecasts, findings, assumptions and conclusions concerning traffic volume and toll revenue on the System set forth in the Traffic Study differ in a variety of ways from that presented in prior traffic studies and bring down letters. The Traffic Study should be closely reviewed in its entirety and is available on the Commission’s website at: https://files.paturnpike.com/production/docs/default-source/resources/investor-relations/traffic-toll-revenue-forecast-study/2023-traffic-revenue-forecast-study.pdf?sfvrsn=c781e8b8_4 and https://files.paturnpike.com/production/docs/default-source/resources/investor-relations/traffic-toll-revenue-forecast-study/2024-bring-down-letter.pdf?sfvrsn=36ad087d_4 and https://files.paturnpike.com/production/docs/default-source/resources/investor-relations/traffic-toll-revenue-forecast-study/2025-traffic-toll-revenue-letter.pdf?sfvrsn=47a2c6b2_4.

CAPITAL IMPROVEMENTS

Ten Year Capital Plan

The Commission prepares a ten-year capital plan for its facilities and equipment (exclusive of the Mon/Fayette Expressway and Southern Beltway projects), consisting of the Highway Program, the Technology Program, Fleet Equipment, and Facilities and Energy Management Operations, which it updates each year. All capital projects are reviewed and prioritized and the most critical and important projects necessary to maintain the System in a state of good repair are pursued.

On May 6, 2025, the Commission adopted its current ten-year capital plan for Fiscal Year 2026 (the “***Fiscal Year 2026 Capital Plan***”). The Fiscal Year 2026 Capital Plan demonstrates the Commission’s continued strategic intent to enhance its level of capital reinvestment and align with the decrease in Act 44/Act 89 Payments which began in Fiscal Year 2023.

The Fiscal Year 2026 Capital Plan continues the Commission’s efforts for (i) total roadway reconstruction and resurfacing, (ii) the rehabilitation or replacement of structurally deficient bridges, (iii) the implementation of ORT, (iv) facilities and energy management improvements including repair and replacement of maintenance facilities, and (v) the development and installation of a fiber optic network.

The Fiscal Year 2026 Financial Plan anticipates that approximately \$4.2 billion will be funded on a pay-as-you-go basis, with the remaining approximately \$3.6 billion funded with proceeds from additional Senior Revenue Bonds (as hereinafter defined) issued during the ten-year period, as well as \$228 million in funds from prior bond issuances and \$40 million from expected federal funds reimbursement. The Commission expects that the capital spending and additional debt issuance, will require the imposition of annual toll increases throughout the ten-year period and beyond. The Traffic Study assumes annual toll increases ranging between 3.0% to 4.0% in each year of the ten-year capital plan period. See “TRAFFIC STUDY,” “CERTAIN FINANCIAL INFORMATION – Revenue Sources of the Commission,” and “COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Future Financing Considerations” below.

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Capital expenditures by program category in the Fiscal Year 2026 Capital Plan are shown below (all figures are in dollars).

| FY2026 Ten Year Capital Plan (YOE) | | | | | | | | | | | | |
|------------------------------------|---------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------|
| Program | Category | FY2026 | FY2027 | FY2028 | FY2029 | FY2030 | FY2031 | FY2032 | FY2033 | FY2034 | FY2035 | Total FINAL PLAN |
| Highway | Roadway/Safety | 117,189,500 | 117,738,722 | 102,936,338 | 71,497,128 | 97,075,135 | 96,845,691 | 84,491,074 | 87,025,806 | 126,988,251 | 174,169,897 | 1,075,957,540 |
| Highway | Bridge,Tunnels & Misc Structure | 129,342,180 | 98,576,120 | 107,351,858 | 115,424,753 | 106,726,373 | 84,598,026 | 97,345,113 | 93,439,667 | 107,460,106 | 137,953,669 | 1,078,217,864 |
| Highway | Total Reconstruction | 215,338,947 | 190,068,719 | 208,268,130 | 270,711,126 | 292,939,442 | 345,292,940 | 326,911,442 | 307,594,909 | 346,879,036 | 283,440,756 | 2,787,445,447 |
| Highway | Interchanges | 38,497,541 | 43,190,520 | 78,514,025 | 115,948,110 | 52,530,444 | 70,924,388 | 101,897,438 | 103,723,872 | 52,127,589 | 52,843,314 | 710,197,241 |
| Highway | Highway Miscellaneous | 45,439,306 | 46,326,035 | 35,159,736 | 34,645,697 | 35,178,903 | 33,133,212 | 34,186,911 | 34,935,797 | 35,825,525 | 36,867,671 | 371,698,793 |
| Highway | Total | 545,807,473 | 495,900,116 | 532,230,087 | 608,226,813 | 584,450,298 | 630,794,257 | 644,831,978 | 626,720,051 | 669,280,506 | 685,275,307 | 6,023,516,886 |
| FEMO | Re-capitalization | 7,015,000 | 5,489,900 | 5,018,057 | 2,436,781 | 2,509,885 | 2,932,963 | 3,021,072 | 2,742,742 | 2,824,897 | 2,909,644 | 36,900,941 |
| FEMO | Sustainment | 2,850,000 | 4,944,515 | 5,092,850 | 5,245,636 | 5,403,005 | 5,565,095 | 5,732,048 | 5,904,009 | 6,081,130 | 6,263,564 | 53,081,853 |
| FEMO | Compliance | 9,411,800 | 9,398,750 | 9,150,263 | 9,971,134 | 10,157,717 | 10,462,449 | 10,895,727 | 11,223,829 | 11,685,954 | 12,036,533 | 104,394,155 |
| FEMO | New Energy Initiative | 1,896,000 | 4,053,050 | 3,219,832 | 1,895,881 | 1,952,758 | 2,011,341 | 4,698,596 | 4,839,554 | 2,197,846 | 2,263,781 | 29,028,638 |
| FEMO | Facilities Design | 24,539,000 | 35,124,236 | 39,981,290 | 38,142,838 | 33,343,198 | 38,169,099 | 34,060,342 | 35,082,152 | 36,134,617 | 37,218,655 | 351,795,426 |
| FEMO | Total | 45,711,800 | 59,010,451 | 62,462,291 | 57,692,270 | 53,366,563 | 59,140,947 | 58,407,785 | 59,792,286 | 58,924,444 | 60,692,177 | 575,201,013 |
| Fleet Equipment | Total | 20,855,465 | 20,600,000 | 21,218,000 | 21,854,540 | 21,384,667 | 22,026,207 | 22,686,994 | 23,367,603 | 22,801,861 | 23,485,917 | 220,281,256 |
| Technology | Functional Business Software | 102,438,511 | 97,893,919 | 67,719,177 | 47,610,115 | 46,112,096 | 36,250,500 | 48,920,323 | 51,863,781 | 53,419,694 | 55,022,285 | 607,250,402 |
| Technology | Infrastructure HW / SW | 28,865,067 | 27,269,986 | 19,503,726 | 25,602,594 | 29,296,994 | 41,420,863 | 31,081,181 | 30,537,768 | 31,453,901 | 32,397,518 | 297,429,598 |
| Technology | Toll Collection / Operations | 3,740,000 | 3,090,000 | 3,182,700 | 3,278,181 | 3,376,526 | 3,477,822 | 3,582,157 | 3,689,622 | 3,800,310 | 3,914,320 | 35,131,638 |
| Technology | Total | 135,043,578 | 128,253,905 | 90,405,602 | 76,490,890 | 78,785,617 | 81,149,185 | 83,583,661 | 86,091,171 | 88,673,906 | 91,334,123 | 939,811,638 |
| EN-00115 | Cashless Tolling Conversion | 152,700,000 | 62,194,550 | 36,576,716 | 21,639,091 | 0 | 0 | 0 | 0 | 0 | 0 | 273,110,357 |
| | Grand Total (PSEXP) | 900,118,316 | 765,959,022 | 742,892,696 | 785,903,604 | 737,987,145 | 793,110,596 | 809,510,417 | 795,971,110 | 839,680,717 | 860,787,524 | 8,031,921,148 |
| | Reimbursed Funds | 0 | 0 | 0 | 0 | 5,000,000 | 15,000,000 | 20,000,000 | 0 | 0 | 0 | 40,000,000 |
| | Grand Total (PSNET) | 900,118,316 | 765,959,022 | 742,892,696 | 785,903,604 | 732,987,145 | 778,110,596 | 789,510,417 | 795,971,110 | 839,680,717 | 860,787,524 | 7,991,921,148 |

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Highway Program

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 and Energy Management Program consists of buildings and large, heavy or high value equipment needs.

The highest priority highway project for the Commission is the ongoing full depth roadway total reconstruction of the east/west Turnpike Mainline and Northeast Extension. This work includes the reconstruction and widening of the roadway, the widening of the median, and the replacement of both Mainline and overhead bridges. To date, the Commission has completed reconstruction of 164 miles of the Mainline with most of these sections widened to six lanes. Approximately another 18 miles are currently in construction and 90 miles are currently in design.

Based on the Fiscal Year 2026 Capital Plan, the Commission plans to spend approximately \$2.8 billion on total reconstruction projects and approximately \$1.1 billion on various bridge and tunnel projects over the next ten years. In total, the Highway Program includes funding of approximately \$6.0 billion over the next ten fiscal years.

Technology Program

The Information Technology (“**IT**”) department is responsible for overseeing the development, implementation, maintenance, and support of all information management technologies across the enterprise in two main categories. Functional Business Software includes planning, designing, and implementing systems and application technologies in the following program areas: GIS and Data Analytics, Enterprise and Business Systems, and Technology and Innovation Management. Infrastructure Hardware/Software includes maintenance, security, upgrades, and enhancements to the Central Office Data Center; the Wide Area Network and public safety radio system; and desktop technologies. This category also includes the following program areas: Server & Storage Management, End User Support, and Transportation Technologies and Communications, Intelligent Transportation Systems, Connected and Autonomous Vehicles, and IT Security. The Technology Program includes funding of approximately \$940 million over the next ten years to address the Commission’s technology needs including toll collection projects, communication, application development and technical operational needs. The Commission continued building the Unified Back Office System that provides the infrastructure, tools, and information management systems to enhance our customer service, and added a major Enterprise Resource Planning upgrade.

Fleet Program

The Fiscal Year 2026 Capital Plan includes approximately \$220 million of funding for the Fleet Program to purchase rolling stock to insure adequate maintenance of the roadway system.

Facilities and Energy Management Program

The Fiscal Year 2026 Capital Plan includes approximately \$575 million of funding for the Facilities and Energy Management Program 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 System operations.

While the Commission has moved to a fully cashless tolling system as of March 2020, additional capital investments are required to support an AET collection system and the ongoing conversion to an ORT system. The implementation of and long-term conversion to a cashless tolling system is estimated to require approximately \$273 million in capital funding over the next ten fiscal years. See “THE TURNPIKE SYSTEM – Toll Collection” herein for additional information.

I-95 Interchange

I-95 was completed in 1969 without an interchange connecting it to the Turnpike Mainline. Interstate travelers were required to 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 main objectives of the Pennsylvania Turnpike/I-95 Interchange Project (the “*Interchange Project*”) are to improve the linkage between I-95 and the Turnpike Mainline 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 Mainline, create additional capacity on the Turnpike Mainline 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 included 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 westbound Turnpike Mainline to southbound I-95. This phase included construction of a new Turnpike Mainline toll plaza and a cashless tolling plaza westbound, which opened in January 2016. The first phase of the Interchange Project was completed and opened to traffic in September 2018. The portion of the Turnpike Mainline from the Interchange Project eastward to the Delaware River Bridge in Bucks County has been redesignated as I-95. The second phase of the Interchange Project will include the completion of the reconstruction and widening of the remaining interchange connectors. The construction of Section D30 is ongoing which will extend the reconstruction and widening of the mainline approximately 2 miles to the west of the I-95 connection. Section C will be bid in the Spring of 2026. The third phase will be the construction of a new wider bridge over the Delaware River, referenced as the Delaware River Bridge (“**DRB**”), replacing the existing bridge. The Commission has completed an alternative analysis for the DRB. In coordination with FHWA, a Supplemental Environmental Impact Statement will be required and will parallel the preliminary design for the replacement of the DRB. Funding for the initial design costs of the subsequent phases was included in the prior Fiscal Year 2025 Capital Plan. In collaboration with the New Jersey Turnpike Authority (“**NJTA**”), a grant application was jointly submitted in August 2024 for the federal Bridge Investment Program (“**BIP**”). The grant request was for \$738.6 million which is 50/50 match and shared equally between NJTA and the Commission. A resubmission of the BIP application was made on June 16, 2025, and to date no selections have been announced.

Mon/Fayette Expressway and Southern Beltway

Four projects constructed as part of the Mon/Fayette Expressway are now in operation. One is an approximately six-mile toll road between I-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 approximately twelve-mile section of toll road from I-68 near Morgantown, West Virginia, to Fairchance, Pennsylvania, which is located just south of Uniontown. The third project is

an approximately sixteen-mile section of the Mon/Fayette Expressway from I-70 in Washington County to Pennsylvania Route 51 in Allegheny County, which opened in April 2002. The fourth is an approximately fifteen-mile section from Uniontown to Brownsville, including a 3,022-foot bridge over the Monongahela River, which opened to traffic in July 2012. These four contiguous projects, which total 48 miles from Morgantown, West Virginia to Pennsylvania Route 51 south of Pittsburgh, are now part of the System.

On March 21, 2017, the Commission announced that it would stop engineering-design activities on the final 14-mile section of the Mon/Fayette Expressway, extending from Pennsylvania Route 51 to I-376 near Monroeville east of Pittsburgh, in light of the Southwestern Pennsylvania Commission's decision to table the project. On June 26, 2017, the Southwestern Pennsylvania Commission voted to add the final 14-mile segment of the Mon/Fayette Expressway to its long-range plan. This action will allow FHWA to approve changes to the environmental impact statement ("EIS"), a requirement for construction to commence. The current estimates to complete the final 14 miles of the Mon/Fayette Expressway to I-376 are in excess of \$2 billion. An EIS re-evaluation was completed for the Mon/Fayette Expressway and approved by PennDOT and FHWA in 2019. Final design is now proceeding on the 14-mile southern section of the Mon/Fayette Expressway. The initial sections MFE 53A1 and MFE 53A2 of the southern section have been bid and are under construction. The next section MFE 53B1A will bid in late-2025. Subsequent sections will be evaluated as funding becomes available. When completed, the Mon/Fayette Expressway will extend from Interstate 68 in West Virginia to I-376 in Monroeville, which is east of Pittsburgh.

The Southern Beltway is to be constructed from the Mon/Fayette Expressway, near Finleyville, extending as part of a beltway south of Pittsburgh to I-376 at the Pittsburgh International Airport. It is comprised of three distinct projects: (1) the six-mile project from I-376 to U.S. 22 (also known as the Findlay Connector) which opened to traffic in October 2006; (2) the 13-mile project from U.S. 22 to I-79, which opened October 15, 2021; and (3) the remaining Southern Beltway project, from I-79 to the Mon/Fayette Expressway, which received environmental clearance in May 2009.

To date, the Commission has used the net proceeds of various series of its Oil Franchise Tax Revenue Bonds and Registration Fee Revenue Bonds, along with then currently available revenues, to fund the construction of the Mon/Fayette Expressway and Southern Beltway projects. It is currently anticipated that the remaining costs to complete the Mon/Fayette Expressway and the Southern Beltway will be financed over time using Oil Franchise Tax Revenues (on a pay-as-you-go basis and/or bonded basis) and other funding sources. Although the open sections of the Mon/Fayette Expressway and the Southern Beltway are toll roads, the Tolls (as hereinafter defined) pledged for the repayment of Turnpike Senior Revenue Bonds will not be applied to the costs of construction of these projects, which are instead expected to be funded by Oil Franchise Tax Revenues.

The unfinished portions of the Mon/Fayette Expressway and Southern Beltway projects are not part of the Commission's ten-year capital plan, and the Commission has no legal obligation to fund the completion of such projects. To date, Act 89 has generated annual Oil Franchise Tax Revenues for the Commission in excess of the debt service coverage requirements for the Commission's outstanding Oil Franchise Tax Revenue Bonds.

Condition of the Turnpike System

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 the terms of the Turnpike Senior Revenue Indenture (as hereinafter defined), 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 completed in December 2023, the Pennsylvania Turnpike Condition Assessment Report 2023 (the "**Condition Assessment Report**"), was prepared by the General Consulting Engineer ("**GCE**") Michael Baker International.

Based on reviews performed by others as well as their own observations, the authors of the Condition Assessment Report found that, "overall, the Turnpike System is in Good condition." Three out of the four asset groups, including Roadways, Structures, and Technology, are rated in Good condition, while the Facilities Asset Group is rated in Good/Fair condition.

Each of the asset groups are in good working order based on the condition ratings of the individual assets within the asset group. The individual asset condition rating was developed through an extensive evaluation of qualitative and quantitative performance data. There are several different evaluation measures used across the array of the Commission's assets included in the Condition Assessment Report. The following is an overall summary of the conditions, and some, but not all, of the GCE's recommendations regarding each of the four asset groups.

Roadways Asset Group

The overall condition of the Roadways Asset Group is Good. This asset group is made up of pavement, guide rail, attenuators, concrete median barrier, signs, pavement markings, rock cut slopes, drainage infrastructure, and stormwater management. The data sources for this group are from inspections completed primarily by the PTC Engineering and Maintenance Departments, along with the support of the GCE and other consultants.

The System's pavement is measured with a Pavement Condition Rating ("**PCR**") and an International Roughness Index ("**IRI**") score. The PCR has been steady and ranks within established metrics and statewide averages. The IRI has shown improvement since the last Condition Assessment. The condition of concrete median barrier dropped slightly from the 2020 report. The PTC replaces barrier when a section is being reconstructed or if deterioration/damage compromises barrier integrity. The minor decline can be attributed to a combination of fewer miles of Total Reconstruction being completed since the last assessment and allocating available funds towards other roadway expenditures. The remaining assets in the Roadways Asset Group have the same rating as the last report.

Some key Roadways recommendations are for the PTC departments/units to investigate a single source of electronic data collection for efficiency, consistency, and cost-effectiveness. As

technology improves, many departments are using or evaluating the use of electronic data collection. Many vendors can collect multiple types of data concurrently, which would benefit the PTC.

Structures Asset Group

The overall condition of the Structures Asset Group is Good. The asset group is made up of bridges and culverts, sign structures, retaining walls and noise barriers, tunnels and portal buildings, high mast light poles, and tolling gantries. The data sources for this group are from inspections completed primarily by the consultants contracted to follow national inspection criteria and frequencies. Maintenance Department personnel perform additional cursory or walk-through inspections on some assets.

The PTC Bridge Unit continues to be an industry leader with a low percentage of Poor bridges. The development of a PTC Tunnel Management Committee has increased communication and effectiveness of all staff involved in identifying and remediating deficiencies within the tunnels. Aided by a rehabilitation, the tunnel asset improved its rating since the last condition assessment report. All other assets maintained the same rating, and a tolling gantries asset was added based on recommendations from the previous Condition Assessment report.

The GCE's recommendations regarding the Structures Asset Group include the PTC closely monitors the condition of long-span bridges and develop maintenance and preservation plans to maximize the structure's service life. Tunnel Management Committee meetings should continue the lines of communication with all parties involved. Databases for sign structures should be harmonized between departments to ensure accurate inventory information. Tolling gantry inspection information should be incorporated into the Bridge Management Software as available, and decommissioned gantries because of ORT should also be updated promptly.

Facilities Asset Group

The overall condition of the Facilities Asset Group is Good/Fair. The asset group is made up of service plazas and buildings for maintenance, interchange, administration, and district fare collection. State police barracks, warehouse and training facilities, stockpiles (remote salt storage), communication towers, and access gates are also included in the asset group. Inspections completed primarily by the Pennsylvania State Facilities Engineering Institute ("PSFEI") and with the support of the PTC Facilities Unit are the data sources for the group.

Increases in facility appraisal values, along with increases in construction materials, equipment, and labor, have created more volatility in the Facilities Asset Group than in previous reports. In this group, maintenance buildings, warehouse and training facilities, and stockpiles all have lower ratings than in 2020, and the ratings for interchange buildings improved. The prior Devault maintenance building was the poorest rated facility for the PTC. A new facility has been constructed to replace the prior one and was placed into service during FY25. The GCE analyzed deficiencies related to the physical asset and omitted other planning-level data collected by the PSFEI.

The GCE's recommendations regarding the Facilities Asset Group include, as costs continue to increase, the PTC is carefully reviewing the PSFEI Facility Condition Index ratings and evaluate Capital Plan funding for Poor or Critical assets not currently scheduled for replacement. The interchange facilities scheduled for demolition should be removed expeditiously to reduce associated operational and maintenance costs.

Technology Asset Group

The overall condition of the Technology Asset Group is Good. The asset group is made up of all electronic tolling, intelligent transportation systems, communication systems, the fiber optic broadband network, and cybersecurity controls for operational technology. The data sources for this group are from inspections completed primarily by contractors who have contractual agreements to manage, operate, and maintain these technologies for the PTC.

Technology is a rapidly changing asset group at the PTC as it seeks to stay at the forefront of expanding technologies to monitor and protect the system. The PTC utilizes AET, making these technologies a critical component of its operations. A statewide Fiber Optic Broadband Network (“**FOBN**”) is under construction and will enhance capacity, bandwidth, and reliability. The Commission has in place industry-leading Cybersecurity controls for Operational Technology processes that protect and secure the technologies and their systems.

The GCE’s recommendations regarding the Technology Asset Group include the PTC ensuring that proper maintenance procedures are in place to maximize technology asset lifetimes and get the most use out of the investments. The FOBN is managed by a Fiber Infrastructure Operations, Maintenance, and Commercialization Services (“**FOMC**”) contract. The GCE also recommended that the PTC maintain close communication with the FOMC provider to ensure accurate as-builts are provided and to capitalize on commercialization assets.

FINANCIAL PLAN

General

Act 44 requires the Commission to prepare and submit an annual financial plan (the “**Financial Plan**”) to the Secretary of the Budget of the Commonwealth 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 annual Financial Plan is to demonstrate that the Commission’s operation in accordance with such plan can be reasonably anticipated to generate unencumbered funds sufficient to make all Act 44/Act 89 Payments due to PennDOT in the upcoming year after all other Commission obligations and interest thereon, sinking fund requirements of the Commission, and other requirements in any trust indenture, notes or resolutions have been met. Any deviations and the causes therefor in prior year plans must be explained.

Since the enactment of Act 44 in 2007, the Commission’s annual Financial Plan has demonstrated that for the prior Fiscal Year that the Commission was able to meet all of its financial covenants and obligations under the Enabling Acts and was able to progress with its then-current capital plan. The Commission delivered to the Secretary of the Budget its Financial Plan for Fiscal Year 2026 on May 30, 2025 (the “**Fiscal Year 2026 Financial Plan**”).

Fiscal Year 2026 Financial Plan

The Fiscal Year 2026 Financial Plan sets forth the reasonably expected revenues the Commission will generate necessary to meet required Turnpike operating and maintenance expenses, debt service payments, capital expenses, and liquidity requirements, and included the adoption of the

Fiscal Year 2026 Capital Plan. The Fiscal Year 2026 Financial Plan indicates that in Fiscal Year 2024 and Fiscal Year 2025, the Commission was able to meet all of its financial covenants and obligations under the Enabling Acts and was able to progress with its then-current capital plan. A copy of the Fiscal Year 2026 Financial Plan is available on the Commission's website at: https://files.paturnpike.com/production/docs/default-source/resources/investor-relations/act-44/act-44-financial-plan6fd27b46-f904-4f00-98c6-16dff6284d7.pdf?sfvrsn=2b739888_4.⁵

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⁵ The information contained on such website link is not incorporated by reference in this Appendix A.

CERTAIN FINANCIAL INFORMATION

Revenue Sources of the Commission

The Commission's revenues are principally derived from three separate sources: toll revenues from the operation of the System, revenue derived from a portion of the Commonwealth's Oil Franchise Tax Revenues, and revenue derived from a portion of the Commonwealth's vehicle registration fee revenues.

Toll Revenues

The largest part of the Commission's revenues is derived from the collection of 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**"). Tolls are pledged to secure the Commission's outstanding Turnpike Senior Revenue Bonds and other parity and subordinate obligations issued under the Turnpike Senior Revenue Indenture. See “— Toll Schedule and Rates” and “— Five-Year Financial History” below for more information regarding the Tolls. See also “COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Commission Indebtedness” herein.

Oil Franchise Tax Revenues

The Commission's second principal stream of revenues consists of that portion of the Commonwealth's oil company franchise tax revenues (the "**Oil Franchise Tax Revenues**") allocated by statute to the Commission. The Oil Franchise Tax was first imposed in 1981 by Act 35, in the amount of 35 mills on each gallon of petroleum sold. The tax was increased by an additional 25 mills in 1983 by Act 32 and an additional 55 mills in 1991 by Act 26. With Act 3 of 1997, the tax was increased by an additional 38.5 mills to a total of 153.5 mills on all liquid fuels (primarily gasoline) and an additional 55 mills (for a total increase of 93.5 mills) for a total of 208.5 mills on liquid fuels and other fuels (which includes diesel fuel and all combustible gases and liquids used in an internal combustion engine for the generation of power to propel vehicles on the public highways, but excluding liquid fuels or dyed diesel fuel). Oil Franchise Tax Revenues consist of the Commission's allocation of 14% of the additional 55 mills of Oil Franchise Tax which became effective September 1, 1991, pursuant to Act 26 (the "**Commission's Allocation**"). Act 26 provides for monthly payments of Oil Franchise Tax Revenues to the Commission. Oil Franchise Tax Revenues are primarily pledged to the trust estate securing the Commission's Oil Franchise Tax Revenue Bonds. See “COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Commission Indebtedness” herein.

After making all the deposits required to the trust estate securing the Commission's Oil Franchise Tax Revenue Bonds, the Trustee is required to transfer from the Revenue Fund to the credit of the Oil Franchise Tax General Fund the balance, if any, in excess of \$10 million remaining in such revenue fund. As of November 1, 2025, the balance in the Oil Franchise Tax General Fund was approximately \$63.1 million. Funds in the Oil Franchise Tax General Fund represent excess oil franchise tax revenues not required for debt service and, absent any deficiency in funds and accounts held under the OFT Indenture (as hereinafter defined), such funds may be used by the Commission for the purposes described in the OFT Indenture, including, without limitation, for any of its lawful corporate purposes.

The following table reflects the five-year history of annual Oil Franchise Tax Revenues collected by the Commonwealth and the annual amounts allocated to the Commission.

Five-Year History of Oil Franchise Tax Collections and Commission Allocation
(in thousands)

| Fiscal Year (actual) | Oil Franchise Tax Collections ⁽¹⁾ | Commission Allocation ^{(2) (3)} |
|---------------------------------|---|---|
| 2021 | \$906,855 | \$114,176 |
| 2022 | 950,192 | 136,522 |
| 2023 | 953,660 | 130,812 |
| 2024 | 961,400 | 137,513 |
| 2025 | 928,659 | 128,998 |

⁽¹⁾ Amount determined at the end of the Commonwealth's fiscal year ending June 30th of each year.

⁽²⁾ Amount determined at the end of the Commission's fiscal year ending May 31st of each year.

⁽³⁾ The amount of the Commission's Allocation does not equal exactly 14% of the tax collected from the added 55 mills due to the difference between the Commonwealth's and the Commission's fiscal years.

Registration Fee Revenues

The Commission's third principal stream of revenues consists of a portion of the Commonwealth's vehicle registration fee revenues (the "**Registration Fee Revenues**"). Registration Fee Revenues consist of an annual appropriation of \$28 million of increased registration fees allocated to the Commission, in monthly installments of \$2,333,333.33, pursuant to Act 3 of 1997. Registration Fee Revenues are primarily pledged to secure payment of the Commission's Registration Fee Revenue Bonds. See "**COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Commission Indebtedness**" herein.

Road User Charge for Electric Vehicles

Act 85 of 2024 (amended by Act 149), codified as Section 9024 of Chapter 90 of Title 75 of the Pennsylvania Consolidated Statutes, took effect on April 1, 2025 and established Road User Charge ("RUC") fees for electric vehicles ("EVs") and plug-in hybrid electric vehicles ("PHEVs") registered in Pennsylvania. These fees replace the Alternative Fuels Tax established by Section 9004(d) of Chapter 90 of Title 75 of the Pennsylvania Consolidated Statutes for EVs and PHEVs with a gross vehicle weight rating of 14,000 pounds or less, aiming to ensure that EV and PHEV owners contribute to the Motor License Fund for road and bridge maintenance, similar to gas-powered vehicle owners who pay fuel taxes. While a portion of the RUC fees have been allocated to the Commission in a manner consistent with the allocation of the Oil Franchise Tax, **such RUC fees are not part of the Oil Franchise Tax and, accordingly, have not been pledged by the Commission as part of the Trust Estate that secures the Oil Franchise Tax Revenue Bonds or any other bonds issued under the OFT Indenture.**

Toll Schedule and Rates

On January 5, 2025, the Commission introduced ORT on trips east of Reading and on the entire Northeast Extension. ORT is anticipated to launch on the balance of the Mainline System in January of 2027. Prior to statewide implementation, tolls west of Reading will be charged to a customer as an interchange-to-interchange trip consistent with historical practice. See “THE TURNPIKE SYSTEM – Toll Collection” herein.

On January 5, 2025, the Commission also fully transitioned away from weight-based toll classification to an axle and height under automated vehicle classification system that calculates tolls based on the vehicle’s height plus the number of axles. The axle/height classification system has been utilized in eastern Pennsylvania at the Clarks Summit and Keyser Avenue tolling points on the Northeast Extension and also in western Pennsylvania on the Southern Beltway since the spring of 2018. Conversion of the entire Mainline System to the axle/height classification provides customers more predictability while reflecting the classification systems of the other roadways they travel. This change eliminates the high costs associated with the maintenance and operation of the scales and increases traveler safety by minimizing the traffic disruption needed to service and replace the scales within the pavement.

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Table I below illustrates the tolls and per mile rates applicable to each vehicle class for a trip on the Turnpike Mainline from Street Road (#352) and Cranberry (#28) following the toll increase that became effective in January 2025:

TABLE I
Current Tolls and Per Mile Rates for Mainline Roadway East – West Trip
Street Road (#352) – Cranberry (#28)

| Vehicle Axle | Vehicle Height | Toll By Plate Effective 1/2025 | Per Mile Toll By Plate | Toll Rate E-ZPass Effective 1/2025 | Per Mile E-ZPass Rate |
|--------------|----------------|--------------------------------|------------------------|------------------------------------|-----------------------|
| 2 | Low | 104.22 | 0.321 | 52.11 | 0.160 |
| 2 | High | 156.48 | 0.481 | 78.24 | 0.241 |
| 3 | Low | 156.48 | 0.481 | 78.24 | 0.241 |
| 3 | High | 208.44 | 0.641 | 104.22 | 0.321 |
| 4 | Low | 208.44 | 0.641 | 104.22 | 0.321 |
| 4 | High | 312.66 | 0.962 | 156.33 | 0.481 |
| 5 | Low | 260.70 | 0.802 | 130.35 | 0.401 |
| 5 | High | 416.88 | 1.283 | 208.44 | 0.641 |
| 6+ | Low | 312.66 | 0.962 | 156.33 | 0.481 |
| 6 | High | 521.10 | 1.603 | 260.55 | 0.802 |
| 7+ | High | 625.32 | 1.924 | 312.66 | 0.962 |

Notes:

The above rates represent an “East West” trip for the toll system between Street Road (#352) and Cranberry (#28), previously Neshaminy Falls to Warrendale. For purposes of the Senior Indenture, the Mainline is the entire length of the roadway between Ohio and the Delaware River Bridge. The 30-mile Gateway to Warrendale roadway between Warrendale and the Ohio Turnpike has a barrier toll at the Gateway Mainline interchange (#2). The toll on the Gateway connector is payable only when traveling eastbound. The toll on the Delaware River Bridge (#H43) to the connection on the New Jersey Turnpike portion is a one-way toll westbound only.

Vehicle heights denoted as “Low” are 7’6” or lower and “High” are higher than 7’6”.

A toll calculator for the System can be found at <https://www.paturnpike.com/toll-calculator> and additional toll rate information can be found at <https://files.paturnpike.com/production/docs/default-source/resources/tolls/toll-schedule-2025/pa-turnpike-toll-schedule-2025.pdf>⁶

The most recent toll increase, which was 5%, took effect on January 5, 2025. The Traffic Study assumes that the Commission will continue to increase tolls annually throughout the forecast

⁶ The information contained on such website links are not incorporated by reference in this Appendix A.

period, which ends in 2054. The Commission approved the January 2026 toll increase of 4% on July 1, 2025. While the approved January 2026 increase of 4% is less than prior years, it is consistent with the assumptions in the Traffic Study.

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 the Act 44/Act 89 Payments to PennDOT under the Amended Funding Agreement.

Between 1957 and 2008, the Commission implemented only five revisions in its toll schedule. However, with the enactment of Act 44 and the significant increases in the Commission's funding obligations, from 2008 to 2021, the Commission implemented annual revisions to its toll schedule to maintain rates consistent with inflation, capital improvements and operational costs, Act 44/Act 89 Payment obligations, and the modernization of toll collection methods.

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The following table summarizes the fundamental rate increases for the last ten years:

| <u>Effective Date</u> | <u>Recent Toll Rate Increase History⁽¹⁾</u> | |
|-----------------------|--|----------------|
| | <u>Percent (%) Increase</u> | <u>E-ZPass</u> |
| | <u>Toll By Plate⁽²⁾</u> | |
| 1/3/2016 | 6 | 6 |
| 1/8/2017 | 6 | 6 |
| 1/7/2018 | 6 | 6 |
| 1/6/2019 | 6 | 6 |
| 1/5/2020 | 6 | 6 |
| 1/3/2021 | 6 | 6 |
| 1/2/2022 | 5 | 5 |
| 1/8/2023 | 5 | 5 |
| 1/7/2024 | 5 | 5 |
| 1/5/2025 | 5 | 5 |

⁽¹⁾ The Commission approved the January 2026 toll increase of 4% on July 1, 2025.

⁽²⁾ Effective March 16, 2020, the Commission permanently transitioned to AET toll collection system, that now only utilizes Toll By Plate and E-ZPass. See “THE TURNPIKE SYSTEM – Toll Collection” above.

Five-Year Financial History

The following Tables II and III summarize certain operating and financial information with respect to the System for the Fiscal Years from 2021 to 2025. This information is derived from the Commission’s regularly prepared books and records. The financial information presented in Table III is a combination of cash basis financial statements with certain accruals included. **Certain information is not presented in accordance with generally accepted accounting principles and has not been audited.**

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 2025 AND 2024 FINANCIAL STATEMENTS” of this Official Statement (the “*Financial Statements*”).

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TABLE II
Number of Vehicle Transactions and Fare Revenues Summarized by Fare Classification
(in thousands)

| | Fiscal Year Ended May 31, | | | | | Three-Months Ended August 31,* | |
|---|----------------------------------|--------------------|--------------------|--------------------|--------------------|---|------------------|
| | 2021 | 2022 | 2023 | 2024 | 2025 | 2025 | 2026 |
| | | | | | | | |
| Number of Vehicle Transactions:⁽¹⁾⁽²⁾ | | | | | | | |
| Passenger | 290,510 | 345,914 | 353,106 | 358,432 | 357,975 | 96,747 | 99,835 |
| Commercial | 70,317 | 76,673 | 77,526 | 77,473 | 78,938 | 20,678 | 20,914 |
| Total | <u>360,827</u> | <u>422,587</u> | <u>430,632</u> | <u>435,905</u> | <u>436,913</u> | <u>117,425</u> | <u>120,749</u> |
| Toll Revenue(s): | | | | | | | |
| Passenger | \$640,111 | \$854,081 | \$904,550 | \$963,560 | \$1,003,712 | \$282,332 | \$296,993 |
| Commercial | 618,701 | 714,946 | 757,157 | 791,449 | 874,971 | 217,062 | 250,063 |
| Total | <u>\$1,258,812</u> | <u>\$1,569,027</u> | <u>\$1,661,707</u> | <u>\$1,755,009</u> | <u>\$1,878,683</u> | <u>\$499,394</u> | <u>\$547,056</u> |
| Net Discounts, Adjustments and Toll Bad Debt | -68,393 | -109,111 | -121,002 | -146,216 | -157,989 | -42,747 | -47,816 |
| Net Toll Revenues | <u>\$1,190,419</u> | <u>\$1,459,916</u> | <u>\$1,540,705</u> | <u>\$1,608,793</u> | <u>\$1,720,694</u> | <u>\$456,647</u> | <u>\$499,240</u> |

* Preliminary, unaudited.

⁽¹⁾ Number of vehicle transactions is unaudited.

⁽²⁾ On January 5, 2025, the Commission transitioned its toll collection to ORT on trips east of Reading and along the entire Northeast Extension. To allow for reasonable comparisons of current traffic volumes and revenues with prior periods, PTC's third-party traffic engineering consulting firm calculated estimated "equivalent volumes" for periods prior to the January 5, 2025 ORT launch and provided an ORT conversion table to reclass revenues from weight-based categories to Axle/Height categories. Traffic volumes and revenues prior to January 5, 2025 have been restated using these equivalent volumes and ORT revenue conversion table. Additionally, with the conversion from its weight-based vehicle classification system to an Axle/Height system, the Commission reclassified the 3L vehicle class from the commercial category to passenger category. Class 1 (passenger) vehicles under the previous weight-based classification system are now, for the most part, being recorded as class 2L and 3L transactions under the axle and height vehicle classification system. The regrouping of class 3L volumes and revenues to the passenger category provides more consistent reporting compared to prior periods.

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TABLE III
Summary of System Revenues and Operating Expenditures Before Interest and Other Charges⁽¹⁾
(000's Omitted)

| | Fiscal Year Ended May 31, | | | | | Three-Months Ended August 31,* | |
|---|---------------------------|--------------------|---------------------------|--------------------|--------------------|-----------------------------------|------------------|
| | <u>2021</u> | <u>2022</u> | <u>2023⁽²⁾</u> | <u>2024</u> | <u>2025</u> | <u>2025</u> | <u>2026</u> |
| | | | | | | | |
| Revenues | | | | | | | |
| Net Toll Revenues | \$1,190,419 | \$1,459,916 | \$1,540,705 | \$1,608,793 | \$1,720,694 | \$456,647 | \$499,240 |
| Concession Revenues | 3,652 | 5,008 | 4,819 | 4,775 | 4,770 | 1,282 | 1,307 |
| Senior Interest Income | 13,391 | 12,534 | 24,027 | 31,520 | 42,751 | 9,794 | 12,541 |
| Subordinate Interest Income | 5,514 | 5,142 | 7,193 | 10,073 | 11,720 | 2,736 | 3,272 |
| MLF Enhanced Interest Income | 462 | 441 | 510 | 656 | 1,064 | 197 | 296 |
| Miscellaneous | 36,101 | 38,654 | 45,959 | 50,167 | 53,576 | 15,951 | 14,971 |
| Total Revenues | \$1,249,539 | \$1,521,695 | \$1,623,213 | \$1,705,984 | \$1,834,575 | \$486,607 | \$531,627 |
| Operating Expenditures | | | | | | | |
| General & Administrative | \$50,860 | \$63,196 | \$66,966 | \$69,965 | \$74,865 | \$19,024 | \$19,130 |
| Traffic Engineering and Operations | 3,396 | 3,471 | 3,454 | 3,749 | 3,898 | 943 | 903 |
| Service Centers | 48,334 | 59,688 | 70,033 | 72,570 | 80,226 | 19,868 | 21,860 |
| Employee Benefits ⁽³⁾ | 86,087 | 16,100 | 47,092 | 38,405 | 35,975 | 20,518 | 20,750 |
| Toll Collection | 31,261 | 26,237 | 26,453 | 24,784 | 22,235 | 5,018 | 3,846 |
| Normal Maintenance | 74,891 | 78,065 | 78,379 | 81,528 | 94,809 | 18,415 | 19,033 |
| Facilities and Energy Mgmt. Operations | 11,400 | 11,763 | 12,402 | 11,461 | 17,501 | 3,871 | 4,757 |
| Turnpike Patrol | 55,593 | 53,738 | 60,504 | 69,439 | 70,136 | 16,460 | 17,555 |
| Total Operating Expenditures⁽³⁾ | \$361,822 | \$312,258 | \$365,283 | \$371,901 | \$399,645 | \$104,117 | \$107,834 |
| Revenues less Operating Expenditures | \$887,717 | \$1,209,437 | \$1,257,930 | \$1,334,083 | \$1,434,930 | \$382,490 | \$423,793 |
| Senior Annual Debt Service Requirement | \$234,905 | \$311,234 | \$372,520 | \$419,102 | \$453,582 | | |
| Coverage Ratio ⁽⁴⁾ | 3.75 | 3.87 | 3.36 | 3.16 | 3.14 | | |
| Annual Subordinate Debt Service Requirement | \$261,311 | \$331,983 | \$334,737 | \$347,450 | \$373,897 | | |
| Coverage Ratio ⁽⁵⁾ | 1.79 | 1.88 | 1.78 | 1.74 | 1.73 | | |
| Annual MLF Enhanced Debt Service Requirement | \$48,818 | \$49,385 | \$53,427 | \$56,583 | \$57,914 | | |
| Coverage Ratio ⁽⁶⁾ | 1.63 | 1.75 | 1.65 | 1.62 | 1.62 | | |

* Preliminary, unaudited.

(Notes Continue on Following Page)

- ⁽¹⁾ This summary of revenues and operating expenditures is not intended to present results of operations in conformity with generally accepted accounting principles. Debt service is net of capital interest and receipt of Federal Subsidy.
- ⁽²⁾ Cost of Services for Fiscal Year 2023, presented in previous official statements, have been restated to conform with the required implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. General & Administrative expenses have been reduced by approximately \$1.2 million.
- ⁽³⁾ Operating expenses for Fiscal Year 2022 include accounting entries to pension and OPEB expenses that reduce the reported operating expenses by \$59 million. Without these entries, estimated Fiscal Year 2022 operating expenses would be \$371 million.
- ⁽⁴⁾ Calculated using Senior Interest Income.
- ⁽⁵⁾ Calculated using Senior and Subordinate Interest Income.
- ⁽⁶⁾ Calculated using Senior, Subordinate and MLF Enhanced Interest Income.

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COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS

Commission Indebtedness

Authority to Issue Debt

Under the Enabling Acts, 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 Amended 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) Act 44/Act 89 Payments to PennDOT, (iii) costs of improvements to the System, and (iv) certain amounts pursuant to the Amended Funding Agreement, to be used for mass transit programs, multi-modal transportation programs and, other transportation programs of statewide significance, alternative energy transportation programs (provided that, pursuant to the terms of the Amended Funding Agreement, the proceeds of any Special Revenue Bonds (as hereinafter defined) may not be applied for payments to mass transit programs, multi-modal transportation programs or alternative energy transportation programs).

The bonds authorized to be issued by the Commission under Act 44 included up to \$5 billion of Special Revenue Bonds. Proceeds of such bonds were applied toward the satisfaction of the Commission's scheduled annual Act 44/Act 89 Payment obligations under the Amended Funding Agreement and the Enabling Acts, except for that portion of the annual payment obligations to be deposited in the Public Transportation Trust Fund pursuant to the terms of the Amended Funding Agreement. Since all of the Commission's Act 44/Act 89 Payments to PennDOT under the Amended Funding Agreement are being deposited into the Public Transportation Trust Fund commencing July 1, 2014, as of such date, the Commission is no longer issuing Special Revenue Bonds to fund its obligations under the Amended Funding Agreement. See "*Statutory Limitations on the Incurrence of Special Revenue Bonds*" below. The Amended Funding Agreement provides that the Commission is obligated to pay all debt service due with respect to the Special Revenue Bonds.

Outstanding Indebtedness

The Commission has the following outstanding indebtedness: (1) Turnpike Senior Revenue Bonds secured by the pledge of the Trust Estate under the Turnpike Senior Revenue Indenture consisting primarily of Tolls received by or on behalf of the Commission from the System; (2) Turnpike Subordinate Revenue Bonds (as hereinafter defined) secured by a pledge of the Trust Estate under the Turnpike Subordinate Revenue Indenture consisting primarily of Commission Payments from amounts transferred from the General Reserve Fund under the Turnpike Senior Revenue Indenture after the payment of all Turnpike Senior Revenue Indenture Obligations; (3) Motor License Fund-Enhanced Turnpike Subordinate Special Revenue Bonds (referred to herein as the "**Special Revenue Bonds**") secured by Commission Payments on a subordinate basis to Turnpike Subordinate Revenue Bonds; (4) Oil Franchise Tax Revenue Bonds secured by a pledge of the Oil Franchise Tax Revenues; and (5) Registration Fee Revenue Bonds secured by revenues received from the Motor License Fund.

The following table summarizes the Commission's outstanding indebtedness as of the date of this Official Statement.

Outstanding Commission Indebtedness

| | Outstanding Principal | Accrued thru 12/1/2025 | Total Outstanding |
|---|-----------------------|------------------------|-------------------|
| Turnpike Senior Revenue Bonds | \$7,600,235,000 | | \$7,600,235,000 |
| Turnpike Subordinate Revenue Bonds | 5,773,463,594 | \$42,006,806 | 5,815,470,400 |
| Special Revenue Bonds | 882,378,479 | 55,626,165 | 938,004,644 |
| Oil Franchise Tax Revenue Bonds | 1,566,551,246 | 20,494,030 | 1,587,045,276 |
| Registration Fee Revenue Bonds | 294,490,000 | | 294,490,000 |

Upon the issuance of the 2025 Bonds, the redemption of the 2023 Bonds and the defeasance of the Defeased 2005A Bonds, \$264,080,000 in aggregate principal amount of Motor Vehicle Registration Bonds will be outstanding. See "REFUNDING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS" in the forepart of this Official Statement for more information.

As of the date of this Official Statement, approximately 92.9% of the Commission's outstanding debt is fixed rate, 6.3% is synthetic fixed, and 0.8% is unhedged variable rate. See "COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS" – Direct Purchase Obligations, – Letter of Credit Agreements and – Interest Rate Exchange Agreements below for information.

Turnpike Senior Revenue Bonds

Turnpike Senior Revenue Bonds are issued under that certain 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 Trust Company, National Association, as trustee (the "**Turnpike Senior Revenue Indenture Trustee**"), as supplemented and amended (the "**Turnpike Senior Revenue Indenture**"). Tolls are presently pledged to secure the Turnpike Senior Revenue Bonds, as well as Turnpike Senior Revenue Indenture Parity Obligations, and any subordinated indebtedness that may be issued under the Turnpike Senior Revenue Indenture (collectively, the "**Turnpike Senior Revenue Indenture Obligations**").

As of the date of this Official Statement, the Commission has \$7,600,235,000 in principal amount of Turnpike Senior Revenue Bonds outstanding under the Turnpike Senior Revenue Indenture. The Commission has not issued any subordinated indebtedness under the Turnpike Senior Revenue Indenture.

Also included in the principal amount outstanding under the Turnpike Senior Revenue Indenture as of the date of this Official Statement is \$625,530,000 aggregate principal amount of variable rate obligations and \$397,325,000 aggregate principal amount of direct purchase obligations. See "COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Direct Purchase Obligations" for a summary of direct purchase obligations of the Commission. Other obligations incurred and outstanding under the Turnpike Senior Revenue Indenture include the Commission's obligations under various interest rate swap agreements having a notional amount of \$599,955,000 as of December 1, 2025.

Tolls are not pledged to secure the Oil Franchise Tax Revenue Bonds, the Registration Fee Revenue Bonds or the bonds and other obligations issued (or otherwise secured) under the Subordinate Revenue Indenture (the “***Turnpike Subordinate Revenue Indenture Obligations***”). All Turnpike Subordinate Revenue Indenture Obligations are subordinated to the payment of the Turnpike Senior Revenue Indenture Obligations issued under the Turnpike Senior Revenue Indenture.

Neither the Turnpike Subordinate Revenue 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 Turnpike Senior Revenue Indenture.

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

In addition, under the Turnpike Senior Revenue Indenture, the Commission has covenanted that it will not sell, lease, or otherwise dispose of real estate or personal property comprising a portion of the System except upon compliance with the provisions of the Turnpike Senior Revenue Indenture, including a determination by resolution that the Net Revenues of the Commission will not be materially adversely affected. The Commission from time to time may consider various proposals that could involve the transfer or other disposition of Commission property. Any such transfer or disposition would be required to comply with the provisions of the Turnpike Senior Revenue Indenture.

Turnpike Subordinate Revenue Bonds

Pursuant to the terms of the Subordinate Trust Indenture dated as of April 1, 2008, between the Commission and Computershare Trust Company, National Association (the “***Turnpike Subordinate Revenue Indenture Trustee***”), as amended and supplemented (the “***Turnpike Subordinate Revenue Indenture***”), the Commission has covenanted to direct the Turnpike Senior Revenue Indenture Trustee to pay to the Turnpike Subordinate Revenue Indenture Trustee, after payment of all required debt service on all Turnpike Senior Revenue Indenture Obligations and subject to the provisions of the Turnpike Senior Revenue Indenture, out of the General Reserve Fund established under the Turnpike Senior Revenue Indenture, such amounts as are required by the Turnpike Subordinate Revenue Indenture, by a supplemental indenture to the Turnpike Subordinate Revenue Indenture or by a parity swap agreement to pay, at the times specified, all amounts due in respect of the Turnpike Subordinate Revenue Indenture Obligations outstanding under the Turnpike Subordinate Revenue Indenture or under a parity swap agreement.

Accordingly, the Commission is required to instruct and furnish a debt service schedule to the Senior Revenue Indenture Trustee providing (i) for the payment to the Subordinate Revenue Indenture Trustee out of available funds held in the General Reserve Fund of the amount from time to time necessary to satisfy all required deposits under the Turnpike Subordinate Revenue Indenture to the Commission Payments Fund established under the Turnpike Subordinate Revenue Indenture and (ii) for the payment of debt service on the outstanding Turnpike Subordinate Revenue Indenture

Obligations and all other payments required from time to time under the Subordinate Revenue Indenture and in any supplemental indenture to the Turnpike Subordinate Revenue Indenture (collectively, the “**Commission Payments**”).

Under the Turnpike Subordinate Revenue Indenture, the Commission may, from time to time, issue additional bonds to satisfy its payment obligations under the Enabling Acts, including (a) bonds issued for the purpose of making Act 44/Act 89 Payments to PennDOT to finance transit programs, and which are not secured by payments from the Motor License Fund, but have a senior claim on Commission Payments (the “**Subordinate Revenue Bonds**”) and (b) Special Revenue Bonds. The Commission intends that any long-term indebtedness to be issued under the Turnpike Subordinate Revenue Indenture is to be paid solely from Commission Payments. Such obligations, if issued, are subordinate to the Turnpike Senior Revenue Bonds issued under the Turnpike Senior Revenue Indenture. Such Subordinate Revenue Bonds will be parity obligations with the outstanding Turnpike Subordinate Revenue Bonds already issued under the Turnpike Subordinate Revenue Indenture.

As of the date of this Official Statement, the Commission has \$5,815,470,400 in aggregate principal amount of Turnpike Subordinate Revenue Bonds outstanding under the Turnpike Subordinate Revenue Indenture (including compounded amounts as of December 1, 2025, for outstanding capital appreciation bonds). The foregoing amounts include \$291,850,000 aggregate principal amount of floating rate notes constituting a direct purchase obligation. See “ – Direct Purchase Obligations” below for a summary of direct purchase obligations of the Commission. Other obligations incurred and outstanding under the Turnpike Subordinate Revenue Indenture include the Commission’s obligations under an interest rate swap agreement having a notional amount of \$291,850,000 as of December 1, 2025.

Statutory Limitations on the Incurrence of Special Revenue Bonds

Under the Enabling Acts, the Commission is authorized to issue, by resolution, Special Revenue Bonds (as contemplated in §9511.2 of Act 44), and as issued as such under the Turnpike Subordinate Revenue Indenture 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, 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 bonds may be issued unless the Amended Funding Agreement is in effect, and no such bonds may be outstanding beyond the stated term of the Amended Funding Agreement at the time of issuance. Special Revenue Refunding Bonds (as defined in §9511.9 of Act 44) shall not be deemed to count against the total or annual maximum issuance volume under Act 44. Pursuant to Act 89, Special Revenue Bonds may not be issued by the Commission to fund any portion of its annual payment obligation commencing July 1, 2014, as all of such annual payment obligation is to be deposited in the Public Transportation Trust Fund after such date, although Special Revenue Refunding Bonds could be issued.

Special Revenue Bonds have been issued under the Turnpike Subordinate Revenue Indenture. As of the date of this Official Statement, the Commission has \$938,004,644 in aggregate principal amount of Special Revenue Bonds outstanding under the Turnpike Subordinate Revenue Indenture

(including compounded amounts as of December 1, 2025, for capital appreciation bonds). Special Revenue Bonds have a right to payment from Commission Payments that is subordinate to the rights of payment of the holders of Turnpike Subordinate Revenue Bonds issued under the Turnpike Subordinate Revenue Indenture.

Should the Commission fail to timely make required debt service deposits for Special Revenue Bonds, the Subordinate Revenue 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 thereafter, PennDOT shall give notice to the Office of the Budget of the Commonwealth of such deficiency, the Office of the Budget of the Commonwealth shall request that the Treasurer of the Commonwealth transfer funds to the Subordinate Revenue Indenture Trustee in an amount necessary to cure such deficiency, and the Treasurer of the Commonwealth shall transfer such funds to the Subordinate Revenue Indenture Trustee but only from amounts 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 the maximum annual debt service on outstanding Special Revenue Bonds are to 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 fourteen series of the Commission’s Motor License Fund-Enhanced Turnpike Subordinate Special Revenue Bonds. The Commission is obligated pursuant to the Amended 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 to and junior to the payment obligations of the Commission under the Special Revenue Bonds.

Oil Franchise Tax Revenue Bonds

As of the date of this Official Statement, the Commission has \$1,587,045,276 in aggregate principal amount of Oil Franchise Tax Revenue Bonds, including accreted interest through December 1, 2025, outstanding under that certain trust indenture relating to such bonds (the “*OFT Indenture*”). Oil Franchise Tax Revenue Bonds are secured solely by the trust estate securing those bonds which includes, among other things, Oil Franchise Tax Revenues allocated to the Commission. **The Oil Franchise Tax Revenues are not pledged to secure any Turnpike Senior Revenue Indenture Obligations, any Subordinate Revenue Indenture Obligations or any Registration Fee Revenue Bonds.** Note, however, that funds in the Oil Franchise Tax General Fund may, absent any deficiency in the funds held under the OFT Indenture, be used by the Commission for any purposes authorized by the OFT Indenture, including, without limitation, to further any lawful corporate purpose. See “CERTAIN FINANCIAL INFORMATION – Revenue Sources of the Commission – Oil Franchise Tax Revenues” herein.

Registration Fee Revenue Bonds

As of the date of this Official Statement, the Commission has \$294,490,000 in aggregate principal amount of the Commission's Registration Fee Revenue Bonds (the "**Registration Fee Revenue Bonds**") under the Registration Fee Revenue Indenture, which includes \$231,425,000 of the outstanding 2023 Bonds. After the issuance of the 2025 Bonds, the redemption of the 2023 Bonds and the defeasance of the Defeased 2005A Bonds, \$264,080,000 in aggregate principal amount of Registration Fee Revenue Bonds will be outstanding. The proceeds of the Registration Fee Revenue Bonds were spent on portions of the Mon/Fayette Expressway and the Southern Beltway, are secured by, and are to be paid solely from, Registration Fee Revenues. See “– Direct Purchase Obligations” and “– Future Financing Considerations” below and “CERTAIN FINANCIAL INFORMATION – Revenue Sources of the Commission – Registration Fee Revenues” herein for more information regarding Registration Fee Revenue Bonds.

Direct Purchase Obligations

Below is a summary of direct purchase obligations of the Commission outstanding as of the date of this Official Statement. These transactions may include terms and provisions, including but not limited to covenants and events of default, that are different from those contained in the Turnpike Senior Revenue Indenture and Subordinate Revenue Indenture. The Direct Purchase Obligations issued to date are not additionally secured by a Debt Service Reserve Fund. Copies of certain agreements relating to these transactions may be viewed on the Municipal Securities Rulemaking Board – Electronic Municipal Market Access system (“**EMMA**”).

First Series of 2022 Bonds (Subordinate)

Turnpike Subordinate Revenue Refunding Bonds, First Series of 2022 (the "**First Series of 2022 Bonds**"), of which \$291,850,000 aggregate principal amount is outstanding as of the date of this Official Statement, were issued under the Subordinate Revenue Indenture on April 28, 2022 and are parity obligations with certain Subordinate Revenue Bonds and other parity obligations issued under the Subordinate Revenue Indenture. Additional information regarding the First Series of 2022 Bonds can be found at: <https://emma.msrb.org/P11599155-P11233724-P11656323.pdf>.⁷

Turnpike Revenue Bonds, Series B of 2024 (Senior)

Pursuant to the terms of Supplement Indenture No. 73 and that certain Bond Purchase Agreement dated February 15, 2024 (the "**2024B Purchase Agreement**") between the Commission and Redeployment Partners LP ("**RPLP**"), each relating to the Turnpike Revenue Bonds, Series B of 2024 (the "**Series B of 2024 Bonds**"), the Commission has previously delivered to RPLP the Series B of 2024 Bonds, of which \$90,000,000 aggregate principal amount is outstanding as of the date of this Official Statement. The Series B of 2024 Bonds are parity obligations with certain Turnpike Senior Revenue Bonds and other parity obligations issued under the Turnpike Senior Revenue Indenture. The Series B of 2024 Bonds are not secured by a debt service reserve fund. Additional information regarding the original issuance of the Series B of 2024 Bonds can be found at: <https://emma.msrb.org/P21803313.pdf>.⁸ The Commission and RPLP agreed in the 2024B Purchase

⁷ The information contained on such website link is not incorporated by reference in this Appendix A.

⁸ The information contained on such website link is not incorporated by reference in this Appendix A.

Agreement and pursuant to Supplemental Indenture No. 73 that, assuming the conditions to conversion set forth in Supplemental Indenture No. 73 and the 2024B Purchase Agreement were satisfied, the Commission would issue and deliver to the Trustee for the benefit of RPLP all, and not less than all, of the Series B of 2024 Bonds bearing a CUSIP number and in book-entry form registered in the registry books of the Commission kept by the Trustee in the name of Cede & Co., as nominee of DTC (the “**2024B Converted Bond**”), in exchange for cancellation of the originally issued Series B of 2024 Bonds. The Commission delivered such 2024B Converted Bond on January 22, 2025 and additional information with respect thereto can be found at <https://emma.msrb.org/P11839464.pdf>.⁹

Turnpike Revenue Bonds, Series of 2024 (Forward Delivery) (Senior)

In October 2024 the Commission issued its Turnpike Revenue Bonds, Series of 2024 (Forward Delivery) (the “**Forward Delivery Bonds**”), of which \$233,015,000 aggregate principal amount is outstanding as of the date of this Official Statement. The Forward Delivery Bonds were purchased by Wells Fargo Municipal Capital Strategies, LLC (the “**Purchaser**”) pursuant to a Continuing Covenant Agreement dated December 28, 2022 (the “**Continuing Covenant Agreement**”), between the Commission and the Purchaser, and were issued pursuant to the Turnpike Senior Revenue Indenture, as supplemented by a certain Supplemental Trust Indenture No. 77 dated as of October 1, 2024. The Forward Delivery Bonds are parity obligations with certain Turnpike Senior Revenue Bonds and other parity obligations issued under the Turnpike Senior Revenue Indenture. The Forward Delivery Bonds are not secured by a debt service reserve fund. Additional information regarding the Forward Delivery Bonds can be found at: <https://emma.msrb.org/P21644096-P21265428-P21691905.pdf>.¹⁰

Turnpike Revenue Bonds, Second Series of 2024 (Senior)

Pursuant to the terms of Supplemental Indenture No. 78 relating to the Turnpike Revenue Refunding Bonds, Second Series of 2024 (the “**Second Series of 2024 Bonds**”), the Commission has previously delivered to DVRC Pennsylvania Turnpike II Limited Partnership (“**DVRC**”) the Second Series of 2024 Bonds, of which \$43,890,000 aggregate principal amount is outstanding as of the date of this Official Statement. The Second Series of 2024 Bonds are parity obligations with certain Turnpike Senior Revenue Bonds and other parity obligations issued under the Turnpike Senior Revenue Indenture. The Second Series of 2024 Bonds are not secured by a debt service reserve fund. Additional information regarding the Second Series of 2024 Bonds can be found at: <https://emma.msrb.org/P21875285.pdf>.¹¹

Turnpike Revenue Bonds, First Series of 2025 (Senior)

Pursuant to the terms of Supplemental Indenture No. 79 relating to the Turnpike Revenue Refunding Bonds, First Series of 2025 (the “**First Series of 2025 Bonds**”), the Commission has previously delivered to DVRC the First Series of 2025 Bonds, of which \$30,420,000 aggregate principal amount is outstanding as of the date of this Official Statement. The First Series of 2025 Bonds are parity obligations with certain Turnpike Senior Revenue Bonds and other parity obligations

⁹ The information contained on such website link is not incorporated by reference in this Appendix A.

¹⁰ The information contained on such website link is not incorporated by reference in this Appendix A.

¹¹ The information contained on such website link is not incorporated by reference in this Appendix A.

issued under the Turnpike Senior Revenue Indenture. The First Series of 2025 Bonds are not secured by a debt service reserve fund. Additional information regarding the First Series of 2025 Bonds can be found at: <https://emma.msrb.org/P11839464.pdf>.¹²

Line of Credit

In June 2020, the Commission obtained a \$200 million one-year revolving line of credit from PNC Bank, National Association, authorized to be used for the purposes of funding or refinancing costs including general working capital needs of the Commission, funding/reimbursing necessary reserves and the payment of debt service on certain Turnpike Senior Revenue Bonds. The Commission has renewed the Line of Credit, in June of each year, including its most recent renewal in June 2025, to provide funding for (or refinancing) costs including general working capital needs of the Commission. The Line of Credit constitutes Short-Term Indebtedness and a Parity Obligation under the Turnpike Senior Revenue Indenture. To date, no draws have been made on the current Line of Credit.

Letter of Credit Agreements

The Commission has entered into letter of credit agreements related to certain of its Turnpike Senior Revenue Bonds as detailed in the following table. The letter of credit agreements may contain provisions that are different from, and may be more restrictive than, the Turnpike Senior Revenue Indenture.

Summary of Letter of Credit Agreements for Turnpike Senior Revenue Bonds *(as of the date of this Official Statement)*

| Variable Rate Bond Issue | Amount Outstanding | Provider | Expiration Date |
|-------------------------------------|-------------------------------|-------------------|------------------------|
| Series A of 2020 | \$88,595,000 | Barclays Bank PLC | 06/12/2026 |
| Second Series of 2019 | 139,815,000 | TD Bank, N.A. | 06/01/2028 |
| Series B of 2023 | 171,300,000 | TD Bank, N.A. | 11/09/2028 |
| Series of 2020 | 225,820,000 | TD Bank, N.A. | 06/24/2030 |

Interest Rate Exchange Agreements

The Commission has interest rate exchange agreements with respect to certain portions of its Turnpike Senior Revenue Bonds, Series 2009A, Second Series of 2019, Series of 2020, Series 2020A and Series 2023B. In addition, the Commission has interest rate exchange agreements with respect to its Turnpike Subordinate Revenue Refunding Bonds, First Series of 2022, Registration Fee Revenue Refunding Bonds, Series of 2023, and Oil Franchise Tax Revenue Bonds, Series 2009B and 2016A.

¹² The information contained on such website link is not incorporated by reference in this Appendix A.

Interest Rate Exchange Agreements
(as of December 1, 2025)

| <u>Lien</u> | <u>Current Notional</u> | <u>Mark to Market Valuation</u> |
|------------------------------------|--------------------------------|--|
| Turnpike Senior Revenue Bonds | \$599,955,000 | \$(27,218,516) |
| Turnpike Subordinate Revenue Bonds | 291,850,000 | 38,749,329 |
| Motor Vehicle Registration | 231,425,000 | (22,491,487) |
| Oil Franchise Tax Revenue Bonds | 276,150,000 | 347,141 |

See Note 4, Note 9, and Note 11 to the Financial Statements for additional information relating to the interest rate exchange agreements. The Commission does not have any interest rate exchange agreements associated with its Special Revenue Bonds.

There are a number of risks associated with Swaps (as hereinafter defined) 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 under certain events, including but not limited to, credit rating downgrades of the Commission, defaults, etc.; collateral posting risk – the risk of the Commission posting collateral upon certain credit rating downgrades; 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.

Prior to June 30, 2023, certain of the Commission's Swaps used London Interbank Offered Rate ("LIBOR") based rates as a reference rate for determining the interest rate and/or other payment obligations thereunder. On January 3, 2022, the Commission submitted an Adherence Letter to the International Swaps and Derivatives Association, Inc., ("ISDA") indicating the Commission's adherence to the ISDA 2020 LIBOR Fallbacks Protocol (the "ISDA Protocol"). The Commission received confirmation that ISDA accepted the Commission's Adherence Letter on January 3, 2022. Each of the Commission's swap counterparties adhered to the ISDA Protocol, which together with the Commission's adherence, incorporated ISDA Protocol interest rate fallback language in the respective Interest Rate Exchange Agreements providing for the use of the secured overnight funding rate ("SOFR"), plus the defined spread, to determine a replacement rate for LIBOR after its permanent discontinuance on June 30, 2023.

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 (as hereinafter defined) will prevent the Commission from suffering adverse financial consequences as a result of these transactions.

Other Obligations

Act 44/Act 89 Payments to PennDOT

The Enabling Acts provide that all Act 44/Act 89 Payments 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 Amended Funding Agreement, the Act 44/Act 89 Payments to PennDOT over the seven Fiscal Years ended May 31, 2014, were allocated between deposits to the Commonwealth Motor License Fund (the “**Motor License Fund**”) for road and bridge work and deposits into the Public Transportation Trust Fund for distribution to Pennsylvania’s local and regional public transportation agencies for operating and capital purposes.

No portion of the Act 44/Act 89 Payments to be deposited into the Public Transportation Trust Fund may be made with proceeds of Special Revenue Bonds. Effective July 1, 2014, 100% of the scheduled Act 44/Act 89 Payments to PennDOT are being deposited into the Public Transportation Trust Fund and may be used to support transit operating and capital costs, multi- modal transportation capital project costs and alternative energy transportation capital project costs.

Historic Act 44/Act 89 Payments
(in millions)

| <u>Fiscal Year Ended May 31</u> | Payments to Motor License Fund | Payments to Public Transportation Trust Fund | Total |
|--|---|---|-------------------------|
| 2008 | \$450.0 | \$300.0 | \$750.0 |
| 2009 | 500.0 | 350.0 | 850.0 |
| 2010 | 500.0 | 400.0 | 900.0 |
| 2011 | 200.0 | 250.0 | 450.0 |
| 2012 | 200.0 | 250.0 | 450.0 |
| 2013 | 200.0 | 250.0 | 450.0 |
| 2014 | 200.0 | 250.0 | 450.0 |
| 2015 | 0.0 | 450.0 | 450.0 |
| 2016 | 0.0 | 450.0 | 450.0 |
| 2017 | 0.0 | 450.0 | 450.0 |
| 2018 | 0.0 | 450.0 | 450.0 |
| 2019 | 0.0 | 0.0 | 0.0 |
| 2020 | 0.0 | 900.0 | 900.0 |
| 2021 | 0.0 | 450.0 | 450.0 |
| 2022 | 0.0 | 450.0 | 450.0 |
| 2023 | 0.0 | 50.0 | 50.0 |
| 2024 | 0.0 | 50.0 | 50.0 |
| 2025 | 0.0 | 50.0 | 50.0 |
| 2026 | 0.0 | 25.0 | 25.0 |
| <u>Totals:</u> | <u>\$2,250.0</u> | <u>\$5,812.5</u> | <u>\$8,062.5</u> |

As a result of the materially adverse impact of the COVID-19 pandemic, the Commission and PennDOT agreed, pursuant to Amendment Three to the Original Amended Funding Agreement, to extend the payment dates for the Commission’s July 2020 and October 2020 scheduled payments of \$112.5 million each, to January 29, 2021. The Commission ultimately paid the full \$450 million within Fiscal Year 2021, issuing Subordinate Revenue Bonds in January 2021 to fund the Fiscal Year 2021 Act 44/Act 89 obligation covering payments originally due in July 2020 and October 2020, as well as the payment due January 2021 and a portion of the April 2021 payment.

The Act 44/Act 89 Payments due to PennDOT for Fiscal Year 2022 totaled \$450 million and were paid in July 2021 with \$420 million of the net proceeds of the Commission's 2021B Subordinate Revenue Bonds and \$30 million of current revenues. Beginning in Fiscal Year 2023 through 2057 (the term of the Amended Funding Agreement), the annual Act 44/Act 89 Payments were reduced to \$50 million, to be paid from the current revenues of the Commission. The Commission paid the entire Fiscal Year 2024 and Fiscal Year 2025 Act 44/Act 89 Payment obligations as scheduled.

The Commission's obligation to pay the annual debt service on any Special Revenue Bonds on a timely basis continues to be part of its payment obligation under the Amended Funding Agreement.

The Enabling Acts provide that if the Secretary of the Budget notifies the Commission of a failure to make Act 44/Act 89 Payment to PennDOT under the Amended Funding Agreement, all actions of the Commission taken by a vote of the Commissioners thereafter must be approved by a unanimous vote of all Commissioners until such time as the Act 44/Act 89 Payment is made. However, a unanimous vote is not required if it would prevent the Commission from complying with covenants with "current bondholders, debt holders or creditors." These voting procedures have never been used as the Commission has not missed any Act 44/Act 89 Payments under the Amended Funding Agreement.

The Commission is required by the terms of the Amended 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 Amended Funding Agreement when due and other obligations of the Commission, and the Commission has covenanted in the Subordinate Revenue 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 payment obligations as set forth in the Amended Funding Agreement.

Future Financing Considerations

General

The Commission may issue additional bonds and obligations under the Turnpike Senior Revenue Indenture and/or the Subordinate Revenue 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 Commission regularly evaluates market conditions with respect to the possible refunding of its outstanding Senior Revenue Bonds, Subordinate Revenue Bonds, Special Revenue Bonds, Oil Franchise Tax Revenue Bonds and Registration Fee Revenue Bonds.

The Fiscal Year 2026 Financial Plan anticipates that between Fiscal Years 2026-2036, the estimated \$8.0 billion in net costs associated with the Fiscal Year 2026 Capital Plan will be funded

with approximately \$4.2 billion on a pay-as-you-go basis, with the remaining approximately \$3.6 billion funded with proceeds from additional Senior Revenue Bonds, as well as \$228 million in funds from prior bond issuances and \$40 million from expected federal funds reimbursement. See “CAPITAL IMPROVEMENTS – Ten-Year Capital Plan” and “FINANCIAL PLAN – Fiscal Year 2026 Financial Plan” herein for more information.

The Commission may from time to time increase toll rates to meet the debt, capital and operational obligations of the Commission. The most recent toll increase took effect in January 2025. The Commission approved the January 2026 toll increase of 4% on July 1, 2025. See “CERTAIN FINANCIAL INFORMATION – Toll Schedule and Rates” above for further information.

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. An increase in the cost of fuel 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 “INVESTMENT CONSIDERATIONS” in the forepart of this Official Statement.

Potential Bond Issuances and Swap Transactions

The Commission continues to evaluate financing options to achieve the lowest possible borrowing cost and these strategies may include Swaps.

The Commission along with its Co-Financial Advisors and its Swap Advisor, continue to evaluate a proposed synthetic fixed rate refunding that would include a Swap. The proposed transaction was approved at the August 6, 2024 meeting of the Commissioners.

At the September 17, 2024 meeting of the Commissioners, the Commission also authorized the issuance of Turnpike Senior Indenture Bonds or notes, including bond anticipation notes, and Turnpike Subordinate Indenture Bonds or notes, bond anticipation notes and Special Revenue Bonds, each in one or more series or sub-series, fixed rate, multi-modal or variable rate, taxable and/or tax-exempt, in an aggregate initial principal amount not to exceed \$500,000,000, including tender and exchange programs, with respect to the refunding of certain prior bonds of the Commission. The Commission is currently evaluating the use of a Swap in connection with the refunding of certain outstanding Turnpike Subordinate Indenture Bonds.

At the September 2, 2025 meeting of the Commissioners, the Commission also authorized the issuance of:

- fixed and/or variable rate Turnpike Senior Indenture Revenue Bonds in an aggregate principal amount not to exceed \$800,000,000;
- Turnpike Senior Indenture Bonds or notes, including bond anticipation notes, and Turnpike Subordinate Indenture Bonds or notes, bond anticipation notes and special revenue bonds, each in one or more series or sub-series, fixed rate, multi-modal or variable rate, taxable and/or tax-exempt, in an aggregate initial principal

amount not to exceed \$700,000,000, including tender and exchange programs with respect to certain prior bonds of the Commission;

- a revolving line of credit, in one or more series or sub-series, fixed or floating rate, taxable or tax-exempt under its Turnpike Senior Revenue Indenture, in an aggregate principal amount not to exceed \$200,000,000;
- with respect to the variable rate Revenue Bonds, Series A of 2020, the amendment, renewal, extension, substitution or replacement of the irrevocable direct pay letter of credit supporting the bonds, in an amount not exceeding \$100,000,000 and variable and/or fixed rate Turnpike revenue refunding bonds in an aggregate principal amount not to exceed \$100,000,000;
- fixed and/or variable rate Turnpike Senior Indenture Revenue Bonds in an aggregate principal amount not to exceed \$350,000,000;
- variable and/or fixed rate Oil Franchise Tax Revenue Bonds in an aggregate principal amount not to exceed \$400,000,000; and
- variable and/or fixed rate subordinate revenue refunding bonds and/or motor license fund-enhanced subordinate special revenue refunding bonds, in an aggregate principal amount not to exceed \$650,000,000.

There is no guarantee that any of the foregoing proposed transactions will be executed.

CERTAIN OTHER INFORMATION

General Reserve Fund; Supplemental Capital Fund

After first having made requisite deposits under the Turnpike Senior Revenue Indenture, the Turnpike Senior Revenue Indenture Trustee is required to transfer from the Revenue Fund to the credit of the General Reserve Fund such funds which are determined to be in excess of the amount required to be reserved therein for future transfers to the 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 Turnpike Senior Revenue 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 Turnpike Senior Revenue Bonds;
- b. to secure and pay the principal or redemption price of, and interest on, any Subordinated Indebtedness;
- c. to make payments into the Construction Fund;
- d. to fund improvements, extensions, and replacements of the System; or
- e. to further any corporate purpose.

Under the Turnpike Subordinate Revenue Indenture, the Commission has agreed that it will at all times establish and maintain Tolls for traffic over the System so that the amount paid into the General Reserve Fund in each Fiscal Year after deducting any liquidity reserve or other required holdback or deposit then in effect will be at least sufficient to provide funds in an amount not less than (i) 115% of the annual debt service on Subordinate Revenue Bonds (and obligations on parity with Subordinate Revenue Bonds), plus (ii) 100% of the annual debt service on Special Revenue Bonds (and obligations on a parity with Special Revenue Bonds and certain further subordinated bonds), plus (iii) any amount required under the Turnpike Subordinate Revenue Indenture to restore within eighteen (18) months any deficiency in the debt service reserve fund held under the Turnpike Subordinate Revenue Indenture. Failure to meet this covenant will not constitute a default under the Turnpike Subordinate Revenue Indenture (or the Turnpike Senior Revenue Indenture) but will require the Commission to retain a consultant to advise with respect to schedules of Tolls in order to bring the Commission into compliance. The Trustee has never withdrawn funds from the General Reserve Fund to meet regularly scheduled debt service payments on Turnpike Senior Revenue Bonds outstanding under the Turnpike Senior Revenue Indenture nor has the General Reserve Fund been used to restore any shortfalls in the Debt Service Reserve Fund for any Turnpike Senior Revenue Bonds.

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>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|---------------|---------------|---------------|---------------|---------------|
| \$452,942,958 | \$441,159,085 | \$386,315,789 | \$437,513,657 | \$452,045,842 |

The Commission's General Reserve Fund ending balance for Fiscal Year 2025 was \$452.9 million, which is \$20.6 million or 4.8% higher than the amount projected in the Fiscal Year 2025 Financial Plan.

The balance in the General Reserve Fund can vary substantially, both month to month and year to year, due not only to variations in revenues, but also to the timing of expenditures, particularly capital expenditures, any transfers which may be made to the Supplemental Capital Fund for funding Additional Capital Projects (as defined herein), the Commission's equity contribution toward its Act 44/Act 89 Payment obligations and the Commission's deposit to the Pennsylvania Turnpike Commission Retiree Medical Trust. See "CERTAIN OTHER INFORMATION – Other Post-Employment Benefit Liabilities" herein. During Fiscal Years 2012 to 2025, the Commission utilized \$1,456.4 million in General Reserve Fund balances to: (a) fund a portion of its Act 44/Act 89 Payment obligations in the amount of \$620.0 million; (b) make contributions to the Retiree Medical Trust of \$176.4 million in excess of its annual required contribution; (c) redeem a portion of its Floating Rate Notes issued under the Turnpike Senior Revenue Indenture at maturity on December 1, 2017 (\$100 million) and December 1, 2018 (\$50 million); (d) contribute \$234.6 million to cash defease a portion of its outstanding Senior and Subordinate Revenue Bonds; and (e) contribute \$275.4 million to the Supplemental Capital Fund.

Pursuant to Supplemental Indenture No. 59, dated as of June 2, 2021, the Commission established a Supplemental Capital Fund (the “*Supplemental Capital Fund*”) under the Turnpike Senior Revenue Indenture for deposit and disbursement of certain of the Commission’s generally available Revenues for improvements, extensions and replacements to the System, or otherwise for any Project which may be identified by the Commission, and not otherwise funded, as set forth in the Commission’s capital plans (collectively, the “*Additional Capital Projects*”). The Supplemental Capital Fund is pledged as part of the Trust Estate under the Turnpike Senior Revenue Indenture and is funded solely from such amounts as the Commission, in its sole and absolute discretion, may transfer to it from the General Reserve Fund. Proceeds of Bonds, other Parity Obligations and Subordinated Indebtedness will not be deposited in the Supplemental Capital Fund. Funds may not be requisitioned from the Supplemental Capital Fund for Additional Capital Projects if a deficiency exists in any of the funds and accounts established under Turnpike Senior Revenue Indenture. Notwithstanding any other provision of the Turnpike Senior Revenue Indenture or the occurrence or continuation of any event or circumstance, monies on deposit in the Supplemental Capital Fund: (i) will be transferred to the General Reserve Fund to the extent not needed to fund such Additional Capital Projects; and (ii) may be transferred to the General Reserve Fund, in such amounts, and from time to time, as the Commission, in its sole and absolute discretion, shall determine. The Commission had approximately \$20 million on deposit in the Supplemental Capital Fund as of May 31, 2024 and \$98.3 million as of May 31, 2025.

Budget Process

The Commission’s Finance and Administration 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 and Administration 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.

The Commission also annually prepares its annual Financial Plan as required under Act 44. See “**FINANCIAL PLAN**” herein.

Financial Policies and Guidelines

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 Turnpike Senior Revenue Indenture. For a discussion of the Commission’s concentration of credit risk to particular issuers, see Note 4 to the Financial Statements.

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, 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 demonstrate conformity with the Investment Policy.

The Commission adopted three additional financial policies on April 20, 2004: a Liquidity Standard Policy; a Debt Management Policy; and an Interest Rate Swap Management Policy (the ***Swap 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. Notwithstanding the rate covenants in the Turnpike Senior Revenue Indenture (as hereinafter defined), the Commission's Debt Management Policy requires the Commission's management to maintain 2.0x debt service coverage on the Turnpike Senior Revenue Bonds, 1.3x debt service coverage on the Subordinate Revenue Bonds and 1.2x debt service coverage on the Special Revenue Bonds.

The Commission's Swap Policy establishes guidelines for the use and management of all interest rate management agreements, including, but not limited to, interest rate swaps, swaptions, caps, collars and floors (collectively, "***Swaps***") incurred in connection with the incurrence of debt. The Commission's Swap Policy was amended in October 2018 to reflect current regulations and best practices in the derivatives industry, particularly with respect to the selection requirements and ongoing monitoring related to swap advisors.

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.

At least annually, the Commission, in consultation with the Commission's Swap Advisor and legal counsel, must evaluate the risks associated with outstanding Swaps and provide to the senior executives and the Commissioners a written report of the findings based upon criteria set forth in the Swap Policy.

The Commission has also adopted additional financial policies related to post issuance compliance procedures and continuing disclosure.

The Tax-Exempt Debt, Build America Bonds and Other Tax-Advantaged Debt Post- Issuance Compliance Policies and Procedures (the “**Post Issuance Compliance Policy**”) became effective on December 21, 2011, and implemented various policies and procedures to ensure that the Commission complies with all applicable federal tax rules related to its tax-exempt debt, Build America Bonds and other tax-advantaged debt issuances. Among other items, the policy requires compliance with all applicable federal tax documentation and filing requirements, yield restriction limitations, arbitrage rebate requirements, use of proceeds and financed projects limitations and recordkeeping requirements.

The Continuing Disclosure Policy was adopted by the Commission on February 2, 2016, and applies to all publicly offered Commission municipal securities that are subject to federal securities laws and/or continuing disclosure agreements. The policy requires the Commission to comply with all applicable securities laws, satisfy in a timely manner all contractual obligations undertaken pursuant to continuing disclosure agreements or otherwise, and to adhere to best practices for disclosure. The policy also requires the development, establishment and implementation of written procedures necessary to implement the Continuing Disclosure Policy, identifies key Commission participants responsible for disclosure, defines the role of Commission Disclosure Counsel and addresses training and document retention related to disclosure obligations.

Copies of the Commission’s Investment Policy, Liquidity Standard Policy, Debt Management Policy, Swap Policy, Post Issuance Compliance Policy and Continuing Disclosure Policy can be found on the Commission’s website at: <https://www.paturnpike.com/about-us/policies-standards/policy-letters>.¹³

The policies of the Commission described above may be revised or amended at any time at the discretion of the Commission.

Personnel and Labor Relations

As of November 1, 2025, the Pennsylvania Turnpike Commission employed a total of 1,411 persons, consisting of 504 management and supervisory union employees and 907 full-time non-supervisory union employees. Fifty-four percent (54.0%) of all employees are engaged in maintenance operations across 23 maintenance sections. The Commission currently employs 1,139 or 45.0% fewer employees than it did at the peak employment year of 2002.

The Commission has three Labor Agreements and one Memorandum of Understanding (MOU) with the Teamsters. The Local 77 and 250 Field Agreement and the Local 77 Central Office Agreement are effective from December 5, 2023, to September 30, 2027. The Local 30 Non-Supervisory Professional Agreement is effective October 1, 2023, to September 30, 2027. The Local 30 Supervisory MOU is in place and is negotiated as needed.

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

¹³ The information contained on such website link is not incorporated by reference in this Appendix 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 SERS with assets sufficient to meet the benefits to be paid to SERS members.

Article II of the Pennsylvania Constitution provides the General Assembly with the authority to establish or amend benefit provisions. Act 2001-9, signed into law on May 17, 2001, established Class AA (“*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 (“*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.

On July 6, 2010, Pennsylvania Act 2010-46 was enacted which reduced the employer contribution rates for Fiscal Year 2010-2011, thus reducing the Commission’s contribution rates for Fiscal Year 2010-2011 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 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 their completed years of credit service total at least 92 (Rule of 92) are entitled to an unreduced annual retirement benefit. Members hired prior to January 1, 2011, retain their current full benefit provision of 35 years of credited service.

On June 12, 2017, Governor Wolf signed Act 5 of 2017 (“*Act 5*”) into law that fundamentally changed retirement options for most new Commission employees beginning January 1, 2019. Act 5 allowed current Commission employees/SERS members to opt-in to one of the three new options between January 1, 2019, and March 31, 2019.

Among other changes, Act 5 creates three new classes of service which include: two new hybrid defined benefit/defined contribution tiers (“*A-5*” and “*A-6*”); and a straight defined contribution plan (“*DC*”) for SERS. The new classes of service apply to all Commission employees who first become SERS members on or after January 1, 2019. Benefit reductions and increased retirement ages are mandated for future SERS members. Beginning January 1, 2019, new A-5 employees will annually accrue benefits at a rate of 1.25% and A-6 employees will annually accrue benefits at a rate of 1.0%. A-5, A-6 and DC employees will be subject to different employee contribution rates for the defined benefit and defined contribution plans and the vesting period for the defined benefit portion will be ten years while the defined contribution portion vests after three years. Additionally, Act 5 increases the normal retirement age to obtain full, unreduced defined benefit pension benefits for new A-5 and A-6 employees to age 67 and it requires 35 years of service and utilizes the “Rule of 97” (i.e., years of service plus age equal or exceed 97). The final average salary used to calculate defined benefits will be the employee’s five highest salary years. Employer contribution rates for the defined contribution plan for A-5, A-6 and 401(a)DC employees will be 2.25%, 2.0% and 3.5%, respectively.

Act 5 does not affect current Commission retirees’ pension benefits, nor does it reduce benefits for Commission employees hired before January 1, 2019. Act 5 also provides special benefit enhancements for current A-3 and A-4 Commission employees who will be allowed to take certain lump sum withdrawals upon retirement. Additionally, A-3 and A-4 employee pension contribution rates will go down when SERS investment returns exceed return targets. This provision balances the current downside risk-sharing required of A-3 and A-4 members as required by Act 120.

For more information on SERS, including Act 120 and Act 5, see the SERS website at <https://sers.pa.gov/Newsroom.html>¹⁴, <https://www.sers.pa.gov/about-legislation.html>¹⁵, and the disclosure under the heading “Other State Related Obligations – Pensions and Retirement” in Exhibit B attached to the Official Statement for the Commonwealth’s General Obligation Bonds, First Series of 2023, dated December 6, 2023, which may be found at the EMMA website at <https://emma.msrb.org/P11619029-P11248114-P11672409.pdf>.¹⁶ See also **Note 10 to the Commission’s Financial Statements and related Required Supplementary Information for more information on the Commission’s pension liabilities.**

Covered Class A, Class AA, Class A-3, A-4, A-5, A-6 and 401(a)DC employees are required by statute to contribute to SERS at a rate of 5.00%, 6.25%, 6.25%, 9.30%, 8.25%, 7.5% and 7.5%, respectively, of their gross pay. Employees’ contributions are recorded in individually identified accounts, which are also credited with interest, calculated quarterly to yield 4.00% 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.

¹⁴ The information contained on such website link is not incorporated by reference in this Appendix A.

¹⁵ The information contained on such website link is not incorporated by reference in this Appendix A.

¹⁶ The information contained on such website link is not incorporated by reference in this Appendix A.

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 total required retirement contribution (for both defined benefit and defined contribution), as a percentage of covered payroll, by class for the most recent five (5) Fiscal Years of the Commonwealth, is as follows:

| Year Ended June 30 (Commonwealth's Fiscal Year) | Class A | Class AA | Class A-3 | Class A-4 | Class A-5 | Class A-6 | 401(a)DC |
|--|----------------|---------------------|------------------|------------------|------------------|------------------|-----------------|
| 2025 | 31.74% | 40.33% | 27.09% | 27.09% | 19.09% | 19.09% | 19.04% |
| 2024 | 32.24 | 41.09 | 27.60 | 27.60 | 19.65 | 19.65 | 19.60 |
| 2023 | 30.44 | 38.82 | 26.05 | 26.05 | 18.43 | 18.43 | 18.37 |
| 2022 | 29.98 | 37.46 | 25.90 | 25.90 | 19.93 | 19.93 | 19.88 |
| 2021 | 29.48 | 36.84 | 25.47 | 25.47 | 19.59 | 19.59 | 19.56 |

The Commission's required contributions and percentage contributed for most recent five (5) Fiscal Years of the Commission are as follows:

| Year Ended May 31 | Commission Required Contribution (in millions) | Percent (%) Contributed |
|--------------------------|---|------------------------------------|
| 2025 | \$35.9 | 100 |
| 2024 | 35.2 | 100 |
| 2023 | 32.9 | 100 |
| 2022 | 31.4 | 100 |
| 2021 | 31.7 | 100 |

The Commission has budgeted \$39.6 million for pension expense for Fiscal Year 2026. The SERS required contributions are expected to be approximately \$39.3 million. The Commission's higher budgeted amount for pension expense is calculated on an accrual basis, while the SERS required contribution amount is calculated based on budget estimates for salaries, employee pension classes, and approved SERS employer contribution rates.

A copy of 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 <http://www.sers.pa.gov>.¹⁷

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 collar for Commonwealth Fiscal Year 2015-2016 was 4.5% and no longer applies effective July 1, 2017.

¹⁷ The information contained on such website link is not incorporated by reference in this Appendix A.

At Fiscal Year ended May 31, 2025, the Commission reported a liability of \$283.8 million for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. See Note 10 to the Commission's Financial Statements for additional information on how such pension liability was calculated.

Other Post-Employment Benefit Liabilities

The Commission maintains another postemployment welfare plan program (the “**Plan**”) for the purpose of providing 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 the public employee retirement system. The Plan issues a stand-alone financial report, which can be obtained by contacting the Commission’s Accounting and Financial Reporting Department.

The Commission established the Pennsylvania Turnpike Commission Retiree Medical Trust (the “**Trust**”) on May 30, 2008, as an irrevocable trust, tax-exempt under the Internal Revenue Code, to provide funding for the Plan. The Trust is administered by five trustees appointed by the Commission, who each serve two-year terms. The chairman and vice chairman of the Trust are appointed by the Trustees and serve two-year terms. PNC Bank, N.A. serves as custodian of the assets of the Plan. Disbursement of Plan assets are made by the custodian at the direction of the Trustees.

Plan benefit provisions and retiree and dependent contribution rates are established and may be amended by the Commission.

Management and Supervisory Union Employees/Retirees. The benefits funded by the Trust include certain post-employment medical, prescription drug, dental and vision benefits to management and supervisory union employees based upon their date of hire and years of service. Eligibility categories generally include:

- Employees hired before March 1, 2016, 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 last five years of service must be with the Commission.
- Employees hired on or after March 1, 2016, who have reached 30 years of service and are under age 60; benefit eligibility changes from 30 to 25 years for retirees 60 years of age or older. The last ten years of service must be with the Commission. (Some current and previous Commonwealth employees hired on or after this date would be grandfathered under the first eligibility category.)

The same coverage is provided to surviving spouses and dependents of management and supervisory union retirees who retired on or after March 1, 2001. Surviving spouses of retirees who retired prior to March 1, 2001, may purchase medical coverage at the group rate and dependents are offered coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA). Medicare Part B premiums are paid by the retiree, spouse or dependent if age 65 or over, or under age 65 and disabled.

Non-Supervisory Union Employees/Retirees. The Benefits also include certain post-employment medical and prescription drug benefits to non-supervisory union employees who have satisfied the eligibility requirements in the applicable collective bargaining agreement.

- For Local 30 Professionals who were hired prior to January 1, 2011, and Local 250 and 77 employees who were hired prior to January 27, 2016, the earlier of completion of 20 years of credited service or the later of attainment of age 60 and completion of 10 years of credited service. The last 5 years of credited service must be with the Commission.
- For Local 30 Professionals who were hired on or after January 1, 2011, and Local 250 and 77 employees who were hired on or after January 27, 2016, the earlier of completion of 30 years of credited service or the later of attainment of age 60 and completion of 25 years of credited service. The last 10 years of credited service must be with the Commission.

The same coverage is provided to spouses and dependents of eligible non-supervisory union retirees until the death of the retiree. Surviving spouses are required to contribute the full cost of coverage and dependents are offered coverage under COBRA.

In accordance with the pronouncements of the Governmental Accounting Standards Board (“**GASB**”), the Commission implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post employment Benefits Other Than Pensions during Fiscal Year 2008. GASB Statement No. 45 was superseded by GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Statement No. 75 addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. Statement No. 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. The Commission adopted Statement No. 75 for its Fiscal Year ended May 31, 2019.

The Commission’s Net OPEB asset was \$173.5 million as of May 31, 2024. This asset was determined by an actuarial valuation as of May 31, 2023. Based on this valuation, the Plan’s total OPEB liability was \$386.2 million; the Plan’s Fiduciary Net Position was \$559.7 million resulting in a 145% funded status (Plan fiduciary net position as a percent of total OPEB liability) at the measurement date.

The Commission’s Net OPEB asset was \$202.7 million as of May 31, 2025. This asset was determined by an actuarial valuation as of May 31, 2024. Based on this valuation, the Plan’s total OPEB liability was \$394.4 million; the Plan’s Fiduciary Net Position was \$597.1 million resulting in a 151% funded status (Plan fiduciary net position as a percent of total OPEB liability) at the measurement date.

The Commission began making contributions to the Trust in Fiscal Year 2008 and adopted a Retiree Medical Trust Funding Policy, effective September 17, 2008. The Policy was revised on April, 4, 2023. In accordance with the Funding Policy, the Commission anticipates approving an annual operating budget that includes an annual contribution to the Trust. The Commission may take into consideration the following factors when establishing the OPEB contribution amount included in the annual operating budget: funded status of the Trust, estimated actuarially determined contribution (“**ADC**”), estimated service cost, current market conditions, OPEB expense projections, projected cash balances, and other pertinent factors.

The ADC for Fiscal Year 2025 and 2024 was \$0 due to the funded status of the Plan. The Commission's OPEB contributions were \$9.0 million and \$13.4 million for Fiscal Years ended May 31, 2025 and 2024, respectively. The contributions were to cover the current year OPEB service costs and to help maintain the 100+% funded status.

The Plan's financial statements are not included in the financial statements of the Commission. For additional information regarding the Benefits and the Plan, including funding status and actuarial methods and assumptions, see Note 13 to the Commission's Financial Statements.

Insurance

The Commission maintains All-Risk Property, Builder's Risk, Unmanned Aircraft Systems, Public Official bonds, Cybersecurity, Crime and Fiduciary insurance coverage and is self-insured for Workers' Compensation, Auto Liability, and General Liability claims.

For capital projects, the Commission maintains Builders' 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 \$200 million per occurrence policy limit. See "CAPITAL IMPROVEMENTS – Condition of Turnpike System – *Structures; Status of Delaware River Bridge*" herein.

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 \$5 million. For buildings (including contents), toll plazas and equipment, warehouses and similar facilities, the deductible is \$1 million. The Commission's All Risk Insurance policy also includes loss of income coverage subject to a seven-day waiting period.

Certain pre-specified construction projects are insured under an "Owner Controlled Insurance Program" until completion. Under these programs, the Commission, contractors and subcontractors are insured for Workers' Compensation, General Liability, Builder's Risk and other project-specific insurance with limits and large deductibles varying by project.

Performance Audit by the Auditor General

The Enabling Acts require 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 two years. The Act of October 23, 1988, P. L. 1059, No. 122 ("Act 122") also requires the Auditor General to conduct a financial audit and a compliance audit of the Commission every four years.

On September 7, 2022, Auditor General Timothy L. DeFoor issued a final report presenting the results of the statutorily required performance audits of the Commission under Act 44 and Act 122 (the "September 2022 Performance Audit").

The performance portion of the audit covered the period from June 1, 2018, to June 13, 2022. The Auditor General's office did not conduct its own financial audit but reviewed audits and supporting documentation of the independent firm that audits the Commission's financial statements annually, including working papers for the Fiscal Years ended May 31, 2018, through and including 2021.

The performance audit had three objectives: (1) to determine if the Commission's revenue collections are meeting projected toll revenue expectations in order to meet its payment obligations and planned capital improvement projects; (2) evaluate the Commission's processes for collecting tolls, including but not limited to E-ZPass and TBP, determine both the amount of tolls collected and the amount not collected, and examine possible enforcement mechanisms for uncollected tolls; and (3) evaluate the Commission's vendor contracts and its related policies pertaining to customer service at rest areas for provisions regarding prohibiting racial discrimination and sexual harassment.

The September 2022 Performance Audit presented three findings and 23 recommendations with 21 directed to the Commission and two to the Pennsylvania General Assembly. The three Findings are as follows:

Finding 1. The Commission continues to face significant challenges to raise toll revenue in order to make future toll Act 44/Act 89 Payments to PennDOT under the current Act 44/Act 89 financial structure, its associated debt payments, and expenditures for capital projects.

Finding 2. Uncollected tolls have continued to increase and therefore, the Commission must continue to seek new ways to collect tolls due from both in and out-of-state travelers.

Finding 3. The anti-discrimination language in the Commission's contracts for amenities provided to its customers at service plazas is outdated and lacking content.

With respect to Finding 1, the September 2022 Performance Audit recommended that the Commission ensure traffic projections are conservative and realistic; evaluate and scrutinize revenue sources and operating expenses to find ways to increase revenues while reducing costs; evaluate ways to increase passenger car and commercial use of the Turnpike; continue to analyze and manage its debt; and pursue opportunities to collaborate with other state agencies.

Also, with respect to Finding 1, the September 2022 Performance Audit recommended that the Pennsylvania General Assembly immediately re-evaluate Acts 44 and 89 and consider drafting and enacting new legislation to help ensure the current debt burden placed on the Commission is considerably mitigated for the continued viability of the Commission and the toll road system in Pennsylvania. The Auditor General also recommended that the General Assembly refrain from increasing the \$50 million annual Act 44/Act 89 Payment scheduled to begin during the Fiscal Year ending May 31, 2023, and further consider removing the Commission's requirement to pay PennDOT \$50 million each year through 2057. See "COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Other Obligations" herein for more information.

With respect to Finding 2, the September 2022 Performance Audit provided eleven recommendations focused on the Commission continuing to research and offer additional payment options, and working with the Pennsylvania State Police, the General Assembly, PennDOT, other states, and collection agencies to increase administrative and operational tools for improving toll collection enforcement.

With respect to Finding 3, the September 2022 Performance Audit provided five recommendations for amending and administering its contracts, which included, among other things, amending contracts to include current and appropriate anti-discrimination language; establishing policies or procedures to monitor lessees' compliance with non-discrimination provisions; and considering requiring lessees that provide customer service at service plazas to post signage with a customer complaint number.

The September 2022 Performance Audit also reiterated a finding from prior performance audits (2013 and 2016) concerning Commission employees being permitted to ride the Turnpike toll-free, even for personal travel. While the Commission did implement techniques for monitoring usage and identifying potential misuse, the Auditor General recommended that the Commission reconsider its decision to not rescind previously implemented policies that provide for toll-free employee travel.

The full text of the Department of Auditor General's final report and the Commission's response may be found on the Auditor General's website at: <https://www.paauditor.gov/Media/Default/Reports/Pennsylvania%20Turnpike%20Commission%20-%20Audit%20Period%20June%201,%202018%20to%20June%2013,%202022.pdf>.¹⁸

Commission Compliance

The Commission's activities regarding compliance are centered in the various offices such as: Internal Audit Services, Advisory Services, Legal, Finance/Professional Services Procurement and Diversity & Inclusion ("D&I"). The Commission's Legal Department provides the Code of Conduct trainings, and the Commission's D&I unit with Finance/Professional Services Procurement unit work together to provide the Business Conduct Guidelines trainings to all Commission employees, construction contractors, and vendors, consultants and other business partners in the construction services sector, and develop and manage a comprehensive audit program that examines and promotes the adequacy and effectiveness of the Commission's internal control systems.

Labor Relations Investigative Unit

The Labor Relations Investigative Unit ("LRIU"), formerly the Office of Special Investigations, conducts numerous investigations of fraud, waste, abuse and misconduct. Among other things, LRIU's responsibilities include processing grievances, reviewing disciplinary action requests, and developing and coordinating the contract administration of the Commission's three collective bargaining agreements and one memorandum of understanding.

Governance and Operational Factors

The following information contained in this section describes certain elements of the Commission's operations. The information under this subheading is not exhaustive and should be evaluated considering the entirety of the information regarding the Commission, the System, and the Commission's finances and operations set forth in this Appendix A and the forepart of this Official Statement. For information regarding the Commission's long term and strategic planning regarding

¹⁸ The information contained on such website link is not incorporated by reference in this Appendix A.

sustainability and capital and asset management see “THE COMMISSION – Long Term and Strategic Planning” above.

Stormwater Mitigation. The Turnpike System consists of over 2,400 lane miles of roadways throughout the Commonwealth which either directly or indirectly discharge stormwater runoff. For decades, the Commission has taken numerous steps to better control stormwater runoff as well as to limit impurities in runoff across the System. In 2020, the Commission, developed its current Stormwater Asset Management Program to provide a centralized, common operating platform to support infrastructure inspection and evaluation, work order development and tracking, and reporting for all Commission-owned stormwater assets and features. The Commission installs and maintains Stormwater Control Measures (“**SCMs**”) to control stormwater runoff from the System and the Commission’s supporting facilities. These SCMs are engineered structures or devices designed to slow down, hold, infiltrate, and/or treat stormwater runoff before it enters waterbodies and groundwater.

The Commission’s efforts to reduce pollutants in stormwater during construction activities is achieved through its erosion and sedimentation control measures, and in a perpetual manner through post-construction stormwater management. To mitigate the impacts of sediment entering waterways during construction, erosion and sedimentation best management practices are implemented and maintained throughout the course of construction until the vegetative cover is restored, and erosion potentials have diminished. Through its post-construction storm management measures, the Commission develops and implements plans for mitigating increased stormwater runoff from impervious surfaces.

The Commission also meets regularly with executives of both DEP and PennDOT to discuss issues, define direction and explore future collaborative initiatives.

Extreme Weather and Climate Resiliency Report. In July 2022, the Commission released the Extreme Weather and Climate Resiliency Report which reflected a comprehensive assessment of the Commission’s internal planning, operations, best management practices related to extreme weather events such as flooding, blizzards, hurricanes, and heatwaves, and opportunities to further improve preparedness and responsiveness to create a more resilient System. The assessment concluded that the Commission is prepared for extreme weather events based on its efforts to improve agency coordination and planning for extreme weather events, and implementation of effective strategies and technology solutions.

Electric and Alternative Fuel Vehicles. Since 2005, the Commission has been involved in various efforts to support and deploy clean and environmentally friendly vehicles. The Commission obtained propane powered vehicles for every maintenance shed and provided each maintenance shed with a propane vehicle fueling station.

The Commission currently has an agreement with Blink Charging, Co., to provide electric vehicle charging stations at the following service plazas: New Stanton, Oakmont, King of Prussia, Bowmansville and Peter J. Camiel. Additionally, through Applegreen’s partnership with Tesla, 48 Tesla superchargers were installed at six service plazas: North Somerset, South Somerset, Peter J. Camiel, Bowmansville, North Hickory Run and South Hickory Run.

The Commission has entered into an agreement with Applegreen Electric for the deployment of an additional 80 DC fast chargers across the System. In September 2023, PennDOT announced the award of the Commonwealth's first round of funding through the FHWA's National Electric Vehicle Infrastructure program, which includes an award to Applegreen Electric to fund a portion of the new fast charging stations.

The Commission remains actively engaged in efforts to provide additional EV charging opportunities across the entire System.

The Commission is also focused on decreasing greenhouse gas emissions from the Commission's fleet of vehicles. This has been accomplished through the introduction of federally mandated emissions on dump trucks including exhaust gas recirculation, and diesel exhaust fluids. To decrease idle time emissions, dump trucks were upfitted with idle free systems to keep the cab and certain components warm to prevent long idle times. The Commission previously piloted two different compressed natural gas vehicles within its fleet, with limited success. The Commission plans to incorporate an electric vehicle pilot program for a portion of the Commission's passenger car fleet.

Renewable Energy. Further to its sustainability efforts, the Commission has designed and constructed a microgrid at its Greensburg maintenance shed which is expected to eliminate both energy and demand charges for electricity at the facility. This project combines natural gas and solar array to supply all power needs to the facility and any excess power will go back to the grid; generating additional revenue for the Commission. The project became operational in January 2023. The Commission is designing and will construct additional microgrids and solar projects at various facilities.

Green and Automated Buildings. The Commission works to ensure that each of its new buildings is designed using LEED certification, with the Commission's Central Administration Building being the first large building project incorporating LEED principles. Five of the Commission's facilities hold either a silver or gold LEED certification. The Commission's use of LEED projects is intended to maximize the use of locally sourced sustainable materials and provide the most environmentally friendly and energy efficient heating ventilation and air conditioning ("HVAC") systems possible. Other elements of LEED design leveraged by the Commission include daylighting, rainwater collection and reuse for toilet water and truck washing water, waterless urinals, and the most efficient LEED lighting systems with sophisticated controls that automatically dim the lights when bright sunlight is available and turn the lights off when the space is unoccupied.

The Commission also utilizes Building Automation Systems ("BAS") as a remote monitoring and early problem warning system. BAS monitoring is tailored and includes HVAC, water, lighting, commercial power and emergency generator operation, and serves as the first line of defense against leaks and malfunctioning equipment. BAS also aides in the reduction of energy by scheduling hours of use and maintaining temperature ranges throughout the facility.

PTC Impact Council. The council is a voluntary, employee-led resource group made up of employees from various departments across the Commission. The PTC Impact Council collaborates to review practices, policies, and procedures to ensure that they do not contribute to inequities and is committed to promoting a more collaborative and inclusive environment within the Commission.

Cybersecurity. The Commission and many of its vendors and contractors are dependent on information and computing technology to conduct general business operations, including toll transactions, toll collections, and customer account services. While to date the Commission has not experienced a materially disruptive cybersecurity threat, computer hacking, cyber-attacks or other malicious activities directed at the Commission's information systems or those of its vendors or contractors, could disrupt Commission services or cause physical or financial harm to the Commission, in the future. Further, cybersecurity breaches such as leakage or loss of confidential or proprietary data and failure or disruption of information technology systems could materially and adversely affect the Commission's reputation, which could lead to significant outlays and decreased performance that insurance may not cover.

The Commission has a robust cybersecurity framework that leverages multiple layers of protection including edge and internal firewalls, an intrusion prevention system, security incident and event management, multi-layered anti-virus, malware protection and spam filters. The Commission performs regular security patching and regular internal and external vulnerability scans. Periodic security assessment and penetration testing is performed regularly by qualified third parties.

The Commission has purchased and implemented cybersecurity awareness training and simulated phishing attacks, and has published third-party security requirements that define general security requirements, requirements for vendors providing hosting cloud-based systems, and requirements for vendors providing on-premises systems or devices physically connected to the Commission's networks. All Commission employees are required to complete annual information technology security training and phishing simulation campaigns are performed regularly. Additionally, the Commission has purchased cyber insurance which also provides immediate access to third party forensic investigation experts to assist the Commission with any data or system breaches.

Although the Commission devotes significant resources to maintain and regularly upgrade its systems and processes that are designed to protect the security of its computer systems, software, networks and other technology assets and the confidentiality, integrity and availability of information belonging to customers, there is no assurance that all these security measures will provide absolute security or prevent the risk of the Commission's finances or operations being negatively impacted by a cybersecurity threat directed at one of the Commission's vendors or contractors. These risks may increase in the future as the Commission continues to utilize AET, mobile payments and other internet-based applications both internally and externally. A successful cybersecurity attack on the Commission or one of its vendors or contractors, could have a material adverse effect on the financial condition and/or the operations of the Commission.

See "INVESTMENT CONSIDERATIONS – Cybersecurity Threats" in the forepart of this Official Statement.

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APPENDIX B

SELECTED INFORMATION CONCERNING

THE COMMONWEALTH OF PENNSYLVANIA

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APPENDIX B

SELECTED INFORMATION CONCERNING THE COMMONWEALTH OF PENNSYLVANIA

THE SELECTED INFORMATION REGARDING THE COMMONWEALTH OF PENNSYLVANIA (THE “**COMMONWEALTH**”) CONTAINED HEREIN HAS BEEN OBTAINED FROM THE PUBLICLY AVAILABLE STATISTICAL DATA SECTION OF THE GOVERNOR’S 2025-2026 EXECUTIVE BUDGET.¹

THIS INFORMATION IS INCLUDED ONLY FOR THE PURPOSE OF SUPPLYING GENERAL INFORMATION REGARDING THE COMMONWEALTH. THE 2025 BONDS ARE PAYABLE SOLELY FROM THE TRUST ESTATE ESTABLISHED UNDER THE REGISTRATION FEE REVENUE INDENTURE, AS DESCRIBED IN THIS OFFICIAL STATEMENT AND ARE NOT PAYABLE OR SECURED BY ANY PROPERTIES OF THE COMMONWEALTH.

DUE TO THE TIMING OF THE AVAILABILITY OF CERTAIN INFORMATION AND THE FREQUENCY WITH WHICH UPDATES TO SUCH INFORMATION BECOME AVAILABLE, THE INFORMATION PRESENTED IN THIS APPENDIX MAY NOT REFLECT THE CURRENT ECONOMIC CONDITIONS OF THE COMMONWEALTH. ALL OF THE FOLLOWING INFORMATION, ESTIMATES AND EXPRESSIONS OF OPINION ARE SUBJECT TO CHANGE WITHOUT NOTICE. THE DELIVERY OF THE INFORMATION CONTAINED HEREIN SHALL NOT, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO MATERIAL CHANGE IN THE AFFAIRS OF THE COMMONWEALTH SINCE THE DATE OF THIS OFFICIAL STATEMENT.

This APPENDIX B is provided as background information. The 2025 Bonds are not a debt of the Commonwealth and are not secured by a pledge of the faith and credit of the Commonwealth.

THE COMMISSION EXPRESSLY DISCLAIMS ANY OBLIGATION TO UPDATE THE INFORMATION PROVIDED IN THIS APPENDIX B.

General Overview

Pennsylvania’s economy is relatively diverse compared with many other states, as evidenced by the distribution of employment and output among major industry sectors. The state is bookended

¹ Available as of the date of this Official Statement at:

<https://www.pa.gov/content/dam/copapwp-pagov/en/budget/documents/publications-and-reports/commonwealthbudget/2025-26-budget-documents/2025-26%20budget%20book.webversion.pdf>

by two of the larger metro areas in the country in Philadelphia and Pittsburgh, with the rest of the state featuring smaller cities and towns that support both service and goods-producing sectors.

The combined education and healthcare industry, the so-called "eds and meds" sector, is a vital part of the state economy. The state's education providers, especially its notable research universities, not only provide jobs on campus but also help to nurture new businesses. The Pittsburgh region has seen rapid growth in high-tech fields such as software development and robotics, thanks in part to the presence of its universities and the graduates they produce. Philadelphia's universities continue to support regional health systems and spawn startups in the life sciences that are a major economic driver in the region.

The state's manufacturing sector may not be what it was during the heydays of Pittsburgh's dominance in the steel industry and Philadelphia's claim to be "Workshop of the World," but the state's share of manufacturing employment remains above the national average. Output of pharmaceuticals remains an engine of growth, while the rapid increase in the state's production of natural gas liquids provides the basis for gains in production of chemicals and plastics.

Pennsylvania's transportation and warehousing sector continues to benefit from its location in the midst of tens of millions of people along the Northeast Corridor, and access via interstate highways, railroads, ocean and river ports, and air cargo hubs. The northeastern part of the state in particular provides a lower-cost distribution hub for cargo coming through the ports around New York City.

Population

The Commonwealth is highly urbanized. Its largest metropolitan statistical areas include the cities of Philadelphia and Pittsburgh, which together contain most of the state's total population. According to the U.S. Bureau of the Census, the population of Pennsylvania was just under 13.0 million people in 2023. Unlike the nation as a whole, Pennsylvania's population is declining, and it has a higher percentage of the individuals aged 45 or over compared to the nation or its region. The following tables present the population trend from 2019 to 2023 and the age distribution of the population for 2023.

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Population Trends
Pennsylvania, Region, and the United States
2019-2023

| As of July 1 | Total Population | | | Total Population as a share of 2019 base | | | |
|---------------------|-------------------------|---------------------------|----------------------|---|---------------------------|----------------------|---|
| | Pennsylvania | Region^a | United States | Pennsylvania | Region^a | United States | |
| 2019 | 12,802 | 70,880 | 328,240 | 100.0 | % | 100.0 | % |
| 2020 | 12,995 | 72,436 | 331,527 | 101.5 | % | 102.2 | % |
| 2021 | 13,014 | 72,194 | 332,049 | 101.7 | % | 101.9 | % |
| 2022 | 12,972 | 71,973 | 333,271 | 101.3 | % | 101.5 | % |
| 2023 | 12,962 | 71,987 | 334,915 | 101.2 | % | 101.6 | % |
| | | | | | | | |

^aRegion: Pennsylvania, Delaware, Maryland, New Jersey, New York, Ohio, Virginia, West Virginia, and Washington D.C.

Source: U.S. Census Bureau.

Population by Age Group - 2023
Pennsylvania, Region, and the United States

| Age | Pennsylvania | Region^a | United States |
|-------------------------|---------------------|---------------------------|----------------------|
| Under 5 Years | 5.1 % | 5.4 % | 5.5 % |
| 5-24 Years..... | 24.1 % | 24.4 % | 25.3 % |
| 25-44 Years..... | 25.5 % | 26.4 % | 26.9 % |
| 45-64 Years..... | 25.2 % | 25.3 % | 24.6 % |
| 65 Years and over | 20.0 % | 18.5 % | 17.7 % |

^aRegion: Pennsylvania, Delaware, Maryland, New Jersey, New York, Ohio, Virginia, West Virginia, and Washington D.C.

Source: U.S. Census Bureau.

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Employment

Preliminary data for 2024 show that non-agricultural employment grew compared to the previous year, not just in Pennsylvania, but also across the region and throughout the United States. The following table shows employment trends in those areas from 2020 to 2024.

Non-Agricultural Establishment Employment Trends Pennsylvania, Region, and the United States 2020-2024

| Calendar Year | Total Establishment Employment (Amounts in Thousands) | | | Total Establishment Employment as a share of 2020 base | | | | |
|----------------------|---|---------------------------|----------------------|--|---------------------------|----------------------|---|---------|
| | Pennsylvania | Region^a | United States | Pennsylvania | Region^a | United States | | |
| 2020 | 5,605 | 31,826 | 142,165 | 100.0 | % | 100.0 | % | 100.0 % |
| 2021 | 5,761 | 32,713 | 146,276 | 102.8 | % | 102.8 | % | 102.9 % |
| 2022 | 5,984 | 33,989 | 152,531 | 106.8 | % | 106.8 | % | 107.3 % |
| 2023 | 6,087 | 34,620 | 156,066 | 108.6 | % | 108.8 | % | 109.8 % |
| 2024 | ^b 6,170 | 35,032 | 158,499 | 110.1 | % | 110.1 | % | 111.5 % |

^a Region: Pennsylvania, Delaware, Maryland, New Jersey, New York, Ohio, Virginia, West Virginia, and Washington D.C.

^b 2024 Figures are preliminary.

Source: U.S. Bureau of Labor Statistics.

Non-manufacturing employment in Pennsylvania increased in 2024 to 90.8 percent of total non-agricultural employment from 90.7 percent during the previous year. Manufacturing, contributing 9.2 percent of 2024 non-agricultural employment, has fallen behind the services, trade, and government sectors as the 4th largest single source of employment within the Commonwealth. In 2024, the services sector accounted for 50.9 percent of all non-agricultural employment while the trade sector accounted for 13.1 percent. The following table shows trends in employment by sector for Pennsylvania from 2020 through 2024.

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Non-Agricultural Establishment Employment by Sector
Pennsylvania
2020-2024

| | Calendar Year | | | | | | | | | |
|-------------------------------|------------------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|-------------------|--------------|
| | (Amounts in Thousands) | | | | | | | | | |
| | 2020 | | 2021 | | 2022 | | 2023 | | 2024 ^a | |
| | Employees | % | Employees | % | Employees | % | Employees | % | Employees | % |
| Manufacturing: | | | | | | | | | | |
| Durable | 318.9 | 5.7 | 321.5 | 5.6 | 332.3 | 5.6 | 334.0 | 5.5 | 334.4 | 5.4 |
| Non-Durable | 219.0 | 3.9 | 222.9 | 3.9 | 231.5 | 3.9 | 232.1 | 3.8 | 231.8 | 3.8 |
| Total Manufacturing | <u>537.9</u> | <u>9.6</u> | <u>544.4</u> | <u>9.5</u> | <u>563.8</u> | <u>9.4</u> | <u>566.1</u> | <u>9.3</u> | <u>566.2</u> | <u>9.2</u> |
| Non-Manufacturing: | | | | | | | | | | |
| Trade..... ^b | 763.3 | 13.6 | 791.4 | 13.7 | 810.6 | 13.5 | 812.4 | 13.3 | 808.0 | 13.1 |
| Finance | ^c 327.1 | 5.8 | 328.8 | 5.7 | 335.1 | 5.6 | 339.7 | 5.6 | 343.0 | 5.6 |
| Services..... ^d | 2,731.3 | 48.7 | 2,832.2 | 49.2 | 2,984.2 | 49.9 | 3,068.1 | 50.4 | 3,141.7 | 50.9 |
| Government..... | 684.6 | 12.2 | 676.6 | 11.7 | 677.8 | 11.3 | 687.4 | 11.3 | 697.3 | 11.3 |
| Utilities | ^e 295.9 | 5.3 | 310.6 | 5.4 | 331.3 | 5.5 | 330.2 | 5.4 | 333.2 | 5.4 |
| Construction..... | 241.7 | 4.3 | 254.9 | 4.4 | 259.1 | 4.3 | 259.8 | 4.3 | 257.7 | 4.2 |
| Mining | <u>23.3</u> | <u>0.4</u> | <u>21.7</u> | <u>0.4</u> | <u>22.3</u> | <u>0.4</u> | <u>22.9</u> | <u>0.4</u> | <u>23.2</u> | <u>0.4</u> |
| Total Non-Manufacturing | <u>5,067.2</u> | <u>90.4</u> | <u>5,216.2</u> | <u>90.5</u> | <u>5,420.3</u> | <u>90.6</u> | <u>5,520.4</u> | <u>90.7</u> | <u>5,604.0</u> | <u>90.8</u> |
| Total Employees | <u>5,605.2</u> | <u>100.0</u> | <u>5,760.6</u> | <u>100.0</u> | <u>5,984.1</u> | <u>100.0</u> | <u>6,086.5</u> | <u>100.0</u> | <u>6,170.2</u> | <u>100.0</u> |

^a 2024 figures are preliminary

^b Wholesale and Retail Trade.

^c Finance, Insurance, and Real Estate.

^d Information, Professional and Business Services, Education and Health Services, Leisure and Hospitality, and Other Services.

^e Transportation, Warehousing, and Utilities.

Source: U.S. Bureau of Labor Statistics.

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The following table presents the percentages of non-agricultural employment in various sectors in Pennsylvania and the United States in 2024.

Non-Agricultural Establishment Employment by Sector
Pennsylvania and the United States

| | 2024 Calendar Year^a | |
|---------------------|---------------------------------------|----------------------|
| | Pennsylvania | United States |
| Manufacturing | 9 % | 8 % |
| Trade | ^b 13 % | 14 % |
| Finance..... | ^c 6 % | 6 % |
| Services | ^d 51 % | 47 % |
| Government..... | 11 % | 15 % |
| Utilities..... | ^e 5 % | 5 % |
| Construction..... | 4 % | 5 % |
| Mining..... | 0 % | 0 % |
| Total | <u>100 %</u> | <u>100 %</u> |

^aFigures are preliminary.

^bWholesale and Retail Trade.

^cFinance, Insurance, and Real Estate.

^dInformation, Professional and Business Services, Education and Health Services, Leisure and Hospitality, and Other Services.

^eTransportation, Warehousing, and Utilities.

Source: U.S. Bureau of Labor Statistics.

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The table below presents trends in manufacturing employment by industry in Pennsylvania from 2020 to 2024. In 2024, the state's manufacturing employment is projected to exceed 566,200 workers, with durable goods industries accounting for 59 percent of that total. Within durable goods, fabricated metals remains the largest sector, followed by machinery and transportation equipment. The non-durable goods sector, comprising 41 percent of manufacturing employment, includes key industries like food and chemical products. Over the five-year period, manufacturing employment has experienced gradual increases, reflecting steady growth.

Manufacturing Establishment Employment by Industry
Pennsylvania
2020-2024

| | Calendar Year | | | | | | | | | |
|---------------------------------------|------------------------|-------|-------|-------|-------|-------|-------|-------|-------------------|-------|
| | (Amounts in Thousands) | | | | | | | | | |
| | 2020 | % | 2021 | % | 2022 | % | 2023 | % | 2024 ^a | % |
| Durable Goods: | | | | | | | | | | |
| Primary Metals..... | 32.1 | 6.0 | 31.0 | 5.7 | 33.2 | 5.9 | 34.0 | 6.0 | 34.0 | 6.0 |
| Fabricated Metals..... | 76.4 | 14.2 | 76.9 | 14.1 | 79.2 | 14.0 | 79.6 | 14.1 | 79.3 | 14.0 |
| Machinery (excluding electrical)..... | 42.7 | 7.9 | 42.5 | 7.8 | 44.5 | 7.9 | 45.1 | 8.0 | 45.2 | 8.0 |
| Electrical Equipment..... | 25.6 | 4.8 | 25.4 | 4.7 | 25.3 | 4.5 | 25.5 | 4.5 | 25.5 | 4.5 |
| Transportation Equipment | 34.7 | 6.4 | 35.5 | 6.5 | 36.7 | 6.5 | 37.7 | 6.7 | 38.8 | 6.9 |
| Furniture Related Products | 14.2 | 2.6 | 15.1 | 2.8 | 15.6 | 2.8 | 15.2 | 2.7 | 15.1 | 2.7 |
| Other Durable Goods | 93.4 | 17.4 | 95.1 | 17.5 | 97.9 | 17.4 | 96.9 | 17.1 | 96.5 | 17.1 |
| Total Durable Goods..... | 318.9 | 59.3 | 321.5 | 59.1 | 332.3 | 58.9 | 334.0 | 59.0 | 334.4 | 59.1 |
| Non-Durable Goods: | | | | | | | | | | |
| Pharmaceutical/ Medicine..... | 19.6 | 3.6 | 20.5 | 3.8 | 20.9 | 3.7 | 20.6 | 3.6 | 19.8 | 3.5 |
| Food Products | 71.7 | 13.3 | 73.2 | 13.5 | 77.8 | 13.8 | 80.1 | 14.2 | 81.3 | 14.4 |
| Chemical Products | 42.2 | 7.9 | 43.6 | 8.0 | 44.4 | 7.9 | 44.3 | 7.8 | 43.2 | 7.6 |
| Printing and Publishing..... | 19.8 | 3.7 | 18.7 | 3.4 | 18.6 | 3.3 | 17.8 | 3.2 | 17.2 | 3.0 |
| Plastics/Rubber Products | 38.7 | 7.2 | 39.7 | 7.3 | 41.3 | 7.3 | 40.0 | 7.1 | 39.9 | 7.0 |
| Other Non-Durable Goods..... | 26.9 | 5.0 | 27.1 | 5.0 | 28.4 | 5.0 | 29.3 | 5.2 | 30.4 | 5.4 |
| Total Non-Durable Goods | 219.0 | 40.7 | 222.9 | 40.9 | 231.5 | 41.1 | 232.1 | 41.0 | 231.8 | 40.9 |
| Total Manufacturing Employees | 537.9 | 100.0 | 544.4 | 100.0 | 563.8 | 100.0 | 566.1 | 100.0 | 566.2 | 100.0 |

^a 2024 figures are preliminary.

Source: U.S. Bureau of Labor Statistics.

Unemployment

In 2023, Pennsylvania had an annual unemployment rate of 3.4 percent, which was lower than the United States unemployment rate of 3.6 percent. As of October 2024, Pennsylvania maintains an average monthly unemployment rate of 3.5 percent. The following table represents the annual unemployment rate in Pennsylvania, its region, and the United States from 2020 through 2024.

Annual Average Unemployment Rate Pennsylvania, Region, and the United States 2020-2024

| Calendar Year | Pennsylvania | Region ^a | United States |
|---------------|--------------------|---------------------|---------------|
| 2020 | 8.9 % | 8.5 % | 8.1 % |
| 2021 | 5.9 % | 5.9 % | 5.3 % |
| 2022 | 4.1 % | 3.9 % | 3.6 % |
| 2023 | 3.4 % | 3.6 % | 3.6 % |
| 2024 | ^b 3.5 % | 4.0 % | 4.0 % |

^a Region: Pennsylvania, Delaware, Maryland, New Jersey, New York, Ohio, Virginia, West Virginia, and Washington D.C.

^b 2024 figures are preliminary.

Source: U.S. Bureau of Labor Statistics.

The following table presents the thirty largest non-governmental employers in Pennsylvania:

Commonwealth of Pennsylvania Thirty Largest Non-Governmental Employers 2nd Quarter, 2024

| Company | Rank | Company | Rank |
|---|------|--|------|
| Wal-Mart Associates Inc | 1 | Vanguard Group Inc. | 16 |
| Trustees of the University of PA | 2 | Lehigh Valley Hospital Center | 17 |
| Giant Food Stores LLC | 3 | Merck Sharp & Dohme Corporation | 18 |
| Pennsylvania State University | 4 | Comcast Cablevision Corp (PA) | 19 |
| Amazon.com Services Inc | 5 | Wawa Inc. | 20 |
| UPMC Presbyterian Shadyside | 6 | Universal Protection Service LLC | 21 |
| The Children's Hospital of Philadelphia | 7 | Federal Express Corp. | 22 |
| University of Pittsburgh | 8 | Sheetz Inc. | 23 |
| Lowe's Home Centers LLC | 9 | Western Penn Allegheny Health | 24 |
| PNC Bank NA | 10 | Milton S Hershey Medical Center | 25 |
| Saint Luke's Hospital | 11 | Excel Companion Care LLC | 26 |
| Giant Eagle Inc. | 12 | Wegmans Food Markets Inc. | 27 |
| Home Depot USA Inc. | 13 | Bayada Home Health Care Inc. | 28 |
| Weis Markets Inc. | 14 | Albert Einstein Medical Center | 29 |
| Target Corporation | 15 | Pennsylvania CVS Pharmacy LLC | 30 |

Source: Pennsylvania Department of Labor & Industry

Personal Income

In 2023, total personal income in the Commonwealth reached \$893.6 billion, a 5.3 percent increase over the previous year. Meanwhile, national personal income saw a higher growth of 5.9 percent during the same period. Per capita income in the Commonwealth stood at \$68,945, slightly below the national figure of \$69,810. The following tables represent annual personal income data and per capita income from 2019 through 2023.

Personal Income Pennsylvania, Region, and the United States 2019-2023^a

| <u>Calendar Year</u> | <u>Total Personal Income</u> | | | <u>Total Personal Income</u> | | | | |
|----------------------|-------------------------------------|---------------------------|----------------------------------|--------------------------------|---------------------|---------------------------|----------------------------------|---|
| | <u>(Dollar Amounts in Millions)</u> | | | <u>As a share of 2019 Base</u> | | | | |
| | <u>Pennsylvania</u> | <u>Region^b</u> | <u>United States^c</u> | | <u>Pennsylvania</u> | <u>Region^b</u> | <u>United States^c</u> | |
| 2019 | \$ 729,329 | \$ 4,349,880 | \$ 18,349,584 | | 100.0 | % | 100.0 | % |
| 2020 | \$ 782,959 | \$ 4,601,989 | \$ 19,600,945 | | 107.4 | % | 105.8 | % |
| 2021 | \$ 830,115 | \$ 4,937,874 | \$ 21,403,979 | | 113.8 | % | 113.5 | % |
| 2022 | \$ 848,383 | \$ 5,046,383 | \$ 22,077,232 | | 116.3 | % | 116.0 | % |
| 2023 | \$ 893,649 | \$ 5,336,927 | \$ 23,380,269 | | 122.5 | % | 122.7 | % |

^a Revised statistics for 2019-2022.

^b Region: Pennsylvania, Delaware, Maryland, New Jersey, New York, Ohio, Virginia, West Virginia, and Washington D.C.

^c Sum of states.

Source: U.S. Bureau of Economic Analysis.

Per Capita Income Pennsylvania, Region, and the United States 2019-2023^a

| <u>Calendar Year</u> | <u>Per Capita Income</u> | | | <u>As a share of United States</u> | | | |
|----------------------|--------------------------|---------------------------|----------------------|------------------------------------|---------------------------|-------|---|
| | <u>Pennsylvania</u> | <u>Region^b</u> | <u>United States</u> | <u>Pennsylvania</u> | <u>Region^b</u> | | |
| 2019 | \$ 56,139 | \$ 60,006 | \$ 55,566 | 101.0 | % | 108.0 | % |
| 2020 | \$ 60,249 | \$ 63,532 | \$ 59,123 | 101.9 | % | 107.5 | % |
| 2021 | \$ 63,788 | \$ 68,397 | \$ 64,460 | 99.0 | % | 106.1 | % |
| 2022 | \$ 65,401 | \$ 70,115 | \$ 66,244 | 98.7 | % | 105.8 | % |
| 2023 | \$ 68,945 | \$ 74,138 | \$ 69,810 | 98.8 | % | 106.2 | % |

^a Revised statistics for 2019-2022.

^b Region: Pennsylvania, Delaware, Maryland, New Jersey, New York, Ohio, Virginia, West Virginia, and Washington D.C.

Source: U.S. Bureau of Economic Analysis.

The Commonwealth's average hourly wage rate of \$33.01 for manufacturing and production workers is slightly below the national average of \$33.90 for 2024. The following table presents the average hourly wage rates for 2020 through 2024.

Average Hourly Wages
Production Workers on Manufacturing Payrolls
Pennsylvania and the United States
2020-2024

| Calendar Year | Pennsylvania | United States |
|-------------------------|---------------------|----------------------|
| 2020..... | \$ 27.65 | \$ 28.77 |
| 2021..... | \$ 28.82 | \$ 29.69 |
| 2022..... | \$ 30.55 | \$ 30.98 |
| 2023..... | \$ 31.95 | \$ 32.44 |
| 2024 ^a | \$ 33.01 | \$ 33.90 |

^a 2024 figures are preliminary.

Source: U.S. Bureau of Labor Statistics.

Market and Assessed Valuation of Real Property

Annually, the State Tax Equalization Board, Tax Equalization Division ("STEB") calculates an aggregate market value of all taxable real property in the Commonwealth. This determination involves applying assessment to sales ratio studies to assessment valuations provided by local assessing officials. The market values certified by STEB include taxable properties, exclude tax-exempt ones, and include adjustments for preferential assessments granted to specific farm and forestlands.

The table below shows the assessed valuation certified by the counties, along with the market value and the assessed to market value ratio determined by STEB for real property from 2019 to 2023. When computing the market values for odd-numbered years, STEB is legally constrained to certify changes resulting from properties added to or removed from the assessment rolls. In even-numbered years, STEB can adjust the market valuation to reflect changes in real estate values or other economic factors.

Valuations of Taxable Real Property
2019-2023

| Calendar Year | Market Value^a | Assessed Valuation | Rate of Assessed Valuation to Market Value^a | |
|----------------------|---------------------------------|---------------------------|---|---|
| 2019 | \$ 921,740,258,352 | \$ 677,135,861,022 | 73.5 | % |
| 2020 | \$ 965,836,433,494 | \$ 696,790,394,130 | 72.1 | % |
| 2021 | \$ 975,443,133,973 | \$ 729,487,795,164 | 74.8 | % |
| 2022 | \$ 1,057,970,532,347 | \$ 735,677,350,066 | 69.5 | % |
| 2023 | \$ 1,069,761,081,286 | \$ 773,981,821,412 | 72.4 | % |

^a Market Value difference between Regular Assessment and Preferential Assessment under Act 319 of 1974.

Source: Annual Certifications by the State Tax Equalization Board.

APPENDIX C

**SUMMARY OF CERTAIN PROVISIONS OF
AND DEFINED TERMS IN THE
REGISTRATION FEE REVENUE INDENTURE**

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF AND DEFINED TERMS IN THE REGISTRATION FEE REVENUE INDENTURE.

DEFINITIONS

The following words and terms as used in the Registration Fee Revenue Indenture and in this Appendix C shall have the following meanings:

"Act 3 Revenues" shall mean that portion of the Registration Fees received by the Commonwealth as a result of the increases in vehicle registration fees imposed by Act 3.

"Act 61 Projects" shall mean those projects authorized to be undertaken by the Commission pursuant to Act 61.

"Additional Bonds" shall mean Bonds of any series authorized under the Registration Fee Revenue Indenture, other than the 2005 Bonds, duly executed, authenticated, issued and delivered pursuant to the provisions hereof.

"Additional Projects" the improvements, extensions and replacements to the Pennsylvania Turnpike System which constitute Act 61 Projects, other than the portions of the improvements, extensions and replacements which are financed with the proceeds of the 2005 Bonds, referred to in the Registration Fee Revenue Indenture.

"Approved Obligations" shall mean Swap Agreements and other obligations, other than 2005 Bonds and Additional Bonds, meeting the requirements set forth in the Registration Fee Revenue Indenture.

"Authentication Order" shall have the meaning set forth in the Registration Fee Revenue Indenture.

"Authorized Denominations" means, with respect to the 2025 Bonds, \$5,000 and integral multiples thereof.

"Bond" shall mean any of the 2025 Bonds, Series A of 2005 Bonds, or any Additional Bond issued under the provisions of the Registration Fee Revenue Indenture, but shall not include any Subordinated Indebtedness which may be incurred pursuant to the Registration Fee Revenue Indenture.

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

"Bond Registrar" shall mean the registration books of the Commission kept by the Trustee to evidence the registration and transfer of 2025 Bonds.

"Bondholder", "holder" or "owner" shall mean the registered owner of a Bond.

"Bonds not outstanding", "Bonds not deemed outstanding" or something similar shall have the meaning set forth in the Registration Fee Revenue Indenture.

"Business Day" shall mean any day other than (i) a Saturday or a Sunday, (ii) a day on which banking institutions are required or authorized by law or executive order to remain closed in the Commonwealth or in any other city in which the office of the Trustee or the Paying Agent is located, or (iii) a day on which the New York Stock Exchange is closed.

"Chief Financial Officer" shall mean the chief financial officer of the Commission.

"Code" means the Internal Revenue Code of 1986, as amended from time to time. References to the Code and Sections of the Code include the relevant regulations, temporary regulations and proposed regulations thereunder and under the Internal Revenue Code of 1954, as amended, and any successor provisions to those sections, regulations, temporary regulations or proposed regulations.

"Commission Allocation" shall mean that portion of the Act 3 Revenues appropriated to the Commission, pursuant to Section 20 of Act 3, as the same may be increased from time and time, and as more fully described in the Registration Fee Revenue Indenture (currently \$28,000,000 annually and distributed monthly to the Commission in the amount of \$2,333,333.33).

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

"Commission Registration Fee Bonds Account" means the account of the Commission established and held under the terms of the Depositary Agreement dated as of October 2, 2012, between the Commission and U.S. Bank Trust Company, National Association, as successor Depositary, and identified therein as the "PTC Motor Vehicle Self-Managed Custody Account".

"Commonwealth" shall mean the Commonwealth of Pennsylvania.

"Consultant" shall mean a Person who shall be independent, appointed by the Commission as needed, qualified and having a nationwide and favorable reputation for skill and experience in such work for which the Consultant was appointed. In those situations in which a Consultant is appointed to survey risks and to recommend insurance coverage, such Consultant may not be a broker or agent with whom the Commission transacts business.

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

"Counterparty" shall have the meaning set forth in the Registration Fee Revenue Indenture.

"Debt Service" shall mean interest, principal, redemption and premium, if any, payments.

"Debt Service Fund" shall mean the fund created by the Registration Fee Revenue Indenture.

"Defeased Tax-Exempt Securities" shall mean those obligations which are described in subparagraph (e) of the definition of Government Obligations and are non-callable prior to the date needed to meet the requirements of defeasance.

"Electronic Notice" means notice transmitted through a terminal, if operative as between any two parties or if not operative, in writing, by facsimile transmission or by telephone (promptly confirmed in writing or by facsimile transmission).

"Enabling Acts" means collectively, that certain Act of the General Assembly of Pennsylvania approved May 21, 1937, P.L. 774, Act 211, as amended by Acts of the General Assembly of Pennsylvania approved on various dates, including May 24, 1945, P.L. 972 and February 26, 1947, P.L. 17, and said Acts approved May 23, 1951, P.L. 335, August 14, 1951, P.L. 1232, September 30, 1985, P.L. 240 (Act No. 1985-61) ("Act 61"), August 5, 1991, P.L. 238 (Act No. 1991-26), April 16, 1992 (Act No. 1992-31), November 24, 1992, P.L. 725, July 18, 2007, P.L. 169, No. 44, and November 25, 2015, P.L. 974, No. 89, pursuant to which the Commission was created and constituted an instrumentality of the Commonwealth.

"Event of Default" shall mean any of those events specified in the Registration Fee Revenue Indenture and such other events specified in any Supplemental Indenture.

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

"Government Obligations" shall mean:

(1) Treasuries;

(2) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated;

(3) subject to the prior written consent of the 2005 Bond Insurer, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively; or

(4) subject to the prior written consent of the 2005 Bond Insurer, securities eligible for "AAA" defeasance under then existing criteria of S & P or any combination thereof, shall be used to effect defeasance of the 2005 Bonds unless the Insurer otherwise approves.

"Intercept Agreement" shall mean the letter agreement dated as of August 1, 2005 between the Commission and the State Treasurer, as acknowledged and agreed by the Department of Transportation of the Commonwealth.

"Interest Payment Date" means, with respect to the 2025 Bonds, the fifteenth day of January and July in each year.

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

"Parity Obligations" consist of Bonds, Additional Bonds and Approved Obligations (excluding termination payments thereunder which may not be Parity Obligations) on a parity under and pursuant to the provisions of the Registration Fee Revenue Indenture.

"Paying Agent" means initially the Trustee and thereafter that Person appointed as Paying Agent pursuant to Registration Fee Revenue Indenture.

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

"Permitted Investments" shall mean

(1) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations"), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated. THESE MAY CONSTITUTE DEFEASANCE OBLIGATIONS.

(2) Federal Housing Administration debentures.

(3) The listed obligations of government sponsored agencies which are not backed by the full faith and credit of the United States of America:

- Federal Home Loan Mortgage Corporation (FHLMC)
 - Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
 - Senior Debt obligations
- Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and. Banks for Cooperatives)
 - Consolidated system wide bonds and notes
- Federal Home Loan Banks (FHL Banks)
 - Consolidated debt obligations
- Federal National Mortgage Association (FNMA)
 - Senior debt obligations
 - Mortgage backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
- Student Loan Marketing Association (SLMA)
 - Senior debt obligations (excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date)
- Financing Corporation (FICO)
 - Debt obligations
- Resolution Funding Corporation (REFCORP)
 - Debt obligation

(4) Unsecured certificates of deposit, time deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank the short term obligations of which are rated "A 1" or better by S&P.

(5) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least \$5 million.

(6) Commercial paper (having original maturities of not more than 270 days) rated "A 1+" by S&P and "Prime 1" by Moody's.

(7) Money market funds rated "AAm" or "AAmG" by S&P, or better.

(8) "State Obligations", which means:

A. Direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A" by Moody's and "A" by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

B. Direct general short term obligations of any state agency or subdivision or agency thereof described in (A) above and rated "A 1 +" by S&P and "MIG 1" by Moody's.

C. Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (A) above and rated "AA" or better by S&P and "Aa" or better by Moody's.

(9) Pre refunded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:

A. the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the Commission of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

B. the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

C. the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

D. the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

E. no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

F. the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

(10) Repurchase agreements:

With (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "A" by S&P and Moody's; or (2) any broker dealer with "retail customers" or a related affiliate thereof which broker dealer has, or the parent company (which guarantees the provider) of which has, long term debt rated at least "A" by S&P and Moody's, which broker dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated "A" or better by S&P and Moody's and acceptable to the Insurer, provided that:

A. The market value of the collateral is maintained at levels and upon such conditions as would be acceptable to S & P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach);

B. The Trustee or a third party acting solely as agent therefor or for the Commission (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

C. The repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

D. All other requirements of S&P in respect of repurchase agreements shall be met.

E. The repurchase agreement shall provide that if during its term the providers rating by either Moody's or S&P is withdrawn or suspended or falls below "A" by S&P or "A3" by Moody's, as appropriate, the provider must, at the direction of the Commission or the Trustee (who shall give such direction if so directed by the Insurer), within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Commission or Trustee.

Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (A) above, so long as such collateral levels are 103% or better and the provider is rated at least "A" by S&P and Moody's, respectively.

(11) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long term debt of which, or, in the case of a guaranteed corporation the long term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by S&P and "Aa" by Moody's; provided that, by the terms of the investment agreement:

A. interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the construction fund, construction draws) on the Bonds;

B. the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; the Commission and the Trustee hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

C. the investment agreement shall state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

D. the Commission or the Trustee receives the opinion of domestic counsel (which opinion shall be addressed to the Commission and the Insurer) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the Insurer;

E. the investment agreement shall provide that if during its term:

i) the provider's rating by either S&P or Moody's falls below "AA" or "Aa3", respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (i) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the Commission, the Trustee or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S & P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (ii) repay the principal of and accrued but unpaid interest on the investment, and

ii) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3", respectively, the provider must, at the direction of the Commission or the Trustee (who shall give such direction if so directed by the Insurer), within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Commission or Trustee, and

F. the investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession); and

G. the investment agreement must provide that if during its term:

i) the provider shall default in its payment obligations, the providers obligations under the investment agreement shall, at the direction of the Commission or the Trustee (who shall give such direction if so directed by the

Insurer), be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Commission or Trustee, as appropriate, and

ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Commission or Trustee, as appropriate.

For the purposes of the foregoing definition, notwithstanding any contrary provision of such definition, "Permitted Investments" shall not include any foreign debt instruments to the extent such term is applied to any moneys held under the Registration Fee Revenue Indenture relating to the 2005 Bonds.

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

"Principal and Interest Requirements" shall mean the amount required in each Fiscal Year, beginning with the Fiscal Year of the first maturity or mandatory sinking fund redemption of such Bonds and other Parity Obligations, to pay the principal or redemption price of and the interest and other payments on all such Bonds and other Parity Obligations which become due and payable in such Fiscal Year; all such computations shall be made by a Commission Official and the Trustee may rely on such calculations as provided in the Registration Fee Revenue Indenture. In computing the Principal and Interest Requirements, the amount of any capitalized interest shall be deducted therefrom and any debt service reserve fund established in connection with the Bonds in question shall, to the extent that it is funded with cash or Permitted Investments and is available to pay the final year's debt service on such Bonds, be credited against such final year's Principal and Interest Requirements. To the extent any Bonds or other Parity Obligations under consideration bear interest at a variable rate the Principal and Interest Requirements for such Bonds and other Parity Obligations shall be calculated assuming an interest rate equal to the highest of (a) the average BMA Index published for the corresponding rate period during the preceding Fiscal Year, (b) the actual interest rate on such Bonds during the preceding Fiscal Year, or (c) the Swap rate if there is a Swap Agreement applicable to such Bonds. With respect to any Swap Agreements constituting Parity Obligations, the amount of such Principal and Interest Requirements shall be adjusted to reflect the net amounts, other than termination payments, payable by the Commission, whether to a swap counterparty or to the Trustee, after taking into account all swap payments and Debt Service requirements.

"Project" shall mean the 2005 Project and any additional projects or refundings which are authorized by Act 61 or which may be hereafter authorized by law and which are financed in whole or in part out of the proceeds of Bonds issued under the Registration Fee Revenue Indenture.

"Rating Agency" shall mean each nationally recognized securities rating agency then maintaining a rating on any of the Bonds at the request of the Commission, unless the context only applies the term to one series of Bonds, in which event it shall mean only such rating agency then maintaining a rating on such series of Bonds at the request of the Commission. Initially "Rating

"Agency" means Moody's Investors Service, Inc., Standard & Poor's Ratings Group - a division of McGraw Hill, and Fitch Ratings, or their successors.

"Rating Confirmation Notice" means a notice from each Rating Service then rating the 2005 Bonds, confirming that the rating on the 2005 Bonds will not be lowered or withdrawn as a result of the action proposed to be taken.

"Record Date" means the close of business on the last Business Day of the month preceding each Interest Payment Date.

"Registration Fees" shall mean the annual registration fees on owners or lessees of passenger cars, recreational motor vehicles, motorcycles, trucks, farm vehicles and other vehicles pursuant to 75 Pa.C.S.A. Section 1911 et seq., together with certain related charges.

"Revenue Fund" shall mean the special fund created by the provisions of the Registration Fee Revenue Indenture.

"Secretary and Treasurer" shall mean the officer of the Commission holding the office by such title, by the title of Secretary/Treasurer or a similar title.

"Self-Liquidity Fund" means the fund so designated established pursuant to the Registration Fee Revenue Indenture.

"Series" shall mean each series of Bonds designated as such by the Registration Fee Revenue Indenture or a Supplemental Indenture.

"Series Issue Date" means the date on which such series of Bonds is issued.

"Settlement Amounts" are as defined in the ISDA Master Agreement as part of the applicable Swap Agreement.

"Special Record Date" shall mean that date eight days immediately preceding the date established by the Trustee for the payment of interest on the 2025 Bonds not paid on a regularly scheduled Interest Payment Date.

"Subordinated Indebtedness" shall mean indebtedness which shall contain provisions (which shall be binding on all owners of such Subordinated Indebtedness) not more favorable to the owners of such Subordinated Indebtedness than the following:

(a) No payment on account of principal of and premium, if any, or interest on such Subordinated Indebtedness shall be made from the Trust Estate, nor shall the Trust Estate be applied to the purchase or other acquisition or retirement of such Subordinated Indebtedness, unless full payment of amounts due and payable on or prior to such payment date, whether at maturity, by acceleration or otherwise, for principal of and premium, if any, and interest on all Bonds has been made or duly provided for in accordance with the terms of the Registration Fee Revenue Indenture. Notwithstanding the foregoing, no payment on account of principal of and premium, if any, or interest on such Subordinated Indebtedness shall be made from the Trust Estate, nor shall any portion of the Trust Estate be applied to the purchase or other acquisition or

retirement of such Subordinated Indebtedness if, at the time of such payment or application or immediately after giving effect thereto, there shall exist a default in the payment of principal of, and premium, if any, or interest on any Bonds.

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

(c) In the event that, notwithstanding the foregoing provisions, any holder of Subordinated Indebtedness shall have received any payment or distribution of any portion of the Trust Estate including any such payment or distribution which may be payable or deliverable by reason of the payment of any other indebtedness of the Commission being subordinated to the payment of the Subordinated Indebtedness before all Bonds are paid in full (a "Distribution"), then and in such event such Distribution shall be received and held in trust for the owners of the Bonds and shall be paid over or delivered forthwith to the Trustee for the benefit of the owners of the Bonds to the extent necessary to pay all such Bonds in full after giving effect to any payment or distribution made to the owners of such Bonds concurrently with the Distribution made to such holder of Subordinated Indebtedness.

(d) The Subordinated Indebtedness may provide that the provisions of (a) and (b) above are solely for the purpose of defining the relative rights of the owners of the Bonds, the holders of other Parity Obligations and the owners of Subordinated Indebtedness, and that nothing therein shall impair, as between the obligor and the owners of the Subordinated Indebtedness, the obligations of the obligor, which is unconditional and absolute, to pay to the owners thereof the principal thereof and premium, if any, and interest thereon in accordance with its terms nor shall anything therein prevent the owners of the Subordinated Indebtedness from exercising all remedies otherwise permitted by applicable law or upon default thereunder, subject to the rights under (a) and (b) above of the owners of the Bonds and the holders of other Parity Obligations, as the case may be, to receive cash, property or securities otherwise payable or deliverable to the owners of the Subordinated Indebtedness; and the Subordinated Indebtedness may provide that, insofar as a Trustee for such Subordinated Indebtedness is concerned, the foregoing provisions shall not prevent the application by such Trustee for the purpose of the payment of or on account of the principal (and premium, if any) and interest on such Subordinated Indebtedness if such Trustee did not have knowledge at the time of such application that such payment was prohibited by the foregoing provisions.

(e) The Subordinated Indebtedness shall provide that no acceleration of amounts due thereunder may be made prior to the acceleration of amounts due pursuant to the Registration Fee Revenue Indenture.

"Supplemental Indenture" shall mean any indenture supplemental to the Registration Fee Revenue Indenture, now or hereafter duly authorized and entered into in accordance with the provisions of the Registration Fee Revenue Indenture.

"Swaps" means, collectively, (i) the ISDA Master Agreement, dated as of June 19, 2001, and the Amendments thereto, dated as of November 15, 2012, each between Merrill Lynch Capital Services, Inc. and the Commission, together with the Schedule and Credit Support Annex thereto, the Amendment thereto and the Confirmation, dated August 2, 2005, as amended and restated as of November 15, 2012, the ISDA Novation Agreement, dated as of February 28, 2023, among the Commission, Merrill Lynch Capital Services, Inc. and Bank of America, N.A., as amended and restated by the Second Amended Swap Transaction Confirmation, dated February 28, 2023, as amended and restated as of September 6, 2023, and as amended and restated by a Third Amended and Restated Confirmation dated February 28, 2023, as amended and restated as of September 6, 2023 and December 3, 2025, and the Amended and Restated Credit Support Annex, dated as of September 6, 2023, as amended on December 3, 2025 (the "BANA Swap Amendment"); (ii) the ISDA Master Agreement between Morgan Stanley Capital Services LLC and the Commission dated as of August 2, 2005, together with the Schedule thereto, and the Agreement to Amend Certain Qualified Financial Contracts, dated as of June 8, 2023, and the Amendment to the ISDA Master Agreement, dated as of September 6, 2023, and the Swap Transaction Confirmation, dated August 2, 2005, as amended on July 20, 2023, and on September 6, 2023, and as amended on December 3, 2025 (the "Morgan Stanley Swap Amendment"); (iii) the ISDA Master Agreement between JPMorgan Chase Bank, National Association and the Commission dated as of August 2, 2005, together with the Schedule thereto (the "JPM ISDA Master"), and as amended by (i) the Agreement to Amend Certain Qualified Financial Contracts dated as of June 8, 2023, and (ii) the Amendments to the Schedule to the JPM ISDA Master dated as of September 6, 2023 and December 3, 2025, and the Swap Transaction Confirmation with a Trade Date of August 2, 2005, as amended on September 6, 2023, and as amended on December 3, 2025 (the "JP Morgan Swap Amendment"); and (iv) the ISDA Master Agreement between The Bank of New York Mellon and the Commission dated as of December 20, 2013, together with the Schedule thereto, and the Swap Transaction Confirmation dated December 20, 2013, and the Amendment thereto dated September 6, 2023, and as amended on December 3, 2025 (the "BNY Mellon Swap Amendment").

"Treasurer's Certificate" shall mean a certificate signed by the Treasurer, Assistant Treasurer or Chief Financial Officer of the Commission containing the data specified in the Registration Fee Revenue Indenture.

"Treasuries" shall mean non-callable direct obligations of the United States of America.

"Trust Estate" shall mean (i) all Trust Receipts, (ii) the Commission's right to receive the Commission Allocation from the Act 3 Revenues and any portion of the Commission Allocation actually received by the Commission, (iii) all right, title and interest of the Commission in the Intercept Agreement; and (iv) all moneys deposited into accounts or funds created by the Registration Fee Revenue Indenture (other than the Rebate Fund).

"Trust Receipts" shall mean (a) any receipts, revenues and other moneys received by the Trustee from the Commission Allocation from the Act 3 Revenues and (b) the interest and income

earned on any fund or account established pursuant to the Registration Fee Revenue Indenture and included in the Trust Estate.

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

"2005 Bond Insurer" or the "Insurer" shall mean Assured Guaranty Municipal Corp., f/k/a Financial Security Assurance Inc., or any successor thereto or assignee thereof.

"2005 Bonds" or "Initial Series" shall mean the Commission's Registration Fee Revenue Refunding Bonds, Series 2005, issued pursuant to the Registration Fee Revenue Indenture.

"2023 Bonds" shall mean the Commission's Registration Fee Revenue Refunding Bonds (Floating Rate Notes), Series of 2023, issued pursuant to the Registration Fee Revenue Indenture.

"2025 Bonds" shall mean the Commission's Registration Fee Revenue Refunding Bonds, Series of 2025, issued pursuant to the Registration Fee Revenue Indenture.

"2025 Account of the Debt Service Fund" means the fund so designated established pursuant to the Registration Fee Revenue Indenture.

"2025 Clearing Fund" shall mean the special fund created with respect to the 2025 Bonds by the Registration Fee Revenue Indenture.

"2025 Rebate Fund" means the fund so designated established pursuant to the Registration Fee Revenue Indenture.

THE REGISTRATION FEE REVENUE INDENTURE

The 2025 Bonds will be issued under the Registration Fee Revenue Indenture. The following summarizes certain provisions of the Registration Fee Revenue Indenture but is not to be regarded as a full statement thereof and reference should be made to the Registration Fee Revenue Indenture itself for all of the terms and provisions thereof.

Grant of Security Interest

Pursuant to the Registration Fee Revenue Indenture, the Commission grants a security interest in and pledges unto the Trustee the Trust Estate as security for the payment of the Parity Obligations, all on a *pari passu* basis, and the interest thereon, and as security for the satisfaction of any other obligation assumed by it in connection with such Parity Obligations; and the Commission and the Trustee mutually agree and covenant in the Registration Fee Revenue Indenture for the equal and proportionate benefit and security of all and singular the present and future owners of the Parity Obligations issued and to be issued under the Registration Fee Revenue Indenture, without preference, priority or distinction as to lien or otherwise, except as otherwise provided in the Registration Fee Revenue Indenture or in any Supplemental Indenture, of any one Parity Obligation over any other Parity Obligation by reason of priority in the issuance, sale or negotiation thereof or otherwise.

Limitations on Issuance of Indebtedness

Issuance of Additional Bonds Generally. The Commission will not issue or incur other indebtedness having a parity lien on the Trust Receipts except for Additional Bonds, as separate Series issued pursuant to the Registration Fee Revenue Indenture, and other Parity Obligations. Additional Bonds may be issued under and secured by the Registration Fee Revenue Indenture, at any time or times, subject to the conditions described below, for the purpose of paying the cost of all or any part of any Additional Project or for the purpose of refunding all or any portion of the Bonds then outstanding and, if elected by the Commission as hereinafter set forth, all or a portion of the expenses incurred by the Commission in connection with the issuance of such Bonds.

Before any such Bonds shall be authenticated by the Trustee and delivered by the Trustee, there shall be filed with the Trustee, among other things:

(a) the documents required by the provisions described below for the applicable type of Additional Bonds issued for additional projects or for refunding (as applicable);

(b) a Supplemental Indenture executed by the Commission in an appropriate number of counterparts setting forth, subject to the provisions of Article 2 of the Registration Fee Revenue Indenture, the terms and provisions of such Additional Bonds. The Supplemental Indenture shall provide whether the Debt Service Reserve Fund shall be funded and, if funded, shall establish a separate account within the Debt Service Reserve Fund and shall specify how such account may be funded;

(c) An opinion of Bond Counsel that the issuance of the Additional Bonds will not adversely affect the exclusion of the interest on all outstanding Bonds from federal income taxation; and

(d) If such Bonds do not bear interest at a Fixed Rate, the consent of the 2005 Bond Insurer and Liquidity Provider for any series of Bonds.

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

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

(a) the documents described above under "Limitations on Issuance of Indebtedness - - Issuance of Additional Bonds Generally";

(b) a Treasurer's Certificate demonstrating and concluding that the actual Principal and Interest Requirements in each Fiscal Year on all Bonds and other Parity Obligations

to be outstanding under the Registration Fee Revenue Indenture after the delivery of the proposed Additional Bonds would not be more than the Commission Allocation for such Fiscal Year.

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

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

(a) the documents described above under "Limitation on Issuance of Indebtedness - - Issuance of Additional Bonds Generally";

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

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

The Trustee, however, shall not authenticate and deliver such Bonds unless it receives a certificate signed by the Treasurer, Assistant Treasurer or Chief Financial Officer of the Commission demonstrating that the percentage derived by dividing the amount of the Trust Receipts by the debt service on Bonds outstanding after delivery of such Additional Bonds shall be either (i) at least 100% in each year or (ii) not less than the percentage obtained by dividing such amounts prior to delivery of such Additional Bonds.

Simultaneously with the delivery of such Additional Bonds issued to refund Bonds issued under the provisions of the Registration Fee Revenue Indenture, the Trustee shall withdraw from the Debt Service Fund and the debt service reserve fund, if any, any amounts allocable to the Bonds being refunded and shall apply such amounts to the payment of the Bonds being refunded unless an opinion of Bond Counsel is provided that another application will not adversely affect the exclusion of the interest from federal income taxation. The proceeds of such Additional Bonds shall be applied by the Trustee pursuant to the Authentication Order with respect to such Additional Bonds or a requisition or other written direction signed by a Commission Official and delivered to the Trustee.

Upon compliance with the foregoing provisions, the Trustee shall authenticate and the Trustee shall deliver such Additional Bonds. The proceeds of such Additional Bonds (excluding

accrued interest and after deducting an amount equal to all expenses incurred by the Commission in connection with the issuance of such Bonds to the extent that said expenses are to be paid from such proceeds) shall be held by the Trustee, or an escrow agent that would satisfy the requirement of a Trustee under the Registration Fee Revenue Indenture, in trust for the sole and exclusive purpose of paying such principal, redemption premium, if any, and interest.

To the extent the proceeds of any Bonds issued under the foregoing provisions are required to be invested as aforesaid, such proceeds shall be invested only in Government Obligations.

Subordinated Indebtedness

Nothing in the Registration Fee Revenue Indenture shall prohibit or prevent, or be deemed or construed to prohibit or prevent, the Commission, to the extent now permitted under the Enabling Acts or hereafter permitted by law and subject to the approval of the 2005 Bond Insurer, from issuing or otherwise incurring Subordinated Indebtedness subordinate to the lien of the Registration Fee Revenue Indenture. Subordinated Indebtedness secured by a subordinate lien of Indenture may be issued or otherwise incurred in accordance with the Registration Fee Revenue Indenture.

Other Parity Obligations.

The Commission may enter into one or more contracts with a swap provider ("Counterparty"), with respect to Bonds, having an interest rate, cash-flow, or other hedge basis desired by the Commission (a "Swap Agreement"), including, without limitation, interest rate swap agreements, forward payment conversion agreements, futures contracts, contracts providing for payments based on levels of or changes in interest 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 or under any other obligation, to be taken into account in any calculation of Principal and Interest Requirements, the Commission shall file with the Trustee the following on or before entering into the Swap Agreement or other obligation (in which event, such Swap Agreement or other obligation shall constitute an "Approved Obligation"):

- (a) A copy certified by a Commission Official of the resolution or resolutions of the Commission authorizing the execution and delivery of the Approved Obligation (no Supplemental Indenture being required unless the Commission determines it to be necessary or appropriate);
- (b) An original executed counterpart of the Approved Obligation;
- (c) An opinion of Bond Counsel addressed to the Commission and to the Trustee, to the effect that execution of the Approved Obligation is permitted under the laws of the Commonwealth and will not adversely affect the exclusion from gross income from interest on any Bonds for federal income tax purposes; provided that if the Approved Obligation relates to Bonds being issued and the Approved Obligation is entered into at the time of or prior to the issuance of such Bonds, the portion of the opinion of Bond Counsel referring to tax-exempt status of the Bonds need not be delivered;

(d) A certificate of the Commission, signed by a Commission Official, that the Commission is not under default under the Registration Fee Revenue Indenture;

(e) Evidence that the execution of the Approved Obligation will not result in a reduction or withdrawal of the enhanced rating then assigned to any Bonds by the Rating Agency;

(f) Evidence that the provisions of the Registration Fee Revenue Indenture have been met with respect to such Approved Obligations; and

(g) Such further documents as are required by the Approved Obligation or Bond Counsel.

In the event the Commission wishes to enter into an Approved Obligation and to have its obligations thereunder be on parity with all Bonds and 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 Approved Obligation shall constitute a "Parity Obligation"). Upon entering into a 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 Counterparty as if such amounts were additional amounts of interest due; and the Trustee shall pay on behalf of the Commission to the 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 or to such other account as designated by a Commission Official.

The Commission has covenanted it will not enter any Parity Obligation unless prior to or contemporaneously with the incurrence thereof, the applicable provisions of the Registration Fee Revenue Indenture are met and there is delivered to the Trustee one of the certificates or reports required in the Registration Fee Revenue Indenture, which takes into account the expected payments by and to the Commission pursuant to such Parity Obligation in making the calculations thereunder.

Notwithstanding anything to the contrary contained in the Registration Fee Revenue Indenture, the Swap Agreements other than the termination payments provided therein, and the reimbursement obligations to the 2005 Bond Insurer shall be deemed for the purposes hereof to be, and are defined as, Parity Obligations under the Registration Fee Revenue Indenture. Settlement Amounts under such Swap Agreements payable by the Commission shall be paid under the Registration Fee Revenue Indenture as Subordinated Indebtedness.

Clearing Fund

There is established with the Trustee a fund designated the "2025 Clearing Fund." All of the net proceeds of the 2025 Bonds shall be deposited by the Trustee into the 2025 Clearing Fund. The Trustee is authorized and directed: (a) to transfer to the paying agent for the Series 2023 Bonds, the amount set forth in a certificate signed by a Commission Official (the "Closing Statement") necessary to effect the refunding and optional redemption of the Series 2023 Bonds as set forth in the Closing Statement; and (b) to pay costs incurred by the Commission in connection with the issuance of the 2025 Bonds from proceeds of the 2025 Bonds and from other

moneys of the Commission, if any, available for such purpose and set forth in the Closing Statement, or as thereafter presented to the Trustee by the Commission. Any moneys remaining in the 2025 Clearing Fund 90 days after the Series Issue Date for the 2025 Bonds shall be transferred to the 2025 Account of the Debt Service Fund and the 2025 Clearing Fund shall be closed.

Revenue Fund

The Registration Fee Revenue Indenture creates a special fund known as the "Revenue Fund." The moneys in the Revenue Fund shall be held by the Trustee in trust and applied as provided in the Registration Fee Revenue Indenture.

The Commission acknowledges in the Registration Fee Revenue Indenture that it has irrevocably directed the Commonwealth to transfer the Commission Allocation from the Commonwealth to the Trustee for deposit into the Revenue Fund in order to assure the lien in favor of the Trustee on the Trust Receipts and such direction may only be modified (but not revoked) with the consent of the Trustee and the 2005 Bond Insurer, which consents the Trustee and the 2005 Bond Insurer may withhold at their sole discretion. Notwithstanding the foregoing, the Commission covenants that any and all Act 3 Revenues which it receives pursuant to the Commission Allocation initially will be deposited into a segregated account of the Commission and will be transferred therefrom within one (1) Business Day following receipt to the Trustee for deposit in the Revenue Fund.

The Commission further covenants that statements giving the amounts of each such deposit with any depository will be forwarded promptly to the Trustee by the Commission and by such depository.

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

Debt Service Fund

The Registration Fee Revenue Indenture creates a special fund known as the "Debt Service Fund", which shall be held in trust by the Trustee until applied as hereinafter provided for the payment of debt service on the Bonds and financing costs. The Trustee shall make transfers for debt service to the Debt Service Fund as required by the Registration Fee Revenue Indenture and by the Bonds. The Trustee shall make transfers for financing costs to the Debt Service Fund as directed by the Commission.

There is created a separate account of the Debt Service Fund designated "2025 Account of the Debt Service Fund" for deposit and disbursement of funds for debt service on the 2025 Bonds. The Trustee shall withdraw from the Revenue Fund and deposit to the 2025 Account of the Debt Service Fund on each Interest Payment Date, an amount which, together with amounts already on deposit therein, if any, are sufficient to pay the principal of, interest on, redemption price of, or any other amounts then due and payable under the respective Series of 2025 Bonds and as required pursuant to the Supplemental Indenture with respect to the 2025 Bonds.

The moneys at any time on deposit to the credit of the 2025 Account of the Debt Service Fund or to be deposited thereto from the Revenue Fund may be applied by the Commission to the purchase of 2025 Bonds of the same maturity of 2025 Bonds then due from such 2025 Account of the Debt Service Fund and such moneys shall be withdrawn by the Trustee and applied to the payment of the purchase price of such 2025 Bonds which the Commission may agree to purchase or has paid, provided that such purchase price is not in excess of 100% of the principal amount thereof. At any time that the Trustee shall be requested to apply such moneys to the purchase of 2025 Bonds, the Commission shall furnish to the Trustee a Commission Official's certificate specifying the 2025 Bonds or portions thereof which it has agreed to purchase, the purchase price thereof, the names of the sellers (if not the Commission) and the expenses involved in connection with such purchase. At the time of any purchase of 2025 Bonds, the Trustee shall withdraw from the 2025 Account of the Debt Service Fund any amounts deposited therein for the payment of interest on the 2025 Bonds so purchased. Any 2025 Bonds so purchased shall be promptly cancelled and the principal amount thereof shall be applied to such 2025 Bonds then due.

If on June 15 of any year the moneys in the Debt Service Fund and the Revenue Fund shall be sufficient to effect maturity of all Bonds outstanding on the next succeeding July 15, or at such time as there shall not be any Bonds outstanding, any moneys in the Debt Service Fund and the Revenue Fund in excess of the amount required for such payment at maturity, or all such moneys, as the case may be, shall be transferred to the Commission and thereafter no further transfers shall be required to be made from the Revenue Fund to the Debt Service Fund.

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

Debt Service Reserve Fund

No Debt Service Reserve Fund shall be created for the 2025 Bonds. In the event the sale of Additional Bonds requires a Debt Service Reserve Fund, a Debt Service Reserve Fund and a special account shall be established which shall be held in trust by the Trustee until applied as directed therein, but moneys in any special account may only be applied to the payment of the series of Additional Bonds to which it relates.

Special Sinking Fund

The Registration Fee Revenue Indenture also creates a Special Sinking Fund for the purpose of holding and investing funds which shall be deposited into the Special Sinking Fund by the Commission in such amounts and at such times as are determined by the Commission's Financial Advisor or other financial consultant for purposes of compliance with the requirements of Section 148 of the Code. The Trustee shall invest such funds in Permitted Investments as

directed by the Commission. If moneys in other Funds under the Registration Fee Revenue Indenture are not sufficient to make principal, interest, and other required payments with respect to the 2005 Bonds, funds in the Special Sinking Fund may be disbursed by the Trustee for such purposes.

2025 Rebate Fund

The Trustee shall establish a Fund to be designated the "2025 Rebate Fund" which shall be held separate and apart from all other Funds established under the Registration Fee Revenue Indenture. The Trustee shall make deposits to and disbursements from the 2025 Rebate Fund in accordance with the tax compliance certificate relating to the 2025 Bonds and shall invest the 2025 Rebate Fund pursuant to written instructions given to it by the Commission.

Self-Liquidity Fund

The Self-Liquidity Fund shall remain in full force and effect as provided in the Registration Fee Revenue Indenture but upon the issuance of the 2025 Bonds, the Commission is no longer required to maintain a minimum balance and expects to maintain a balance of \$0. When funded, the funds thereunder in the Self-Liquidity Fund may be transferred to the Commission at the written direction of the Commission if the Commission is not in default under the Registration Fee Revenue Indenture and the Commission is not required to maintain a balance in the Self-Liquidity Fund. The balance of the Self-Liquidity Fund shall be held solely in cash or in investments which are permitted by the definition of "Permitted Investments" under the Registration Fee Revenue Indenture. Earnings from the Self-Liquidity Fund may be transferred to the Commission pursuant to the written direction of the Commission, provided the Self-Liquidity Fund is at its required balance and the Commission is not in default under the Registration Fee Revenue Indenture. In the event the Self-Liquidity Fund is funded and to the extent that there remains a deficiency in the Debt Service Fund on any payment date after the required transfers, the Trustee shall transfer such amount of deficiency on such payment date from the Self- Liquidity Fund to the Debt Service Fund. Upon such draw on the Self-Liquidity Fund, the Commission shall replenish such amount drawn from otherwise legally available funds of the Commission within five (5) days of such draw, provided however, that the Commission shall only be required to replenish such amount if the Self-Liquidity Fund is required to be funded and there is a deficiency in the funding amount, and only to the extent of such deficiency. The Trustee shall provide notice to the Commission, the 2005 Bond Insurer and the holders of the bonds then outstanding of such draw.

Surplus Trust Receipts

On the Business Day immediately succeeding July 15 of each year, after making the required deposits to the accounts of the Debt Service Fund under the Registration Fee Revenue Indenture for debt service and financing fees and no Event of Default has occurred or is continuing under the Registration Fee Revenue Indenture, the Trustee is directed by the Registration Fee Revenue Indenture to withdraw from the Revenue Fund under the Registration Fee Revenue Indenture an amount in each case equal to the remaining balance of the Revenue Fund on that day in excess of \$2,333,333.33, and transfer such funds to the Commission or as the Commission may otherwise direct. These funds may be applied by the Commission as it may otherwise agree or for any other lawful purpose including without limitation, the payment of a termination payment.

Security for Deposits; Investment of Moneys

To the extent required by law, all moneys deposited with the Trustee shall be continuously and fully secured, unless or until invested as provided below, for the benefit of the Commission and the owners of the Bonds and other Parity Obligations, by Government Obligations or direct and general obligations of the Commonwealth or otherwise in accordance with the laws of the Commonwealth governing trust funds of public bodies. Such security shall have an aggregate market value, exclusive of accrued interest, at all times at least equal to the amount of moneys so deposited. Such security shall be deposited with a Federal Reserve Bank or with the corporate trust department of the Trustee to the extent required by law.

Moneys held in any of the funds or accounts under the Registration Fee Revenue Indenture may be retained uninvested, if deemed necessary by the Commission, as trust funds and secured as provided in the preceding paragraph, or may be invested in Permitted Investments. All such investments shall be made by the Trustee only upon the oral request of the Commission confirmed in writing by a Commission Official specifying the account or fund from which moneys are to be invested and designating the specific investments to be acquired.

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

The investments so acquired with the moneys in any such fund or account shall be a part of such fund or account and, for the purposes of determining the amount in such fund or account, the investments therein shall be valued at their then fair market value. The interest or income received shall remain in the fund or account to which the investment is credited until transferred therefrom pursuant to the provisions hereof.

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

Covenants as to Act 3 Revenues and Trust Receipts

The Commission covenants in the Registration Fee Revenue Indenture that:

(a) It will seek to enforce the pledge and appropriation of the Commonwealth with respect to the Commission Allocation set forth in Section 20 of Act 3 and described in this

Official Statement. By way of example and not of limitation, in the event (i) the monthly payment of the Commission allocation is not received by the Trustee in any month and the Trustee so notifies the Commission or (ii) the General Assembly of the Commonwealth has not adopted its budget by July 1 of any year, the Commission promptly will make inquiry as to the reasons for such missed payment or failure to adopt the budget and will report its findings to the Trustee. If the Trustee, upon receiving such report, has reason to believe that such payments will not be resumed or that the failure to adopt the budget could jeopardize any payments of the Commission Allocation, then the Trustee shall request the Commission to seek to enforce the pledge and appropriation.

(b) It will petition the General Assembly for additional funds in the event that the Trust Receipts are inadequate to pay the amounts due under the Registration Fee Revenue Indenture.

Events of Default

Under the Registration Fee Revenue Indenture, each of the following events is thereby declared an "event of default," that is to say:

If

(a) Payment of the interest on, or principal and premium, if any, of any of the Parity Obligations shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) The Commission shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like for it or for all or a substantial part of its property, or (ii) make a general assignment for the benefit of creditors, or (iii) be adjudicated a bankrupt or insolvent, or (iv) commence a voluntary case under the United States Bankruptcy Code or file a voluntary petition or answer seeking reorganization, an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy, reorganization or insolvency proceeding, or action of the Commission shall be taken for the purpose of effecting any of the foregoing, or (v) take any corporate action or other action to authorize any of the foregoing, or (vi) if without the application, approval or consent of the Commission, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking in respect of the Commission an order for relief or an adjudication in bankruptcy, reorganization, dissolution, winding up or liquidation, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of the Commission or of all or any substantial part of its assets or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by the Commission in good faith, the same shall (A) result in the entry of an order for relief or any such adjudication or appointment or (B) remain undismissed and undischarged for a period of 60 days; or

(c) Any proceeding shall be instituted, with the consent or acquiescence of the Commission, for the purpose of effecting a compromise between the Commission and its creditors

or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the Trust Receipts; or

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

(e) The Commonwealth, the Treasurer of the Commonwealth or the Commonwealth Department of Transportation shall default in the due and punctual performance of any covenant, condition, agreement and provision contained in the Intercept Agreement and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Commission, the Commonwealth, the Treasurer of the Commonwealth or the Commonwealth Department of Transportation by the Trustee.

No grace period for a covenant default shall exceed thirty (30) days or be extended for more than sixty (60) days, without the prior written consent of the 2005 Bond Insurer. No grace period shall be permitted for payment defaults pursuant to the 2005 Bonds or the Registration Fee Revenue Indenture.

Notwithstanding anything to the contrary contained in the Registration Fee Revenue Indenture, any default under Subordinated Indebtedness shall not constitute a default under the Registration Fee Revenue Indenture.

Acceleration of Maturities

Upon the happening and continuance of any Event of Default but subject to the conditions set forth under the heading "Directions, Requests, Consents or Voting" set forth below, then and in every such case the Trustee may, and upon the written request of the owners of not less than twenty-five percent (25%) in principal amount of the Parity Obligations then Outstanding shall, by a notice in writing to the Commission, declare the principal of all of the Parity Obligations then outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Parity Obligations or in the Registration Fee Revenue Indenture to the contrary notwithstanding; provided, however, that if at any time after the principal of the Parity Obligations shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Registration Fee Revenue Indenture, the Trustee shall

hold moneys sufficient to pay the principal of all matured Parity Obligations and all arrears of interest, if any, upon all the Parity Obligations then outstanding (except the principal of any Parity Obligations not then due by their terms and the interest accrued on such Parity Obligations since the last interest payment date), and the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee, and all other amounts then payable by the Commission under the Registration Fee Revenue Indenture shall have been paid or a sum sufficient to pay the same shall have been deposited with the appropriate trustee, and every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Parity Obligations or in the Registration Fee Revenue Indenture (other than a default in the payment of the principal of such Parity Obligations then due only because of a declaration under the Registration Fee Revenue Indenture) shall have been remedied to the satisfaction of the Trustee, then and in every such case the Trustee may, and upon the written request of the owners of not less than twenty-five percent (25%) in principal amount of the Parity Obligations not then due by their terms and then outstanding shall, by written notice to the Commission, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon. Notwithstanding anything to the contrary contained in the Registration Fee Revenue Indenture, the maturity of 2005 Bonds insured by the 2005 Bond Insurer shall not be accelerated without the consent of the 2005 Bond Insurer and in the event the maturity of the 2005 Bonds is accelerated, the 2005 Bond Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued that, on such principal to the date of acceleration (to the extent unpaid by the Commission) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the 2005 Bond Insurer's obligations under the 2005 Bond Insurance Policy with respect to such 2005 Bonds shall be fully discharged.

Notwithstanding anything to the contrary contained in the Registration Fee Revenue Indenture, the owners of Subordinated Indebtedness shall have no right to vote on, or require, an acceleration of maturities of Parity Obligations. Notwithstanding anything to the contrary contained in the Registration Fee Revenue Indenture, any default under an Approved Obligation to timely pay a termination fee due and payable by the Commission under a Swap Agreement shall not constitute a default under the Registration Fee Revenue Indenture.

Enforcement of Remedies

Upon the happening and continuance of any Event of Default, then and in every such case the Trustee may proceed, and upon the written request of the owners of not less than twenty-five percent (25%) in principal amount of the Parity Obligations then outstanding under the Registration Fee Revenue Indenture shall proceed, subject to the provisions of the Registration Fee Revenue Indenture entitling the Trustee to satisfactory indemnity before taking certain actions and to the conditions set forth under the heading "Directions, Requests, Consents or Voting" set forth below, to protect and enforce its rights and the rights of the holders of the Parity Obligations under the laws of the Commonwealth or under the Registration Fee Revenue Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid of execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem reasonable or necessary to protect and enforce such rights.

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

Pro Rata Application of Funds

If at any time the moneys in the Debt Service Fund or any sinking fund or similar fund shall not be sufficient to pay the principal of or the interest on the Parity Obligations as the same become due and payable (either by their terms or by acceleration of maturities under the provisions described above), such moneys, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in the Registration Fee Revenue Indenture or otherwise, shall be applied as follows, subject to the payment of amounts owing to the Trustee pursuant to the Registration Fee Revenue Indenture:

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

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

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

third: to the payment of the interest on and the principal of the Parity Obligations, to the purchase and retirement of Parity Obligations and to the redemption of Parity Obligations, all in accordance with the provisions of the Registration Fee Revenue Indenture.

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

(c) If the principal of all the Parity Obligations shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of the Registration Fee Revenue Indenture, then, subject to the provisions of paragraph (b) above, in the event that the principal of all the Parity Obligations shall later become due or be declared due and payable, the moneys then remaining in and thereafter accruing to any Debt Service Reserve Fund and any sinking fund shall be applied in accordance with the provisions of paragraph (a) above.

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

Effect of Discontinuance of Proceedings

In case any proceeding taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason, then and in every such case the Commission, the Trustee and the holders of the Parity Obligations shall be restored to their former positions and

rights under the Registration Fee Revenue Indenture, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

Majority of Holders of the Parity Obligations may Control Proceedings

Anything in the Registration Fee Revenue Indenture to the contrary notwithstanding, the owners of a majority in principal amount of the Parity Obligations then outstanding shall have the right, subject to the provisions of the Registration Fee Revenue Indenture entitling the Trustee to satisfactory indemnity before taking certain actions and to the conditions set forth under the heading "Directions, Requests, Consents or Voting" set forth below, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Registration Fee Revenue Indenture, provided that such direction shall not be otherwise than in accordance with law or the provisions of the Registration Fee Revenue Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to holders of the Parity Obligations not parties to such direction. The Trustee may exercise any right or take any other action deemed proper by the Trustee which is not inconsistent with such direction.

Restrictions upon Action by Individual Holder of the Parity Obligations.

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

Directions, Requests, Consents or Voting

With respect to any right of direction, request, consent or voting by owners of Parity Obligations, any such owners pursuant to Swap Agreements, or bond insurance shall have such rights as are specifically set forth in the Registration Fee Revenue Indenture.

Resignation or Removal of Trustee

The Trustee may resign and thereby become discharged from the trusts hereby created by notice in writing mailed postage prepaid to the Commission, to all registered owners of the Bonds, to all holders of the other Parity Obligations and to the Rating Agency at least thirty (30) days before such resignation is to take effect. In any event any resignation of the Trustee shall not take effect until the appointment of a new Trustee under the Registration Fee Revenue Indenture.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing, signed by the owners of not less than a majority in principal amount of the Bonds then outstanding and filed with the Commission. A photostatic copy of each such instrument shall be delivered promptly by the Commission to the Trustee. The Trustee may also be removed at any time by a resolution of the Commission so long as the Commission is not in default under any provision of the Registration Fee Revenue Indenture. In any event any removal of the Trustee shall not take effect until the appointment of a new Trustee under the Registration Fee Revenue Indenture.

Supplemental Indentures Without Consent of Holders of Parity Obligations

The Commission and the Trustee may, with the approval of the 2005 Bond Insurer so long as it is not in default under its bond insurance policy, from time to time and at any time, enter into one or more Supplemental Indentures without consent of the owners of the Bonds (which Supplemental Indentures shall thereafter form a part hereof),

- (a) to cure any ambiguity or formal defect or omission in the Registration Fee Revenue Indenture or in any Supplemental Indenture, including without limitation defects which would, if not cured, cause (i) the Bonds, or transactions therein, to fail to meet an exemption under federal or state securities laws customarily relied upon in the offering, sale, purchase tender or remarketing of bonds of the same general character as the Bonds or (ii) the interest on any series of Bonds to be included in gross income for federal income tax purposes when such interest is not to be so includable,
- (b) to grant to or confer upon the Trustee for the benefit of the holders of the Parity Obligations any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the holders of the Parity Obligations or the Trustee,
- (c) to issue Additional Bonds or other Parity Obligations pursuant to the Registration Fee Revenue Indenture,
- (d) to issue Subordinated Indebtedness, provided that such changes would not in the determination of the Trustee materially adversely affect the rights of the Trustee or of the holders of the Parity Obligations provided that the Trustee may solely and conclusively rely upon the opinion of its counsel, the Commission's financial advisor or a nationally recognized bond counsel, financial advisor or investment banking firm in making such determination, or

(e) to make any other amendment which does not, in the determination of the Trustee, materially adversely affect the rights of the Trustee or of the holders of the Bondholders, provided that the Trustee may solely and conclusively rely upon the opinion of its counsel, the Commission's financial advisor or a nationally recognized bond counsel, financial advisor or investment banking firm in making such determination.

Modification of Indenture with Consent of Owners of a Majority of Holders of the Parity Obligations

Subject to the terms and provisions set forth below, and not otherwise, and also subject to the approval of the 2005 Bond Insurer so long as it is not in default under its bond insurance policy, the owners of not less than a majority (more than fifty percent (50%) in aggregate principal amount of the Parity Obligations then outstanding shall have the right, from time to time, anything contained in the Registration Fee Revenue Indenture to the contrary notwithstanding, to consent to and approve the execution by the Commission and the Trustee of such Supplemental Indenture or Indentures hereto as shall be deemed necessary or desirable by the Commission for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Registration Fee Revenue Indenture or in any Supplemental Indenture; provided, however, that nothing herein contained shall permit, or be construed as permitting, without the consent of each owner of a Parity Obligation whose rights are affected thereby, (a) an extension of the maturity of the principal of or the interest on any Parity Obligations issued under the Registration Fee Revenue Indenture, or (b) a reduction in the principal amount of any Parity Obligations or the redemption premium or the rate of interest thereon, or (c) the creation of a lien ranking prior to or (except as to Additional Bonds and other Parity Obligations to the extent otherwise provided in the Registration Fee Revenue Indenture) on a parity with the lien on the Trust Estate created by the Registration Fee Revenue Indenture, or (d) a preference or priority of any Parity Obligation over any other Parity Obligation, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture. Nothing contained in the Registration Fee Revenue Indenture, however, shall be construed as making necessary the approval by holders of the Parity Obligations of the execution of any Supplemental Indenture as authorized by the provision described above under "Supplemental Indenture Without Consent of Holders of Parity Obligations."

If at any time the Commission shall request the Trustee to enter into any Supplemental Indenture for any of the purposes of the Registration Fee Revenue Indenture, the Trustee shall, at the expense of the Commission, cause notice of the proposed execution of such Supplemental Indenture to be mailed, postage prepaid, to all registered owners of the Parity Obligations then outstanding at their addresses as they appear on the registration books and to all other holders of the Parity Obligations who shall have filed their names and addresses with the Trustee for such purpose. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the designated corporate trust office of the Trustee for inspection by all holders of the Parity Obligations. The Trustee shall not, however, be subject to any liability to any holder of the Parity Obligations by reason of its failure to mail the notice required by the Registration Fee Revenue Indenture, and any such failure shall not affect the validity of such Supplemental Indenture when consented to and approved as provided in the Registration Fee Revenue Indenture.

Whenever, at any time within one year after the date of the first dissemination of such notice, the Commission shall deliver to the Trustee an instrument or instruments purporting to be executed by the owners of not less than a majority in aggregate principal amount of the Parity Obligations then outstanding, which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice as on file with the Trustee, thereupon, but not otherwise, the Trustee may execute such Supplemental Indenture in substantially such form, without liability or responsibility to any holder of any Parity Obligations, whether or not such holder shall have consented thereto. Anything herein to the contrary notwithstanding, the owners of any Parity Obligations may consent to the provisions of a Supplemental Indenture (or what are referred to as "springing" provisions) in connection with the issuance of such Parity Obligations, in which event such consent shall be effective for any period of time and not limited by the one-year period described above.

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

Upon the execution of any Supplemental Indenture pursuant to the provisions of the Registration Fee Revenue Indenture, the Registration Fee Revenue Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Registration Fee Revenue Indenture of the Commission, the Trustee and all owners of the Parity Obligations then outstanding shall thereafter be determined, exercised and enforced under the Registration Fee Revenue Indenture, subject in all respects to such modifications and amendments.

Consents of Bond Insurer and Counterparties

Any amendment, supplement, modification to, or waiver of, the Registration Fee Revenue Indenture or any other transaction document including any underlying security agreement (each a "Related Document"), that requires the consent of Bondholders or materially or adversely affects the rights and interests of the Commission, the 2005 Bond Insurer or the applicable Counterparty shall be subject to the prior written consent of the 2005 Bond Insurer and such Counterparty.

Defeasance

If, when the Bonds secured by the Registration Fee Revenue Indenture shall have become due and payable in accordance with their terms or otherwise as provided in the Registration Fee Revenue Indenture or otherwise or shall have been duly called for redemption or irrevocable instructions to call the Bonds for redemption shall have been given by the Commission to the Trustee, the whole amount of the principal and interest and the premium, if any, so due and payable upon all of the Bonds then outstanding shall be paid or there shall have been deposited with the

Trustee or the Paying Agents an amount, evidenced by moneys or Government Obligations (that are either noncallable prior to the date needed to satisfy the requirements hereof or with respect to which the holder has the rights to demand the purchase of such obligations on the date needed to satisfy the requirements hereof), certified by an independent public accounting firm or verification agent of national reputation to be of such maturities and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (likewise to be held in trust and committed, except as hereinafter provided), to be sufficient for the payment, at their maturities or redemption dates, of all principal, premium, if any, and interest on the Bonds to the date of maturity or redemption, as the case may be, and provision shall also be made for paying all other sums payable under the Registration Fee Revenue Indenture by the Commission, then and in that case the right, title and interest of the Trustee shall thereupon cease, determine and become void, and the Trustee in such case, on demand of the Commission, and upon receipt of an Opinion of Counsel stating in substance that all conditions precedent provided for in the Registration Fee Revenue Indenture relating to defeasance have been satisfied, shall release the Registration Fee Revenue Indenture and shall execute such documents to evidence such release as may be reasonably required by the Commission, and shall turn over to the Commission or to such officer, board or body as may then be entitled by law to receive the same any surplus in any account in any sinking fund and all balances remaining in any other funds or accounts other than moneys held in any Rebate Fund created under the Registration Fee Revenue Indenture or any Supplemental Indenture and other moneys held for redemption or payment of Bonds; otherwise the Registration Fee Revenue Indenture shall be, continue and remain in full force and effect.

Notwithstanding anything in the Registration Fee Revenue Indenture to the contrary, the Registration Fee Revenue Indenture shall not be defeased or terminated unless all Parity Obligations and Subordinated Indebtedness have been satisfied and all amounts due thereunder have been paid in full or provision for payment has otherwise been made.

Notwithstanding anything in the Registration Fee Revenue Indenture to the contrary, in the event that the principal and/or interest due on the 2005 Bonds shall be paid by the 2005 Bond Insurer pursuant to the 2005 Bond Insurance Policy, the 2005 Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Commission, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the Commission to the registered owners of the 2005 Bonds shall continue to exist and shall run to the benefit of the 2005 Bond Insurer, and the 2005 Bond Insurer shall be subrogated to the rights of such registered owners.

Provision for Payment of Bonds

If the Commission deposits with the Trustee moneys or Government Obligations, sufficient to pay the principal or redemption price of any particular Bond or Bonds becoming due, either at maturity or by call for redemption or otherwise, together with all interest accruing thereon to the date of maturity or redemption, but in the case of variable rate Bonds, all interest thereon to the date of maturity or redemption at the maximum rate as set forth in the Registration Fee Revenue Indenture, then in such event, interest on such Bond or Bonds shall cease to accrue on the date of maturity or redemption and all liability of the Commission with respect to such Bond or Bonds shall cease. Thereafter, such Bond or Bonds shall be deemed not to be outstanding under the

Registration Fee Revenue Indenture and the holder or owners of such Bond or Bonds shall be restricted exclusively to the funds and securities so deposited and the proceeds thereof for any claim of whatever nature with respect to such Bond or Bonds, and the Trustee shall hold such funds in trust for such holder or owners.

Termination of Other Parity Obligations

The termination of any Parity Obligation, other than the Bonds, shall be governed by the provisions of the separate agreements relating to Parity Obligations and, following termination of any such Parity Obligation in accordance with the provisions thereof, the holders of such Parity Obligation, under such agreement being terminated, shall have no rights under the Registration Fee Revenue Indenture.

Swap Provisions

The Swaps constitute Approved Obligations and Parity Obligations as defined and as set forth in the Registration Fee Revenue Indenture.

The Commission, in consideration of the premises and of the execution and delivery of the Swaps by the Commission and the other parties thereto, and for other good and valuable consideration, the receipt of which is acknowledged in the Registration Fee Revenue Indenture, confirms the prior pledge and security interest under the Registration Fee Revenue Indenture to secure the Swaps as Approved Obligations and Parity Obligations, and in order to secure the payment of the scheduled payment obligations of the Commission pursuant to the Swaps according to their terms, and confirms that it has sold, assigned, transferred, granted a security interest, in, set over, and pledged to the Trustee, the Trust Estate. Pursuant to the Registration Fee Revenue Indenture, any Settlement Amounts payable under the Swaps shall be treated as Subordinated Indebtedness under the Registration Fee Revenue Indenture and subject to the requirements of the definition of Subordinated Indebtedness therein.

APPENDIX D

FORM OF OPINIONS OF CO-BOND COUNSEL

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December 11, 2025

**PENNSYLVANIA TURNPIKE COMMISSION
\$205,490,000 Registration Fee Revenue Refunding Bonds, Series of 2025**

To the Purchasers of the Bonds:

We have acted as Co-Bond Counsel to the Pennsylvania Turnpike Commission (the "Commission") in connection with the issuance by the Commission of its \$205,490,000 Registration Fee Revenue Bonds, Series of 2025 (the "Bonds") on the date hereof.

The Bonds are issued 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 ("Act 61") to the extent not repealed by Act 44 and the Act of November 25, 2013, P.L. 974, No. 89 ("Act 89") (collectively, the "Enabling Acts") and a resolution of the Commission adopted on September 17, 2024 and amended on March 18, 2025 (the "Resolution"), and pursuant to and under a Trust Indenture dated as of August 1, 2005 between the Commission and U.S. Bank Trust Company, National Association, as trustee, as amended and supplemented prior to the date hereof (as so amended and supplemented, the "Existing Indenture"), including as supplemented by a Supplemental Trust Indenture No. 7 dated as of December 1, 2025 (the "Supplemental Indenture," and together with the Existing Indenture, the "Indenture"). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

The Bonds will bear interest at the fixed rates and mature in the amounts and on the dates set forth in the Official Statement dated December 3, 2025, of the Commission related to the Bonds. The Bonds will be issued only as fully registered bonds, in denominations of \$5,000 and integral multiples of \$5,000 in excess thereof. The Bonds are subject to redemption prior to maturity as more fully described in the Indenture.

The proceeds of the Bonds will be used to finance the costs of: (i) the defeasance and redemption of the Commission's outstanding Registration Fee Revenue Refunding Bonds (Floating Rate Notes), Series of 2023; and (ii) issuing the Bonds.

We have examined the proceedings relating to the authorization and issuance of the Bonds, including, among other things: (a) the Enabling Acts; (b) a certified copy of the Resolution; (c) executed copies of the Existing Indenture and the Supplemental Indenture; (d) various certificates executed by the Commission and/or the Trustee including certificates as to the authentication and delivery of the Bonds; (e) the opinion of Doreen A. McCall, Esquire, Chief Counsel to the Commission, on which we have relied; (f) the Form 8038-G of the Commission with respect to the Bonds; (g) an executed counterpart of the certificate relating to federal tax matters; (h) other documents, certificates and instruments listed in the Closing Memorandum in respect of the Bonds filed with the Trustee on the date of original delivery of the Bonds; and (i) 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 matters set forth herein. We have also examined a fully executed and authenticated Bond and we assume all other Bonds are in such form and are similarly executed and authenticated.

In rendering our opinion, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to the original documents of all documents submitted to us as copies and the authenticity of certificates of public officials. As to any facts material to our opinion, we have assumed the validity of and have not undertaken any investigation to verify the factual matters set forth in such agreements, certificates and other documents, and we have relied on the covenants, warranties and representations made by the Commission and the Trustee in such certificates and in the Indenture. We have also assumed that the documents referred to herein have been duly authorized by all parties thereto other than the Commission and are, where appropriate, legally binding obligations of, and enforceable in accordance with their terms against, all such other parties, except the Commission, and that the actions required to be taken and consent required to be obtained by such parties have been taken or obtained. We do not render any opinion with respect to the adequacy of security for the Bonds or the sources of payment in respect of the Bonds.

Based upon and subject to the foregoing and the additional assumptions, qualifications and limitations set forth below, we are of the opinion that:

1. The Commission is a body corporate and politic, is validly existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth") and has the corporate power to enter into the transactions contemplated by the Supplemental Indenture and to carry out its obligations thereunder and to issue and deliver the Bonds.

2. The 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 Indenture, except as such enforcement may be limited by laws relating to bankruptcy, insolvency, reorganization, receivership, arrangement, moratorium and other laws affecting creditors' rights, by equitable principles, whether considered at law or in equity, and by the exercise of judicial discretion in appropriate cases.

3. The Supplemental Indenture has been duly authorized, executed and delivered by the Commission and constitutes the valid and binding obligation of the Commission in accordance with its terms, except as such enforcement may be limited by laws relating to bankruptcy, insolvency, reorganization, receivership, arrangement, moratorium and other laws affecting creditors' rights, by equitable principles, whether considered at law or in equity, and by the exercise of judicial discretion in appropriate cases.

4. Under the laws of the Commonwealth, as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax; however, under the laws of the Commonwealth, as enacted and construed on the date hereof, any profits, gains, or income derived from the sale, exchange, or other

disposition of the Bonds will be subject to Pennsylvania taxes and local taxes within the Commonwealth.

Interest on the Bonds is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in the preceding sentence is subject to the condition that the Commission complies with all applicable federal income tax law requirements that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon continues to be excluded from gross income for purpose of federal income taxation. Failure to comply with certain of such requirements could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. Interest on the Bonds is not treated as an item of tax preference for purposes of the federal alternative minimum tax; however, such interest may be subject to the alternative minimum tax imposed under Section 55(b) of the Code on "applicable corporations" (within the meaning of Section 59(k) of the Code).

We express no opinion regarding any other federal, state or local tax consequences relating to the Bonds or the receipt of interest thereon.

We express no opinion herein on the adequacy, completeness or accuracy of any official statement, placement memorandum or other disclosure document pertaining to the offering of the Bonds. We express no opinion as to the availability of specific performance or other equitable relief.

This opinion is 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, and we express no opinion with respect to the laws of any other state or jurisdiction. In particular, we call to your attention that the 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 Bonds or the 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.

This opinion is limited to the matters expressly stated herein. No implied opinions are to be inferred to extend this opinion beyond the matters expressly stated herein. This opinion is given as of the date hereof, and we express no opinion as to any matter not set forth in the numbered paragraphs herein. We assume no obligation to update or supplement this opinion to reflect, or to otherwise advise you of, any facts or circumstances which may hereafter come to our attention or any changes in facts, circumstances or law which may hereafter occur.

This opinion is rendered solely for your benefit, may be relied upon by you solely in connection with the transactions contemplated hereby, and may not be relied upon by you for any other purpose, or by any other person for any purpose, in each case without our written consent.

Very truly yours,

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APPENDIX E

**AUDITED FINANCIAL STATEMENTS OF THE COMMISSION
FOR FISCAL YEARS ENDED MAY 31, 2025 AND 2024**

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PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania

An aerial photograph of a multi-lane highway, likely the Pennsylvania Turnpike, stretching into the distance through a rural area with fields and trees. A white truck is visible on the road.

**Annual Comprehensive Financial Report
Fiscal Years Ended May 31, 2025 and 2024
With Report of Independent Public Accountants**

Prepared by:
Accounting & Financial Reporting Department
Finance Department

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PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Annual Comprehensive Financial Report
Fiscal Years Ended May 31, 2025 and 2024

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PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Annual Comprehensive Financial Report
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INTRODUCTORY SECTION

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Pennsylvania Turnpike Commission

PO Box 67676
Harrisburg PA 17106-7676
717.939.9551

October 7, 2025

To the Commissioners and Bondholders of the Pennsylvania Turnpike Commission:

Introduction

The annual comprehensive financial report (ACFR) of the Pennsylvania Turnpike Commission (Commission) for the fiscal year ended May 31, 2025, is hereby submitted. The Commission covenants in the Senior Indenture that it will cause an annual audit to be made of its books and accounts of each fiscal year by an independent certified public accountant. A copy of such audit shall be filed with the Trustee promptly after the receipt by the Commission for such purpose.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Commission. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position, changes in financial position, and cash flows of the Commission. All disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included. Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The Commission was created as an instrumentality of the Commonwealth of Pennsylvania (Commonwealth) 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 discretely presented component unit of the Commonwealth of Pennsylvania. The Commission is composed of five members, one of whom is the Commonwealth of Pennsylvania's Secretary of Transportation. The others are appointed by the Governor with the advice and consent of a two-thirds majority of the Senate.

The Pennsylvania Turnpike Commission (the Employer) maintains an other postemployment welfare plan program (the Plan) for the purpose of providing non-pension other postemployment benefits (OPEB) for employees who meet the age and service requirements outlined in the Employer's plan documents. In accordance with GASB Statement No. 84, *Fiduciary Activities*, the Plan is a fiduciary component unit of the Commission.

The financial statements of the Commission's business-type activities (enterprise fund) and fiduciary activities (fiduciary fund) have been prepared in conformity with accounting principles generally accepted in the United States (U.S. GAAP) as applied to government units. The Commission's enterprise and fiduciary fund financial statements (the financial statements) are presented on the accrual basis of accounting.

Turnpike System

As of May 31, 2025, the Turnpike 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 completed portion of the Mon/Fayette Expressway project totaling approximately 48 miles;
- a six-mile section of the Southern Beltway from PA 60 to US 22; and
- a 13-mile section of the Southern Beltway between U.S. 22 and Interstate Route 79, which opened on October 15, 2021.

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 Turnpike System to the New Jersey Turnpike. A barrier toll, based on the vehicle's number of axles and regardless of distance traveled, is paid at the Delaware River Bridge for those vehicles traveling westbound. Open Road Tolling is utilized from the Delaware River Bridge to gantry T-291 located east of the Reading Interchange (see Open Road Tolling section for further discussion). The closed toll system, based on axles, height and distances traveled, begins at gantry T-291. 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. A barrier toll, by vehicle's number of axles and regardless of distance traveled, is paid at the western most interchange (Gateway) for those vehicles traveling eastbound. The closed toll system begins approximately 30 miles from the Ohio state line at Warrendale.

The Northeast Extension is approximately 110 miles in length and connects the Turnpike Mainline and the area north of Scranton. The Northeast Extension meets the Turnpike Mainline at a point north of Plymouth Meeting and traverses the eastern portion of Pennsylvania in a northerly direction through Allentown and Scranton to its northern terminus where it connects with U.S. Route 6 and Interstate Route 81. Open Road Tolling is utilized for the entire Northeast Extension (see Open Road Tolling section for further discussion).

For additional information, see discussion of the Mon/Fayette Expressway and Southern Beltway in the Capital Improvements Program section of this letter.

The Turnpike System was constructed prior to the development of the National Interstate Highway System and no Federal Highway Trust Fund monies were utilized in the initial construction of the Turnpike Mainline, Northeast Extension, Beaver Valley Expressway or the Amos K. Hutchinson Bypass section of the Turnpike System. However, portions of the Turnpike System have been

designated as Interstate Routes. The Turnpike Mainline has been designated as Interstate Route 276 (I-276) between the area where Interstate Route 95 (I-95) crosses the Turnpike System and the Valley Forge Interchange. With the September 2018 opening of the interchange connecting the Turnpike Mainline with I-95, the portion of the Turnpike Mainline east of the new interchange has been designated as I-95. The Commission received \$241.9 million of federal funding for the I-95 portion of the Turnpike System. 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 part of Interstate Route 76 (I-76). In addition, the Turnpike Mainline between the New Stanton and Breezewood Interchanges has been designated as part of Interstate Route 70 (I-70). The Northeast Extension has been designated as part of Interstate Route 476 (I-476). Portions of the Beaver Valley Expressway are designated as Interstate Route 376 (I-376).

The Turnpike 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 Turnpike System occurred at more frequent intervals with the Turnpike Mainline segment placed 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 the temporary 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.

The Turnpike System has a total of 73 interchanges which connect it with major arteries and population centers along its 565-mile traffic corridor. Thirty-six of the interchanges are located on the Turnpike Mainline, including Turnpike Mainline barriers at the New Jersey and Ohio state lines, and 11 interchanges are situated on the Northeast Extension. The additional 26 interchanges are located on the Beaver Valley Expressway, Amos K. Hutchinson Bypass, and completed segments of the Mon/Fayette Expressway and Southern Beltway.

All Electronic Tolling

On March 16, 2020, in response to the public health concerns resulting from the COVID-19 pandemic, the Commission moved to all-electronic toll (AET) collection, removed toll collectors from toll booths and transitioned to only utilizing Toll-By-Plate (TBP) and E-ZPass toll collection across the Turnpike System. Initially intended to be a temporary response to the impact of the COVID-19 pandemic, the Commissioners, on June 2, 2020, unanimously approved the permanent transition to AET collection operations.

TBP is supplemental to E-ZPass toll collections and utilizes technology where cameras read the license plates of all non-E-ZPass customers, as they pass through each toll plaza or gantry. The registered owner of the vehicle is then invoiced for the assessed tolls. Commencing January 3, 2021, the Commission began imposing an additional toll increase on Toll-By-Plate transactions equal to 45% of the toll that would otherwise be due to cover the additional costs to operate the Toll-By-Plate system versus E-ZPass and to account for partial non-payment of tolls (Revenue Leakage) associated with Toll-By-Plate. The additional 45% charge on all Toll-By-Plate transactions was implemented to encourage increased use of E-ZPass, offset additional operating costs associated with the TBP system and to offset estimated Revenue Leakage. The Commission continues to actively work to address Revenue Leakage due to AET through various initiatives that address customer behaviors and system improvement.

On January 5, 2025, the Commission fully transitioned away from weight-based toll classification to an axle and height under automated vehicle classification system that calculates tolls based on the vehicle's height plus the number of axles. The axle/height classification system has been utilized in eastern Pennsylvania at the Clarks Summit and Keyser Avenue tolling points on the Northeast Extension and also in western Pennsylvania on the Southern Beltway since the spring of 2018. Conversion of the entire Mainline to the axle/height classification provides customers more predictability while reflecting the classification systems of the other roadways they travel. This change eliminates the high costs associated with the maintenance and operation of the scales and increases traveler safety by minimizing the traffic disruption needed to service and replace the scales within the pavement.

With the partial conversion of the System to Open Road Tolling and the conversion of the entire System to an axle/height vehicle classification in January 2025, the Commission implemented a revised toll structure that results in TBP rates that are effectively double those for E-ZPass in order to provide continued coverage for the additional costs to operate the TBP system versus E-ZPass and to account for partial non-payment of tolls (“**Revenue Leakage**”) associated with TBP.

Open Road Tolling

On January 5, 2025, the Commission transitioned its toll collection to Open Road Tolling (ORT) on trips east of Reading and on the entire Northeast Extension. ORT is a safer, more convenient way of travel for customers. It is a cashless, free-flowing mode of collecting tolls that operates without traditional toll booths. In an ORT system, tolls are charged electronically as customers drive at highway speeds passing beneath overhead structures, called gantries. The gantries are located between interchanges and contain the cameras and electronic readers required for toll collection. Gantry construction west of Reading is currently underway ahead of the scheduled January 2027 central and western launch on the Mainline. Until ORT fully launches statewide on the Mainline, tolls west of Reading where gantries are not yet operational will continue to be charged to a customer as an interchange-to-interchange trip like they were prior to ORT.

Although implementation of the ORT system has significantly altered the way in which relevant tolls are charged, there is expected to be no net revenue impact to the Turnpike System. Under the segment-based system there is a toll gantry between each interchange, and drivers will be charged a given rate at each gantry they pass through rather than one rate based on entry and exit points. As a result, the number of transactions on the ticket system will increase significantly although gross revenue is intended to remain unchanged on a system-wide basis. The segment-based system represents a simpler toll rate structure with each segment having a set price and no need for a complex matrix of entry-exit combinations. Additionally, the overhead toll gantries on portions of the Mainline where ORT is active eliminate the need for related toll plazas at interchanges, which will be removed and allow for free-flowing traffic like a traditional Interstate highway.

E-ZPass

The Commission has installed E-ZPass, a form of electronic toll collection, throughout the Turnpike System. The benefits of E-ZPass include enhanced safety and convenience for users of the Turnpike System, improved traffic flow and reduced congestion at the Turnpike System's busiest interchanges.

E-ZPass is available on the entire Turnpike System. In addition, Express E-ZPass lanes have been constructed at seven interchanges and permit E-ZPass customers to travel through the toll plaza at highway speeds. In addition, and as of August 2025, E-ZPass customers traveling in 19 other states that have implemented E-ZPass technology are able to use E-ZPass in those states.

Toll Violation Enforcement

To help ensure the collection of toll revenue due to the Commission, a Violation Enforcement System (VES) has been installed at all E-ZPass interchanges to identify violators (customers who travel through E-ZPass lanes and do not have E-ZPass) and motorists with problem tags that are unreadable. VES enables the Commission to collect appropriate tolls and other additional fees relating to violations. Act 89 and other statutory provisions governing VES and procedures for enforcement and collection provide for enhanced fare evasion measures and criminal penalties pertaining to E-ZPass violators. Under Act 89, motorists who commit or attempt to commit fare evasion on the Turnpike System shall have committed a summary offense and upon conviction, shall be fined a sum between \$100 and \$1,000 in addition to civil penalties that are already in place. Further, upon conviction, motorists who take affirmative action to evade a Turnpike System fare can be found to have committed a misdemeanor of the third degree, punishable by fines ranging from \$3,000 to \$6,500 (depending on the number of offenses), and imprisonment of not more than six months for a second offense.

Revenue generated from the additional fare evasion fines imposed by Act 89 is to be deposited in the Commonwealth's Motor License Fund rather than with the Commission; however, restitution for the full fare is paid to the Commission. Act 165 was signed into law in 2016 and subsequently amended, in relevant part, by Act 112 of 2022, which, among other things, allows for the suspension of vehicle registration for unpaid tolls. Specifically, the vehicle suspension process is triggered by the failure to pay four (4) or more violations or incurring unpaid tolls or administrative fees of \$250. Act 112 also extended the statute of limitations for enforcing unpaid toll violations from three (3) years to five (5) years.

Additionally, Act 165 assists the Commission with the collection of unpaid out-of-state tolls by authorizing the Pennsylvania Department of Transportation (PennDOT) to enter into a reciprocity agreement for purposes of toll collection and enforcement penalties with another state or tolling entity. Effective September 11, 2018, PennDOT and the State of Delaware Department of Transportation, Division of Motor Vehicles (DelDOT) entered into the first reciprocity agreement under Act 165, generally providing that PennDOT and DelDOT will suspend or hold the registration of vehicle upon unpaid tolls, consistent with the laws and regulations of the other state, upon the request of such state.

In January 2018, the Commission began sending notices of possible vehicle registration suspensions under authority from Act 165 and in February 2018, PennDOT began suspending certain vehicle registrations. In April 2018, the Commission also began filing criminal charges against some of the largest toll violators for theft of services.

The Commission's Toll Revenue Enforcement unit (TRE) conducts all internal and external investigations including working with the local District Attorney's Offices in pursuing criminal prosecutions of the Commission's most egregious toll violators. Additionally, the Commission has initiated a pilot program with several local magisterial districts to bring civil cases for unpaid tolls. TRE's efforts are part of the Commission's coordinated toll collection and enforcement and fraud detection efforts.

Work Zone Safety

Signed into law on October 19, 2018, Act 86 of 2018 authorizes the Commission and PennDOT to conduct speed-enforcement operations inside active work zones (Enforcement Zones) using automated speed-enforcement systems and technology (Automated System). By its own terms, the speed-enforcement authorizations set forth in Act 86 expired after five years in February 2024. The Automated System is only used in active Enforcement Zones when proper notice is provided to motorists. The Automated System generates violation notices which are sent, via first class mail, to the registered owners of vehicles that travel 11 mph or more over the posted speed limit in an active Enforcement Zone. A registered owner's first-time violation receives a written warning, the second violation is a \$75 fine and the third and all subsequent violations are a \$150 fine. After a 60-day pre-enforcement pilot period, enforcement began on March 9, 2020. Fines collected pursuant to Act 86 are deposited into a restricted account established in the State Treasury and allocated by the Commission solely for improvement projects and countermeasures to improve the safety in work zones and on highways and to increase awareness of distracted driving and transportation enhancements.

On December 14, 2023, the Commonwealth enacted Act 38, which reauthorizes and permanently extends the Automated System in active work zones and is now known as the Work Zone Speed Safety Cameras (WZSSC) program. The same requirements listed in Act 86 were adopted in Act 38.

Long-Range Financial Planning Process

Annually, the Commission prepares an Operating Budget, a Ten-Year Capital Plan and an Act 44 Financial Plan.

The Operating Budget is an estimate of the expenses to maintain, support and operate the roadway and facilities for the next fiscal year. The fiscal year 2026 Operating Budget was approved for \$459.7 million on May 6, 2025.

The Commission prepares a Ten-Year Capital Plan for its facilities and equipment (exclusive of Mon/Fayette and Southern Beltway projects), consisting of the Highway Program, the Technology Program, Fleet Equipment, and Facilities and Energy Management Operations, which it updates each year. All capital projects are reviewed and prioritized and the most critical and important projects necessary to maintain the Turnpike System in a state of good repair are pursued. The Capital Plan for fiscal year 2026 was adopted by the Commission on May 6, 2025. The adopted Capital Plan calls for an investment of \$8.0 billion, net of federal reimbursements, over the coming decade.

The Act 44 Financial Plan is the Commission's long-range financial plan and incorporates the Operating Budget and the Ten-Year Capital Plan. This long-range financial plan reflects the Commission's commitment to operate and maintain its toll facilities, support a capital investment program at levels consistent with the adopted Ten-Year Capital Plan, and fully fund its Act 44/Act 89 Payments. At the same time, the financial plan assumes the Commission will maintain debt service coverage ratios of at least 2.00x on annual debt service for its Turnpike Senior Revenue Bonds, 1.30x on combined debt service for its Turnpike Senior Revenue and Subordinate Revenue Bonds, and 1.20x for all three of its revenue liens. In addition, a liquidity level equal to at least 10% of operating revenues is assumed to be maintained. These coverage and liquidity targets reflect the Commission's goal to maintain financial flexibility consistent with its credit ratings.

The Commission delivered to the Secretary of the Budget its Act 44 Financial Plan for Fiscal Year 2026 on May 30, 2025.

Capital Improvements Program

Act 61 Projects

In 1985, the General Assembly of the Commonwealth enacted legislation, which among other things, authorized and empowered the Commission to undertake the construction of new projects and to operate them as part of the Turnpike System. This legislation, known as the “Turnpike Organization, Extension and Toll Road Conversion Act,” also known as Act 1985-61 (Act 61), included several groups of projects for the Turnpike System. Act 61 grouped the improvement and extension authorizations into four major groups of projects.

The initial group of projects included, among others, the following, a portion of which have been financed and completed with bond proceeds: the Beaver Valley Climbing Lane; the Downingtown Interchange; the Fort Washington, Willow Grove and Philadelphia Interchanges; the Mid-County Expressway Connection (Montgomery County); the Mon/Fayette Expressway and Southern Beltway; the Beaver Valley Expressway; the Amos K. Hutchinson Bypass [formerly the Greensburg (North-South) Bypass]; the Keyser Avenue Interchanges (Wilkes-Barre/Scranton Area); and an additional tube at the Lehigh Tunnel on the Northeast Extension.

Act 26 of 1991 made certain changes to Act 61 of 1985, by shifting priorities of certain projects and adding provisions regarding new projects. Act 26 also increased the Commonwealth’s Oil Company Franchise Tax by 55 mills with 14% of such increase being dedicated to toll road projects under Act 61.

Act 3 of 1997 appropriated to the Commission annual allocations from the Commonwealth’s Motor License Fund for the purpose of funding capital improvement projects authorized by Act 61.

Act 44 of 2007, P.L. 169, repealed Act 61 but provided that all activities initiated under Act 61 shall continue and remain in full force and effect and may be completed under Act 44.

Please refer to the MD&A (Events That Will Impact Financial Position section) and Note 11 (Commitments and Contingencies) for additional information regarding Act 44 and other related legislation and agreements.

Mon/Fayette Expressway and Southern Beltway

Four projects constructed as part of the Mon/Fayette Expressway are now in operation. One is an approximately six-mile toll road between I-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 approximately twelve-mile section of toll road from I-68 near Morgantown, West Virginia, to Fairchance, Pennsylvania, which is located just south of Uniontown. The third project is an approximately sixteen-mile section of the Mon/Fayette Expressway from I-70 in Washington County to Pennsylvania Route 51 in Allegheny County, which opened in April 2002. The fourth is an approximately fifteen-mile section from Uniontown to Brownsville, including a 3,022-foot bridge over the Monongahela River, which opened to traffic in July 2012. These four contiguous projects, which total 48 miles from Morgantown, West Virginia to Pennsylvania Route 51 south of Pittsburgh, are now part of the Turnpike System.

On March 21, 2017, the Commission announced that it would stop engineering-design activities on the final 14-mile section of the Mon/Fayette Expressway, extending from Pennsylvania Route 51 to I-376 near Monroeville east of Pittsburgh, in light of the Southwestern Pennsylvania Commission's decision to table the project. On June 26, 2017, the Southwestern Pennsylvania Commission voted to add the final 14-mile segment of the Mon/Fayette Expressway to its long-range plan. This action will allow FHWA to approve changes to the environmental impact statement (EIS), a requirement for construction to commence. The current estimates to complete the final 14 miles of the Mon/Fayette Expressway to I-376 are in excess of \$2.0 billion. An EIS re-evaluation was completed for the Mon/Fayette Expressway and approved by PennDOT and FHWA in 2019. Final design is now proceeding on the 14-mile southern section of the Mon/Fayette Expressway. The initial portions of the southern section have been bid and are under construction. The next portion will bid in late-2025. Subsequent portions will be evaluated as funding becomes available. When completed, the Mon/Fayette Expressway will extend from Interstate 68 in West Virginia to I-376 in Monroeville, which is east of Pittsburgh.

The Southern Beltway is to be constructed from the Mon/Fayette Expressway, near Finleyville, extending as part of a beltway south of Pittsburgh to I-376 at the Pittsburgh International Airport. It is comprised of three distinct projects: (1) the six-mile project from I-376 to U.S. 22 (also known as the Findlay Connector) which opened to traffic in October 2006; (2) the 13-mile project from U.S. 22 to Interstate 79 (I-79), which opened on October 15, 2021; and (3) the remaining Southern Beltway project, from I-79 to the Mon/Fayette Expressway, which received environmental clearance in May 2009.

I-95 Interchange

I-95 was completed in 1969 without an interchange connecting it to the Turnpike Mainline. Interstate travelers were required to 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 main objectives of the Interchange Project are to improve the linkage between I-95 and the Turnpike Mainline 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 Mainline, create additional capacity on the Turnpike Mainline 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 included 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 westbound Turnpike Mainline to southbound I-95. This phase included construction of a new Turnpike Mainline toll plaza and a cashless tolling plaza westbound, which opened in January 2016. The first phase of the Interchange Project was completed and opened to traffic in September 2018. The portion of the Turnpike Mainline from the Interchange Project eastward to the Delaware River Bridge in Bucks County has been redesignated as I-95. The second phase of the Interchange Project will include the completion of the reconstruction and widening of the remaining interchange connectors. The construction of the first section is ongoing which will extend the reconstruction and widening of the Mainline approximately two miles west of the I-95 connection. The next section will be bid in the Spring of 2026. The third phase will be the construction of a new wider bridge over the Delaware River, referenced as the Delaware River Bridge (DRB), replacing the existing bridge. The Commission has completed an alternative analysis for the DRB. In coordination with FHWA, a Supplemental

Environmental Impact Statement will be required and will parallel the preliminary design for the replacement of the DRB. Funding for the initial design costs of the subsequent phases was included in the Fiscal Year 2025 Capital Plan. In collaboration with the New Jersey Turnpike Authority (NJTA), a grant application was jointly submitted in August 2024 for the federal Bridge Investment Program (BIP). The grant request was for \$738.6 million which is 50/50 match and shared equally between NJTA and the Commission. A resubmission of the BIP application was made on June 16, 2025, and to date no selections have been announced.

Economic Outlook

Pennsylvania's economy reflects a mix of opportunities and challenges shaped by its diverse industries, strategic location, shifting demographics, and evolving governmental policies. The real gross state product (GSP) is expected to grow at an average annual rate of 1.5 percent through 2029. Personal income is expected to rise by 4.4 percent annually over the same period.

Pennsylvania's payrolls grew steadily in early 2024, with June seeing a 1.6 percent year-over-year increase, outpacing the national average. The health care and social services sector drove much of this growth, supported by gains in ambulatory care, social services, and nursing facilities. Leisure and hospitality also posted strong job increases, while public-sector payrolls remain below pre-pandemic levels. Construction employment held steady despite high costs and interest rates. Federal investments in infrastructure and industrial projects provided crucial support for the sector. The professional and technical services industry, led by advancements in AI, automation, and biosciences, is a key growth sector, with Pittsburgh emerging as an innovation hub fueled by the state's numerous high-quality research universities.

In the first half of 2024, Pennsylvania's labor force grew by nearly 100,000 jobs, a 1.5 percent increase compared to the previous year. This expansion supported job growth across various sectors, keeping unemployment steady in the mid-3 percent range. Unemployment is expected to rise in the out years. Long-term issues such as an aging workforce, slower population growth, retirements, and limited migration pose challenges. Rural counties continue to face population declines.

Home prices in Pennsylvania have risen in recent years due to limited inventory, but the pace of growth is slowing. In early 2024, the Federal Housing Finance Agency reported a 7.9 percent year-over-year increase in home prices, down from 8.1 percent in late 2023. Single-family home construction remains subdued, but multifamily developments and senior housing projects continue to grow.

Pennsylvania remains the nation's second-largest natural gas producer, primarily from the Marcellus Shale. However, growth in this sector has slowed, driven by a modest decline in natural gas production from previous years, as well as plateauing pipeline capacity and challenges in expanding infrastructure. Coal production, while still significant, continues to decline as demand wanes and energy policies shift. Nuclear energy also plays a vital role in the state's energy mix.

In 2023, Pennsylvania's exports hit a record \$52.9 billion, led by chemicals, electronics, and machinery. Canada and Mexico remain the state's top trading partners. The strong export performance reflects Pennsylvania's robust manufacturing and high-tech industries, which continue to attract global demand.

Pennsylvania's central location and access to major ports drive its transportation and warehousing sectors. The state's proximity to major population centers, along with strong

infrastructure and connectivity, supports a booming logistics industry. E-commerce growth has further boosted demand for warehousing and delivery services, especially in areas like Allentown.

Internal Control

Management of the Commission is responsible for establishing and maintaining internal controls designed to ensure that the assets of the Commission are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgements by management.

Trust Indentures

Operations of the Commission are substantially controlled by the provisions of five separate Trust Indentures (collectively referred to as Indentures):

- A Senior Trust Indenture dated July 1, 1986, which was amended and restated as of March 1, 2001, as supplemented, between the Commission and U.S. Bank Trust Company, N.A., as successor Trustee;
- An Oil Franchise Tax Trust Indenture dated August 1, 1998, as supplemented, between the Commission and U.S. Bank Trust Company, N.A., as successor Trustee;
- A Registration Fee Revenue Trust Indenture dated August 1, 2005, between the Commission and U.S. Bank Trust Company, N.A., as successor Trustee;
- A Subordinate Trust Indenture dated April 1, 2008, as supplemented, between the Commission and Computershare Trust Company, N.A., as successor Trustee; and
- A Special Obligation Trust Indenture dated September 1, 2014, between the Commission and U.S. Bank Trust Company, N.A., as successor Trustee.

Accordingly, certain activities of the Commission are restricted by these Indentures.

As demonstrated by the statements included in the financial section of this report, the Commission continues to meet its responsibility for sound financial management and compliance with the Indentures.

Other Information

Awards

Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Pennsylvania Turnpike Commission for its annual comprehensive financial report (ACFR) for the fiscal year ended May 31, 2024. This was the 37th consecutive year that the Commission has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Independent Audit

The Trust Indentures require an annual audit of the Commission's financial statements be performed by independent certified public accountants. The accounting firm of SB & Company, LLC was engaged by the Commission to perform the audit for the fiscal year ended May 31, 2025. The independent public accountants' report on the financial statements is included in the financial section of this report.

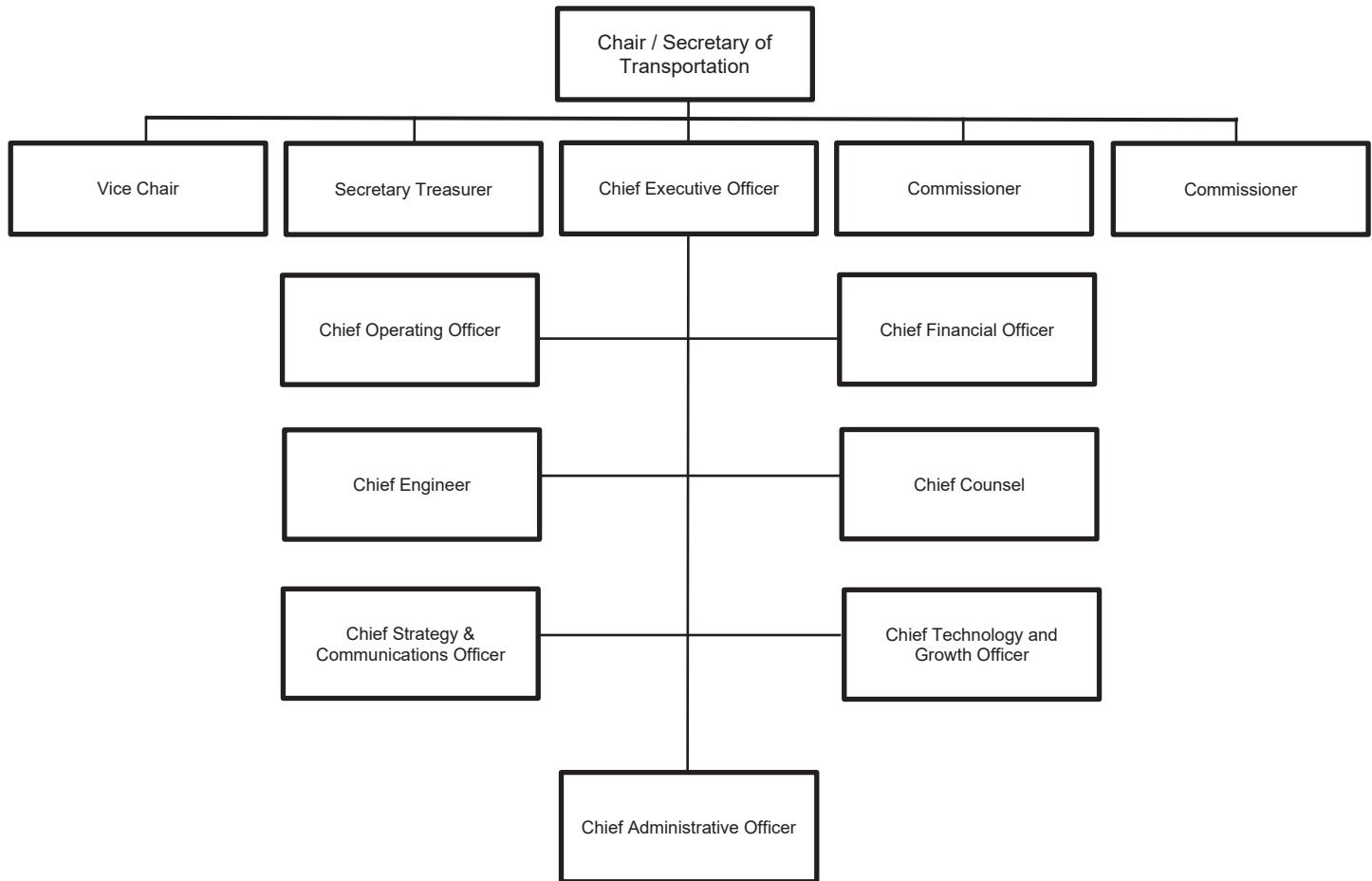
Acknowledgments

We wish to express our sincere appreciation to the staff of the Accounting and Financial Reporting and Finance departments whose time and dedicated effort made this report possible.

In addition, without the leadership and support of the Commissioners and executive staff of the Pennsylvania Turnpike Commission, preparation of this report would not have been possible.

Richard C Dreher  Digitally signed by
Richard C Dreher
Date: 2025.10.07
16:05:09 -04'00'

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Organization Chart
As of May 31, 2025



PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
List of Principal Officials
As of May 31, 2025

| Title | Name |
|--|------------------------------|
| Commission Chair / Secretary of Transportation | Michael Carroll |
| Commission Vice Chair | Pasquale T. Deon, Sr. |
| Commission Secretary Treasurer | Dr. Keith Leaphart |
| Commissioner | Sean F. Logan |
| Commissioner | Douglas Farnham |
| Chief Executive Officer | Mark P. Compton |
| Chief Operating Officer | Craig R. Shuey |
| Chief Financial Officer | Richard C. Dreher |
| Chief Engineer | Bradley J. Heigel, P.E. |
| Chief Counsel | Doreen A. McCall, Esq. |
| Chief Technology & Growth Officer | Robert J. Taylor, P.E., PTOE |
| Chief Strategy & Communications Officer | Kelli E. Roberts |
| Chief Administrative Officer | Sheri L. Herbst |



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Pennsylvania Turnpike Commission

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

May 31, 2024

Christopher P. Merrill

Executive Director/CEO

FINANCIAL SECTION



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Commissioners
Pennsylvania Turnpike Commission

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the Pennsylvania Turnpike Commission (the Commission), a component unit of the Commonwealth of Pennsylvania, as of and for the years ended May 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Commission, as of May 31, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Commission's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Commission's Proportionate Share of Net Pension Liability – Pennsylvania State Employees' Retirement System – Pension Fund, the Schedule of Commission's Contributions – Pennsylvania State Employees' Retirement System – Pension Fund, the Schedule of Changes in the Commission's Net OPEB Liability and Related Ratios, and the Schedule of Commission Contributions to the Other Postemployment Welfare Plan Program on pages 18 through 33 and pages 123 through 127 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 GAAS, which consisted of inquiries 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The Section Information on pages 128 through 141 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Section Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Section Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections of the Annual Comprehensive Financial Report but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Philadelphia, Pennsylvania
October 7, 2025

SBC & Company, LLC

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Management's Discussion and Analysis (Unaudited)
May 31, 2025 and 2024

The management of the Pennsylvania Turnpike Commission (hereinafter referred to as the Commission) offers this narrative overview and analysis of the Commission's business-type (enterprise fund) and fiduciary (fiduciary fund) activities for the years ended May 31, 2025 and 2024, which should be read in conjunction with the Commission's financial statements.

Financial Highlights

- On January 5, 2025, the Commission transitioned its toll collection to Open Road Tolling (ORT) on trips east of Reading and on the entire Northeast Extension. In addition to the transition to Open Road Tolling, the Commission converted its weight-based Vehicle Classification System to an Axle/Height Vehicle Classification System ("A/H") across the entire System. Although implementation of the ORT system, along with the conversion to an A/H system, has significantly altered the way in which relevant tolls are charged, there is expected to be no net revenue impact to the System.

Overview of the Basic Financial Statements

This Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the Commission's enterprise and fiduciary fund financial statements (the financial statements). While the Commission is considered a discretely presented component unit of the Commonwealth of Pennsylvania (Commonwealth), 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 of America (U.S. 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 Statements of Net Position present information on all of the Commission's assets and deferred outflows of resources, liabilities and deferred inflows of resources, with the differences being reported as net position. Over time, increases or decreases in net position serve as a relative indicator of the change in financial position of the Commission.

The Statements of Revenues, Expenses, and Changes in Net Position show the result of the Commission's total operations during the fiscal year and reflect both operating and nonoperating activities and capital contributions. Changes in net position (increases or decreases) reflect current year activities and the impact on the overall financial position of the Commission.

The Statements of Cash Flows provide a detailed analysis of all sources and uses of cash. The direct method of cash flows is presented, along with a reconciliation of operating income to net cash provided by operating activities. The Statements of Cash Flows are divided into the following activities sections – operating, investing, capital and related financing, and noncapital financing.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Management's Discussion and Analysis (Unaudited) (*continued*)

May 31, 2025 and 2024

Overview of the Basic Financial Statements (*continued*)

The Pennsylvania Turnpike Commission (the Employer) maintains an other postemployment welfare plan program (the Plan) for the purpose of providing non-pension other postemployment benefits (OPEB) for employees who meet the age and service requirements outlined in the Employer's plan documents. In accordance with GASB Statement No. 84, *Fiduciary Activities*, the Plan is a fiduciary component unit of the Commission. Fiduciary funds are used to account for resources held for the benefit of parties outside the Commission.

The Statements of Fiduciary Net Position present information on all of the Plan's assets, liabilities and fiduciary net position. Over time, increases or decreases in fiduciary net position serve as a relative indicator of the change in the financial position of the Plan.

The Statements of Changes in Fiduciary Net Position present information about the Plan's additions to, deductions from, and net increase (or decrease) in fiduciary net position. Changes in fiduciary net position (increases or decreases) reflect the current fiscal year's impact upon the overall financial position of the Plan.

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

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Management's Discussion and Analysis (Unaudited) (*continued*)

May 31, 2025 and 2024

Financial Analysis

Comparative Condensed Statements of Net Position

| | May 31 | | |
|--|------------------------------|------------------------------|------------------------------|
| | 2025 | 2024 | 2023 |
| | (In thousands) | | |
| <i>Assets and deferred outflows of resources</i> | | | |
| Current assets | \$ 2,343,073 | \$ 2,391,139 | \$ 2,239,543 |
| Noncurrent investments | 939,095 | 824,356 | 1,037,627 |
| Capital assets, net of accumulated depreciation/amortization | 8,403,393 | 7,865,701 | 7,170,340 |
| Other assets | <u>274,655</u> | <u>247,510</u> | <u>178,831</u> |
| Total assets | 11,960,216 | 11,328,706 | 10,626,341 |
| Total deferred outflows of resources | <u>321,490</u> | <u>417,115</u> | <u>399,559</u> |
| Total assets and deferred outflows of resources | <u>12,281,706</u> | <u>11,745,821</u> | <u>11,025,900</u> |
| <i>Liabilities and deferred inflows of resources</i> | | | |
| Current liabilities | 1,159,632 | 1,247,630 | 1,284,002 |
| Debt, net of unamortized premium | 17,299,379 | 17,018,142 | 16,566,893 |
| Net pension liability | 283,823 | 296,572 | 331,574 |
| Other noncurrent liabilities | <u>65,402</u> | <u>57,542</u> | <u>108,645</u> |
| Total liabilities | 18,808,236 | 18,619,886 | 18,291,114 |
| Total deferred inflows of resources | <u>458,150</u> | <u>455,566</u> | <u>318,876</u> |
| Total liabilities and deferred inflows of resources | <u>19,266,386</u> | <u>19,075,452</u> | <u>18,609,990</u> |
| <i>Net position</i> | | | |
| Net investment in capital assets | (1,274,378) | (1,328,484) | (1,470,936) |
| Restricted for construction purposes | 183,604 | 279,321 | 320,558 |
| Restricted for debt service | 85,251 | 91,275 | 84,920 |
| Restricted for OPEB | 202,693 | 173,457 | 109,651 |
| Unrestricted | <u>(6,181,850)</u> | <u>(6,545,200)</u> | <u>(6,628,283)</u> |
| Total net position | <u>\$ (6,984,680)</u> | <u>\$ (7,329,631)</u> | <u>\$ (7,584,090)</u> |

The Commission's total net position increased \$345.0 million and \$254.5 million for the fiscal years ended May 31, 2025 and 2024, respectively. This increase in net position is mainly the result of increased fare revenues and investment earnings offset by increases in cost of services and interest and bond expenses. See later paragraphs for more detail on the changes in revenues and expenses.

Restricted net position is restricted for construction projects and debt service as defined in Trust Indentures and applicable bond issue official statements. As the Employer of the OPEB Plan, the Commission's net OPEB asset is also considered restricted net position.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Management's Discussion and Analysis (Unaudited) *(continued)*

May 31, 2025 and 2024

Financial Analysis *(continued)*

Comparative Condensed Statements of Net Position *(continued)*

The Commission's total assets and deferred outflows of resources increased by \$535.9 million in fiscal year 2025. This 2025 increase is related to increases in capital assets of \$537.7 million as well as the increases in cash and investments of \$46.1 million. These increases were offset by a decrease in deferred outflows of resources related to OPEB of \$44.5 million. The increase in capital assets is mostly related to capital asset additions of \$971.3 million, offset by \$432.8 million of depreciation/amortization expense. The increase in cash and investments is primarily related to proceeds from bond issuances and toll revenues. The decrease in the deferred outflows of resources related to OPEB is due to differences between projected and actual investment earnings as well as differences between expected and actual experience used in the most recent actuarial valuation. See Note 13, OPEB, for additional information regarding OPEB.

Total liabilities and deferred inflows of resources increased by \$190.9 million in fiscal year 2025. The increase for fiscal year 2025 was mainly related to a \$209.1 million net increase in total debt which was related to \$2,392.4 million in bond issuances/proceeds (\$2,163.6 million principal; \$228.8 million net premium) and \$12.5 million in bond accretions offset by \$2,195.8 million reduction in total debt (\$322.6 million principal payments and \$1,873.2 million resulting from debt refundings/defeasances and amortization of premiums/discounts). See Note 9, Debt, for additional information regarding debt activity.

The Commission's total assets and deferred outflows of resources increased by \$719.9 million in fiscal year 2024. This 2024 increase is mostly related to increases in capital assets of \$695.4 million as well as the increases in the net OPEB asset of \$63.8 million and deferred outflow of resources from OPEB of \$76.1 million. These increases were offset by a decrease in cash and investments of \$82.8 million. The increase in capital assets is mostly related to capital asset additions of \$1.1 billion, offset by \$417.0 million of depreciation/amortization expense. The increase in the OPEB related items are the result of changes in assumptions and an increase in our deferred outflows of resources due to differences between expected and actual experience used in the most recent actuarial valuation. See Note 13, OPEB, for additional information regarding OPEB. The decrease in cash and investments is primarily due to the spend down of Oil Franchise Tax 2021 Series AB Construction funds.

Total liabilities and deferred inflows of resources increased by \$465.5 million in fiscal year 2024. The increase for fiscal year 2024 was mainly related to a \$334.4 million net increase in total debt and a \$111.4 million increase in deferred inflow of resources from OPEB. The increase in debt is primarily related to \$1,117.4 million in bond issuances offset by \$481.3 million of refundings and \$294.0 million of principal payments. See Note 9, Debt, for additional information regarding debt activity. The increase in the deferred inflow of resources from OPEB is the result changes in assumptions used in the most recent actuarial valuation. See Note 13, OPEB, for additional information regarding OPEB.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Management's Discussion and Analysis (Unaudited) (*continued*)

May 31, 2025 and 2024

Financial Analysis (*continued*)

Comparative Statements of Revenues, Expenses, and Changes in Net Position

| | Year ended May 31 | | |
|--|--------------------------|--|-----------------------|
| | 2025 | 2024 (<i>In thousands</i>) | 2023 |
| <i>Operating revenues</i> | | | |
| Fares | \$ 1,720,694 | \$ 1,608,793 | \$ 1,540,705 |
| Other | 59,318 | 58,078 | 55,942 |
| Total operating revenues | 1,780,012 | 1,666,871 | 1,596,647 |
| <i>Operating expenses</i> | | | |
| Cost of services | 566,769 | 556,237 | 534,558 |
| Depreciation/amortization | 432,767 | 417,032 | 409,943 |
| Total operating expenses | 999,536 | 973,269 | 944,501 |
| Operating income | 780,476 | 693,602 | 652,146 |
| <i>Nonoperating revenue (expenses)</i> | | | |
| Investment earnings | 140,107 | 131,735 | 55,950 |
| Other nonoperating revenue | 16,961 | 8,128 | 12,656 |
| Act 44 payments to PennDOT | (50,000) | (50,000) | (50,000) |
| Capital assets transferred to Commonwealth | - | - | (2,852) |
| Interest and bond expense | (705,253) | (697,060) | (685,346) |
| Nonoperating expenses, net | (598,185) | (607,197) | (669,592) |
| Income (loss) before capital contributions | 182,291 | 86,405 | (17,446) |
| Capital contributions | 162,660 | 168,054 | 170,310 |
| Increase in net position | 344,951 | 254,459 | 152,864 |
| Net position at beginning of year | (7,329,631) | (7,584,090) | (7,736,954) |
| Net position at end of year | \$ (6,984,680) | \$ (7,329,631) | \$ (7,584,090) |

For the fiscal years ended May 31, 2025 and 2024, operating and nonoperating revenues totaled \$1,937.1 million and \$1,806.7 million, respectively, while operating and nonoperating expenses totaled \$1,754.8 million and \$1,720.3 million, respectively.

Total operating and nonoperating revenues for fiscal year 2025 were \$130.4 million, or 7.2% higher than fiscal year 2024. The increase is due primarily to an increase in fare revenues. Fare revenues increased \$111.9 million because of increased traffic volumes and from the January 2025 toll increase of 5.0% for all customers as well as the full-year impact of the January 2024 toll increase of 5.0% for all customers.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Management's Discussion and Analysis (Unaudited) (*continued*)

May 31, 2025 and 2024

Financial Analysis (*continued*)

Comparative Statements of Revenues, Expenses, and Changes in Net Position

(continued)

Total operating and nonoperating revenues for fiscal year 2024 were \$141.4 million, or 8.5% higher than fiscal year 2023. The increase is due primarily to an increase in fare revenues and a \$75.8 million improvement in investment returns resulting from rising interest rates during fiscal year 2024. Fare revenues increased \$68.1 million because of increased traffic volumes and from the January 2024 toll increase of 5.0% for all customers as well as the full-year impact of the January 2023 toll increase of 5.0% for all customers.

Total operating and nonoperating expenses for fiscal year 2025 were \$34.5 million higher than fiscal year 2024. This is primarily due to a \$10.5 million increase in cost of services and an \$15.7 million increase in depreciation expense. The increase in cost of services is primarily due to increases in professional services and materials/supplies. The increase in depreciation is primarily due to the infrastructure capital asset category.

Total operating and nonoperating expenses for fiscal year 2024 were \$37.6 million higher than fiscal year 2023. This is primarily due to a \$21.7 million increase in cost of services and an \$11.7 million increase in interest and bond expense. The increase in cost of services is primarily due to increases in construction contracts and expenses related to PA State Police patrolling the roadway. The increase in interest and bond expense is primarily due to increased arbitrage expenses assessed on construction bond proceeds.

Capital contributions decreased by \$5.4 million in fiscal year 2025 due to a decrease in Oil Company Franchise Tax revenues. Capital contributions decreased by \$2.3 million in fiscal year 2024 due to a \$5.2 million decrease in Federal reimbursements offset by a \$2.9 million increase in Oil Company Franchise Tax revenues. See Note 2.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Management's Discussion and Analysis (Unaudited) (*continued*)

May 31, 2025 and 2024

Financial Analysis (*continued*)

Capital Assets and Debt Administration

Capital Assets

Capital assets consist of land and intangible assets (right-of-way easements), assets under construction, buildings, improvements, equipment, right-to-use subscriptions and infrastructure. Infrastructure assets are typically items that are immovable such as highways, bridges and tunnels.

| | Year ended May 31 | | |
|---|---------------------|------------------------|---------------------|
| | 2025 | 2024 (In thousands) | 2023 |
| Capital assets not being depreciated/amortized | \$ 2,866,673 | \$ 2,581,161 | \$ 1,957,256 |
| Capital assets being depreciated/amortized | 13,461,364 | 12,914,583 | 12,560,504 |
| Accumulated depreciation/amortization | 7,924,644 | 7,630,043 | 7,347,420 |
| Total capital assets being depreciated/amortized, net | <u>5,536,720</u> | <u>5,284,540</u> | <u>5,213,084</u> |
| Total capital assets | <u>\$ 8,403,393</u> | <u>\$ 7,865,701</u> | <u>\$ 7,170,340</u> |

The Commission's investment in capital assets as of May 31, 2025 amounted to \$16.3 billion of gross asset value with accumulated depreciation/amortization of \$7.9 billion, leaving a net book value of \$8.4 billion. The net book value of capital assets as of May 31, 2024 was \$7.9 billion. Capital assets represented 68.4% and 67.0% of the Commission's total assets and deferred outflows of resources as of May 31, 2025 and 2024, respectively.

Assets under construction at the end of fiscal year 2025 were \$2,374.2 million, which was \$278.1 million higher than in fiscal year 2024. Assets under construction at the end of fiscal year 2024 were \$2,096.1 million, which was \$614.3 million higher than in fiscal year 2023. In fiscal year 2025, \$665.8 million of constructed capital assets were completed, which was \$186.4 million more than in fiscal year 2024. In fiscal year 2024, \$479.4 million of constructed capital assets were completed, which was \$185.7 million less than in fiscal year 2023. In addition to constructed capital assets, the Commission had capital asset additions from purchases of approximately \$27.4 million and \$18.7 million in fiscal years 2025 and 2024, respectively.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Management's Discussion and Analysis (Unaudited) (*continued*)

May 31, 2025 and 2024

Financial Analysis (*continued*)

Capital Assets and Debt Administration (*continued*)

Capital Assets (*continued*)

The Commission's Ten-Year Capital Plan continues the Commission's efforts for (i) total roadway reconstruction and resurfacing, (ii) the rehabilitation or replacement of structurally deficient bridges, (iii) the implementation of Open Road Tolling (ORT), (iv) facilities and energy management improvements including repair and replacement of maintenance facilities, and (v) the development and installation of a fiber optic network. A high priority for the Commission is the ongoing full depth roadway total reconstruction of the east/west Turnpike Mainline and Northeast Extension. This work includes the reconstruction and widening of the roadway, the widening of the median, replacement of both mainline and overhead bridges as well as many safety enhancements. To date, approximately 164 miles of total reconstruction have been completed. Currently, approximately 18 miles are in construction and approximately 87 miles are in design. Also, the Commission completed 26 miles of roadway resurfacing during fiscal year 2025, helping to maintain a quality-riding surface with a Turnpike System-wide median IRI (International Roughness Index) of 69, which is rated as good.

The Commission completed the construction of ORT gantries between the Reading Interchange and New Jersey, and the entire Northeast Extension. ORT went live in these sections in January of 2025. The design of the remaining east/west Mainline Turnpike conversion to ORT is currently underway and is scheduled to go live in January of 2027.

During fiscal year 2025, the Commission completed seven bridge replacement projects, rehabilitated another three bridges and constructed several new retaining walls and sound walls. Of the Commission's bridges, 858 bridges that are inspected biennially, 2.2% are rated poor which is below the national average of 6.7%. Of the 19 bridges that are currently rated poor, the majority of these are either in construction or design for rehabilitation or replacement.

The Commission has five sets of tunnels across the system. The Tuscarora Tunnel has gone through a complete rehabilitation and was completed during fiscal year 2024. Blue Mountain and Kittatinny Tunnels are in final design for a complete rehabilitation and are scheduled to commence construction within the next five years. The Allegheny Tunnel Realignment project, which would bypass the Allegheny Tunnel, is currently in preliminary design.

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 based on deficiencies identified during facility condition assessments. The new Devault Maintenance Facility was completed in 2025. Construction has started for the new Maintenance Facility at New Cumberland, and design is progressing for new Maintenance Facilities at Harrison City and Bowmanville. A new Eastern Training Facility to be built next to the North Somerset Service Plaza is in final design and design is underway for a Trades Building in District 3.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Management's Discussion and Analysis (Unaudited) (*continued*)

May 31, 2025 and 2024

Financial Analysis (*continued*)

Capital Assets and Debt Administration (*continued*)

Capital Assets (*continued*)

The Commission constructed its first solar microgrid to supply power to its Greensburg Maintenance Facility in 2021. The second solar microgrid to power their Western Regional Office is currently under construction and is scheduled to be completed in 2026. Two additional microgrids are currently in design and are scheduled to be constructed in the next five years. Electric vehicle (EV) charging stations have been installed at Oakmont Plum, New Stanton, North Somerset, South Somerset, Bowmansville, Peter J. Camiel, King of Prussia, and Hickory Run Northbound and Southbound service plazas. An additional 80 charging stations are planned across the system, with at least 4 NEVI compliant charging stations available at each of the Commission's 17 service plazas.

The Mon/Fayette Expressway is open to traffic from the Pennsylvania/West Virginia line to PA 51 in Jefferson Hills Borough, a distance of 48 miles. The current estimates to complete the final 14 miles of the Mon/Fayette Expressway to Interstate Route 376 (I-376) are in excess of \$2.0 billion. Final design is now proceeding on the 14-mile southern section of the Mon/Fayette Expressway. The initial sections have been bid and are under construction. The next section will bid in late 2025. Subsequent sections will be evaluated as funding becomes available. When completed, the Mon/Fayette Expressway will extend from Interstate 68 in West Virginia to I-376 in Monroeville, which is east of Pittsburgh.

The Southern Beltway is to be constructed from the Mon/Fayette Expressway, near Finleyville, extending as part of a beltway south of Pittsburgh to I-376 at the Pittsburgh International Airport. It is comprised of three distinct projects: (1) the six-mile project from I-376 to U.S. 22 (also known as the Findlay Connector) which opened to traffic in October 2006; (2) the 13-mile project from U.S. 22 to Interstate 79 (I-79), which opened October 15, 2021; and (3) the remaining Southern Beltway project, from I-79 to Mon/Fayette Expressway, which received environmental clearance in May 2009.

The Commission has no legal obligation to complete the unfinished portions of the Mon/Fayette Expressway and Southern Beltway projects at this time.

Interstate 95 (I-95) was completed in 1969 without an interchange connecting it to the Turnpike Mainline. Interstate travelers were required to 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 main objectives of the I-95 Interchange Project are to improve the linkage between I-95 and the Turnpike Mainline 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 Mainline, create additional capacity on the Turnpike Mainline and I-95 to accommodate the transfer of traffic from the local roadway system, and improve travel times through the interchange area.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Management's Discussion and Analysis (Unaudited) (*continued*)

May 31, 2025 and 2024

Financial Analysis (*continued*)

Capital Assets and Debt Administration (*continued*)

Capital Assets (*continued*)

The first phase of the Interchange Project included 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 westbound Turnpike Mainline to southbound I-95. This phase included construction of a new Turnpike Mainline toll plaza and a cashless tolling plaza westbound, which opened in January 2016. The first phase of the Interchange Project was completed and opened to traffic in September 2018. The portion of the Turnpike Mainline from the Interchange Project eastward to the Delaware River Bridge in Bucks County has been redesignated as I-95. The second phase of the Interchange Project will include the completion of the reconstruction and widening of the remaining interchange connectors. The construction of the first section is ongoing which will extend the reconstruction and widening of the Mainline approximately two miles west of the I-95 connection. The next section will be bid in the Spring of 2026. The third phase will be the construction of a new wider bridge over the Delaware River, referenced as the Delaware River Bridge (DRB), replacing the existing bridge. The Commission has completed an alternative analysis for the DRB. In coordination with FHWA, a Supplemental Environmental Impact Statement will be required and will parallel the preliminary design for the replacement of the DRB. Funding for the initial design costs of the subsequent phases was included in the Fiscal Year 2025 Capital Plan. In collaboration with the New Jersey Turnpike Authority (NJTA), a grant application was jointly submitted in August 2024 for the federal Bridge Investment Program (BIP). The grant request was for \$738.6 million which is 50/50 match and shared equally between NJTA and the Commission. A resubmission of the BIP application was made on June 16, 2025, and to date no selections have been announced.

The above paragraphs describe the changes in capital assets occurring during the fiscal years ended May 31, 2025 and 2024. Please refer to the capital assets section in the notes to the financial statements (Note 5) for schedules summarizing changes in capital assets.

Debt Administration – Mainline

In September 2023, the Commission issued \$400,000,000 of 2023 Series A Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2053. The 2023 Series A Senior Revenue Bonds were primarily issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges, to refund a portion of the 2013 Series C Senior Revenue Bonds (\$15,895,000) and the 2018 EB-5 Loan 2nd Tranche (\$45,000,000), and for paying the costs of issuing the 2023 Series A Senior Revenue Bonds.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Management's Discussion and Analysis (Unaudited) (*continued*)

May 31, 2025 and 2024

Financial Analysis (*continued*)

Capital Assets and Debt Administration (*continued*)

Debt Administration – Mainline (*continued*)

In November 2023, the Commission issued \$190,125,000 of 2023 Series B Senior Revenue Refunding Bonds at a variable rate with a maturity of December 1, 2043. The 2023 Series B Senior Revenue Refunding Bonds were primarily issued to refund the 2018 Series A-1 Senior Revenue Bonds (\$117,745,000) and 2018 Series B Senior Revenue Bonds (\$71,200,000), obtain the TD Letter of Credit as a Credit Facility in connection with the 2023 Series B Senior Revenue Refunding Bonds and for paying the costs of issuing the 2023 Series B Senior Revenue Refunding Bonds.

In January 2024, the Commission issued \$205,835,000 of 2024 Series A Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2044. The 2024 Series A Senior Revenue Bonds were primarily issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges and for paying the costs of issuing the 2024 Series A Senior Revenue Bonds.

In February 2024, the Commission issued \$90,000,000, as a Direct Placement, 2024 Series B Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2054. The 2024 Series B Senior Revenue Bonds were primarily issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges and for paying the costs of issuing the 2024 Series B Senior Revenue Bonds.

In June 2024, the Commission issued \$300,000,000 of 2024 Series C Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2054. The 2024 Series C Senior Revenue Bonds were primarily issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges and for paying the costs of issuing the 2024 Series C Senior Revenue Bonds.

In September 2024, the Commission issued \$280,495,000 of 2024 First Series Senior Revenue Refunding Bonds at a fixed rate with a maturity of December 1, 2044. The 2024 First Series Senior Revenue Refunding Bonds were primarily issued to finance the cost of refunding the 2012 Series A Senior Revenue Bonds (\$5,680,000), a portion of the 2014 Series A Senior Revenue Bonds (\$150,275,000), and a portion the 2014 Series C Senior Revenue Bonds (\$160,305,000), and for paying the costs of issuing the 2024 First Series Senior Revenue Refunding Bonds.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Management's Discussion and Analysis (Unaudited) *(continued)*

May 31, 2025 and 2024

Financial Analysis *(continued)*

Capital Assets and Debt Administration *(continued)*

Debt Administration – Mainline *(continued)*

In October 2024, the Commission issued \$585,140,000 of 2024 First Series Subordinate Revenue Refunding Bonds at a fixed rate with a maturity of December 1, 2043. The 2024 First Series Subordinate Revenue Refunding Bonds were primarily issued to finance the cost of purchasing the Purchased Refunded Bonds pursuant to the Tender Offer for the 2009 Series C Subordinate Revenue Bonds (\$5,045,000), 2009 Series E Subordinate Revenue Bonds (\$26,040,000), 2016 Third Series A Subordinate Revenue Refunding Bonds (\$53,250,000), 2016 Series A-2 Subordinate Revenue Bonds (\$39,310,000), 2016 Second Subordinate Revenue Refunding Bonds (\$128,450,000), 2017 Series A Subordinate Revenue Bonds (\$14,145,000), 2017 Series B-1 Subordinate Revenue Bonds (\$29,795,000), 2017 Series B-2 Subordinate Revenue Bonds (\$63,425,000), 2019 First Series Subordinate Revenue Refunding Bonds (Federally Taxable) (\$30,325,000), and 2020 First Series Subordinate Revenue Refunding Bonds (Federally Taxable) (\$7,750,000); defeasing and redeeming the Defeased Refunded Bonds of the 2012 Series B Subordinate Revenue Bonds (\$36,125,000), 2013 Series A Subordinate Revenue Bonds (\$580,000), 2013 Series B-1 Subordinate Revenue Bonds (\$11,005,000), 2013 Series B-3 Subordinate Revenue Bonds (\$17,925,000), 2014 Series A-1 Subordinate Revenue Bonds (\$61,130,000), 2014 Series B Subordinate Revenue Bonds (\$136,215,000); and paying for the costs of issuing the 2024 First Series Subordinate Revenue Refunding Bonds.

In October 2024, the Commission issued \$233,015,000, as a Direct Placement, of 2024 Forward Delivery Refunding Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2037. The 2024 Forward Delivery Refunding Senior Revenue Bonds were primarily issued to finance the cost of the current refunding of a portion of the 2014 Series A Senior Revenue Bonds (\$59,535,000), 2014 Series Refunding Revenue Bonds (\$98,790,000), and a portion of 2014 Series C Senior Revenue Bonds (\$74,690,000); and paying for the costs of issuing the 2024 Forward Delivery Refunding Senior Revenue Bonds.

In November 2024, the Commission issued \$43,890,000, as a Direct Placement, of 2024 Second Series Senior Revenue Refunding Bonds at a fixed rate with a maturity of December 1, 2053. The 2024 Second Series Senior Revenue Bonds were issued in exchange for the cancellation of the 2019 EB-5 3rd Tranche (\$52,000,000) and paying for the costs of issuing the 2024 Second Series Senior Revenue Bonds.

In January 2025, the Commission issued \$90,000,000 of 2024 Series B Senior Revenue Bonds (Converted Direct Placement) at a fixed rate with a maturity of December 1, 2054. The 2024 Series B Senior Revenue Bonds (Converted Direct Placement) were issued in exchange for the cancellation of the Direct Placement 2024 Series B Senior Revenue Bonds (\$90,000,000) and paying for the costs of issuing the 2024 Series B Senior Revenue Bonds.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Management's Discussion and Analysis (Unaudited) (*continued*)

May 31, 2025 and 2024

Financial Analysis (*continued*)

Capital Assets and Debt Administration (*continued*)

Debt Administration – Mainline (*continued*)

In January 2025, the Commission issued \$30,420,000, as a Direct Placement, of 2025 First Series Senior Revenue Refunding Bonds at a fixed rate with a maturity of December 1, 2054. The 2025 First Series Senior Revenue Refunding Bonds were issued in exchange for the cancellation of the 2020 EB-5 4th Tranche (\$36,500,000) and paying for the costs of issuing the 2025 First Series Senior Revenue Refunding Bonds.

In March 2025, the Commission issued \$350,000,000 of 2025 Series A Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2055. The 2025 Series A Senior Revenue Bonds were primarily issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges and for paying the costs of issuing the 2025 Series A Senior Revenue Bonds.

In March 2025, the Commission issued \$250,640,000 of 2025 Second Series Senior Revenue Refunding Bonds at a fixed rate with a maturity of December 1, 2045. The 2025 Second Series Senior Revenue Refunding Bonds were primarily issued to finance the cost of refunding the 2015 Series A-1 Senior Revenue Bonds (\$286,670,000) and for paying the costs of issuing the 2025 Second Series Senior Revenue Refunding Bonds.

Debt Administration – Motor License Registration Fee

In September 2023, the Commission issued \$231,425,000 of 2023 Series Motor License Registration Fee Revenue Refunding Bonds at a variable rate with a maturity date of July 15, 2041. The 2023 Motor License Registration Fee Revenue Refunding Bonds were issued to refund the 2005 Series B Motor License Registration Fee Revenue Bonds (\$77,140,000), 2005 Series C Motor License Registration Fee Revenue Bonds (\$77,140,000), and 2005 Series D Motor License Registration Fee Revenue Bonds (\$77,145,000) and paying for the costs of issuing the 2023 Series Motor License Registration Fee Revenue Refunding Bonds.

Debt Administration - Bond Ratings

In August 2023, the Commission received an upgrade to both its Mainline Senior and Subordinate credit ratings from Moody's Ratings. Moody's upgraded the Commission's outstanding Mainline Senior lien bonds to 'Aa3' from 'A1' and the Mainline Subordinate lien bonds to 'A2' from 'A3'. Additionally, Moody's revised the Commission's revenue bond outlook to stable from positive.

In October 2024, the Commission received an upgrade to its Mainline Motor License Fund-Enhanced Subordinate Special Revenue credit ratings from Moody's Ratings. Moody's upgraded the Commission's outstanding to 'Mainline Motor License Fund-Enhanced Subordinate Special Revenue bonds to Aa3' from 'A1' Additionally, Moody's revised the Commission's revenue bond outlook to stable from positive.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Management's Discussion and Analysis (Unaudited) (*continued*)

May 31, 2025 and 2024

Financial Analysis (*continued*)

Capital Assets and Debt Administration (*continued*)

Debt Administration - Bond Ratings (*continued*)

In August 2025, the Commission received a downgrade to both its Oil Franchise Tax Senior and Subordinate credit ratings from Kroll Bond Rating Agency due to the expectations for weakening long-term pledged revenue growth prospects given the Commonwealth of Pennsylvania's declining trend in fuel consumption. Kroll Bond Rating Agency downgraded the Commission's outstanding Oil Franchise Tax Senior lien bonds to 'AA-' from 'AA' and the Oil Franchise Tax Subordinate lien bonds to 'A+' from 'AA-'.

The preceding paragraphs describe debt activity occurring during the fiscal years ended May 31, 2025 and 2024. Please refer to the debt and commitments and contingencies notes to the financial statements (Notes 9 and 11) for more detailed schedules and descriptions of long-term debt and swap activity.

Events That Will Impact Financial Position

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. Subsequently, in order to, among other things, effectuate the provisions of Act 44 requiring the Commission to make substantial annual payments to PennDOT, as described in the following paragraphs, the Commission and PennDOT entered into a Lease and Funding Agreement (the Act 44 Funding Agreement), incorporating many of the terms of Act 44.

The Act 44 Funding Agreement also granted the Commission the option to lease the portion of Interstate 80 (I-80) located in the Commonwealth from PennDOT upon, among other things, the approval of the Federal Highway Administration (FHWA) of the conversion of such portion into a toll road (the Conversion). The Conversion was not approved by FHWA and neither the Commission nor PennDOT appealed the decision. The Commission did not exercise its option to lease such portion of I-80, and the period during which the Commission could exercise its option under the Act 44 Funding Agreement lapsed on October 14, 2010, without the Commission effectuating the Conversion or having the ability to do so in the future, leaving all legal, financial and operational responsibility for I-80 solely with PennDOT.

Pursuant to Act 44 and the Act 44 Funding Agreement, the Commission is obligated to make scheduled annual payments to PennDOT (*Act 44/Act 89 Payments*). Previously, aggregate payments in the amount of \$450.0 million were due through 2057, payable in equal quarterly installments, with \$200.0 million of the scheduled annual payments supporting road and bridge projects and \$250.0 million supporting transit projects throughout the Commonwealth. However, commencing with fiscal year 2023, the Commission's current annual Act 44/Act 89 Payment obligation was reduced to \$50.0 million. See the following paragraphs for more information on the total amount paid by the Commission under the Amended Funding Agreement.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Management's Discussion and Analysis (Unaudited) (*continued*)

May 31, 2025 and 2024

Events That Will Impact Financial Position (*continued*)

On November 25, 2013, Act 89 was enacted to provide (i) substantial revenue enhancements to support investment in the Commonwealth's aging transportation infrastructure, and (ii) substantial reductions in the Commission's obligations with respect to the Act 44/Act 89 Payments. The revenue enhancements providing additional funds each year for investment in the Commonwealth's transportation infrastructure were fully implemented in fiscal year 2018.

Revisions to the Commission's Act 44/Act 89 Payment obligations enacted under Act 89 were implemented by Amendment Number One to Lease and Funding Agreement (the *Act 89 Amendment* and together with the Act 44 Funding Agreement, the *Original Amended Funding Agreement*) executed by the Commission and PennDOT on April 4, 2014.

In accordance with Act 89 and the Original Amended Funding Agreement, the Commission's aggregate annual Act 44/Act 89 Payment to PennDOT for fiscal year 2014 through fiscal year 2022 was \$450.0 million, with at least \$30.0 million of such annual amount required to be paid from current revenues and the remainder funded by the proceeds of bonds issued under the Subordinate Revenue Indenture.

The Original Amended Funding Agreement was subsequently further amended, on July 31, 2018, by Amendment Number Two to Lease and Funding Agreement (the *Amendment Two*) and on June 11, 2020, by Amendment Number Three to the Lease and Funding Agreement (the *Amendment Three*, and together with the Original Amended Funding Agreement and Amendment Two, the *Amended Funding Agreement*) both of which were executed by all parties to provide current year adjustments for certain due dates for Act 44/Act 89 Payments in fiscal years 2019 through 2021.

Act 89 relieved the Commission from over \$15.0 billion in future Act 44/Act 89 Payments to PennDOT during fiscal years 2023 through 2057 (the term of the Amended Funding Agreement), by reducing the Commission's aggregate annual Act 44/Act 89 Payments to PennDOT to \$50.0 million, which amount must be paid from current revenues of the Commission. Pursuant to Act 89, commencing with fiscal year 2023, the Commission's \$50.0 million scheduled annual Act 44/Act 89 Payments must be used to support Commonwealth mass transit capital and operating needs.

Act 44 requires the Commission to prepare and submit an annual financial plan (the Financial Plan) to the Secretary of the Budget of the Commonwealth 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 annual Financial Plan is to demonstrate that the Commission's operation in accordance with such plan can be reasonably anticipated to generate unencumbered funds sufficient to make all Act 44/Act 89 Payments due to PennDOT in the upcoming year after all Commission obligations and interest thereon, sinking fund requirements of the Commission, and other requirements in any trust indenture, notes or resolutions have been met. Any deviations and the causes therefore in prior year plans must be explained.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Management's Discussion and Analysis (Unaudited) (*continued*)

May 31, 2025 and 2024

Events That Will Impact Financial Position (*continued*)

The financial plan does not cover the funding needs for the Mon/Fayette Expressway or the Southern Beltway projects, which are separately financed by certain dedicated tax and fee revenue sources of the Commonwealth. Those revenue sources include Oil Franchise Tax Revenues and Registration Fee Revenues and are not pledged to pay debt service on the Commission's Senior Revenue Bonds, Subordinate Revenue Bonds or Subordinate Special Revenue Bonds.

Since the enactment of Act 44 in 2007, the Commission's annual Financial Plan has demonstrated that for the prior fiscal year that the Commission was able to meet all of its financial covenants and obligations under the Enabling Acts and was able to progress with its then-current Capital Plan. The Commission delivered to the Secretary of the Budget its Financial Plan for Fiscal Year 2026 on May 30, 2025.

The Fiscal Year 2026 Financial Plan sets forth the reasonably expected revenues the Commission will generate necessary to meet required Turnpike operating and maintenance expenses, debt service payments, capital expenses, and liquidity requirements and included the adoption of the fiscal year 2026 Capital Plan. The fiscal year 2026 Financial Plan indicates that in fiscal year 2024 and fiscal year 2025, the Commission was able to meet all of its financial covenants and obligations under the Enabling Acts and was able to progress with its then-current capital plan. A copy of the Fiscal Year 2026 Financial Plan is available on the Commission's website.

Additionally, the Fiscal Year 2026 Financial Plan concludes that the Commission is projected to generate sufficient resources to operate and maintain the Turnpike, provide for its capital investment needs to ensure the System is maintained in a state of good repair, meet debt service requirements, fund required Act 44/Act 89 Payments and maintain internal liquidity. Although the Commission's Fiscal Year 2026 Financial Plan is based on reasonable financial assumptions, it recognizes that there are inherent uncertainties in projecting the Commission's resources and obligations over a thirty-three year period. Downside risks to the Financial Plan include, but are not limited to, lower than expected traffic and toll revenues, higher interest and inflation rates and/or greater than projected cost increases. To accommodate these risks, the Financial Plan requires that the Commission maintain strong debt service coverage and preserve internal liquidity.

The preceding paragraphs provide a brief overview of Act 44 and Act 89 and their requirements. Please refer to the commitments and contingencies section in the Notes to the Financial Statements (Note 11) for additional information regarding the Commission's commitments under the Amended Funding Agreement. Furthermore, legislation may be introduced that could affect the Commission and its obligations pursuant to Act 44 and Act 89. Also, the Commission cannot predict what other legislation may be considered by the General Assembly during the 2025-2026 or future legislative sessions or if any other proposals or initiatives may lead to the adoption of legislation that may affect the Commission.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
 Statements of Net Position – Business-type activities
 May 31, 2025 and 2024
 (in thousands)

| | 2025 | 2024 |
|--|-----------------------------|-----------------------------|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | |
| <i>Current assets</i> | | |
| Cash and cash equivalents | \$ 354,547 | \$ 355,987 |
| Investments | 285,760 | 224,582 |
| Accounts receivable - net of allowance of \$897.6 million and \$718.1 million as of May 31, 2025 and 2024, respectively | 181,765 | 158,966 |
| Accrued interest receivable | 4,204 | 2,181 |
| Inventories | 27,261 | 25,025 |
| <i>Restricted current assets</i> | | |
| Cash and cash equivalents | 950,892 | 917,435 |
| Investments | 517,664 | 679,489 |
| Accounts receivable | 11,175 | 9,607 |
| Accrued interest receivable | 9,805 | 17,867 |
| Total current assets | <u>2,343,073</u> | <u>2,391,139</u> |
| <i>Noncurrent assets</i> | | |
| <i>Investments</i> | | |
| Investments | 334,186 | 262,669 |
| Investments restricted | 604,909 | 561,687 |
| Total noncurrent investments | <u>939,095</u> | <u>824,356</u> |
| <i>Capital assets not being depreciated/amortized</i> | | |
| Land and intangibles | 492,466 | 485,043 |
| Assets under construction | 2,374,207 | 2,096,118 |
| <i>Capital assets being depreciated/amortized</i> | | |
| Buildings | 1,244,617 | 1,176,281 |
| Improvements other than buildings | 227,457 | 196,423 |
| Equipment | 765,855 | 664,015 |
| Infrastructure | 11,201,211 | 10,864,934 |
| Right-to-use - subscriptions | 22,224 | 12,930 |
| Total capital assets before accumulated depreciation/amortization | 16,328,037 | 15,495,744 |
| Less: Accumulated depreciation/amortization | <u>7,924,644</u> | <u>7,630,043</u> |
| Total capital assets after accumulated depreciation/amortization | <u>8,403,393</u> | <u>7,865,701</u> |
| <i>Other assets</i> | | |
| Prepaid bond insurance costs | 3,236 | 3,724 |
| Net OPEB asset | 202,693 | 173,457 |
| Other assets | 68,726 | 70,329 |
| Total other assets | <u>274,655</u> | <u>247,510</u> |
| Total noncurrent assets | <u>9,617,143</u> | <u>8,937,567</u> |
| Total assets | <u>11,960,216</u> | <u>11,328,706</u> |
| Deferred outflows of resources from hedging derivatives | 1,173 | 589 |
| Deferred outflows of resources from refunding bonds | 197,997 | 232,643 |
| Deferred outflows of resources from pensions | 44,731 | 61,803 |
| Deferred outflows of resources from OPEB | 77,589 | 122,080 |
| Total deferred outflows of resources | <u>321,490</u> | <u>417,115</u> |
| Total assets and deferred outflows of resources | <u>\$ 12,281,706</u> | <u>\$ 11,745,821</u> |

The accompanying notes are an integral part of these financial statements.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Statements of Net Position – Business-type activities (*continued*)

May 31, 2025 and 2024

(in thousands)

| | 2025 | 2024 |
|---|------------------------------|------------------------------|
| LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | | |
| <i>Current liabilities</i> | | |
| Accounts payable and accrued liabilities | \$ 687,710 | \$ 708,651 |
| Current portion of debt | 338,919 | 411,085 |
| Unearned income | <u>133,003</u> | <u>127,894</u> |
| Total current liabilities | <u>1,159,632</u> | <u>1,247,630</u> |
| <i>Noncurrent liabilities</i> | | |
| Debt, less current portion, net of unamortized premium of \$1,529.1 million and \$1,498.5 million in 2025 and 2024, respectively | 17,299,379 | 17,018,142 |
| Net pension liability | 283,823 | 296,572 |
| Other noncurrent liabilities | <u>65,402</u> | <u>57,542</u> |
| Total noncurrent liabilities | <u>17,648,604</u> | <u>17,372,256</u> |
| Total liabilities | <u>18,808,236</u> | <u>18,619,886</u> |
| Deferred inflows of resources from hedging derivatives | 102,582 | 110,313 |
| Deferred inflows of resources from service concession arrangements | 75,801 | 82,600 |
| Deferred inflows of resources from refunding bonds | 104,830 | 20,869 |
| Deferred inflows of resources from pensions | 14,260 | 29,794 |
| Deferred inflows of resources from OPEB | 114,527 | 164,998 |
| Deferred inflows of resources from leases | <u>46,150</u> | <u>46,992</u> |
| Total deferred inflows of resources | <u>458,150</u> | <u>455,566</u> |
| Total liabilities and deferred inflows of resources | <u>19,266,386</u> | <u>19,075,452</u> |
| NET POSITION | | |
| Net investment in capital assets | (1,274,378) | (1,328,484) |
| Restricted for construction purposes | 183,604 | 279,321 |
| Restricted for debt service | 85,251 | 91,275 |
| Restricted for OPEB | 202,693 | 173,457 |
| Unrestricted | <u>(6,181,850)</u> | <u>(6,545,200)</u> |
| Total net position | <u>\$ (6,984,680)</u> | <u>\$ (7,329,631)</u> |

The accompanying notes are an integral part of these financial statements.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Statements of Revenues, Expenses, and Changes in Net Position – Business-type activities

Years Ended May 31, 2025 and 2024

(in thousands)

| | 2025 | 2024 |
|---|------------------------------|------------------------------|
| <i>Operating revenues</i> | | |
| Fares - net of discounts, adjustments and bad debt expense of \$158.0 million and \$146.2 million for the years ended May 31, 2025 and 2024, respectively | \$ 1,720,694 | \$ 1,608,793 |
| Other | 59,318 | 58,078 |
| Total operating revenues | <u>1,780,012</u> | <u>1,666,871</u> |
| <i>Operating expenses</i> | | |
| Cost of services | 566,769 | 556,237 |
| Depreciation/amortization | 432,767 | 417,032 |
| Total operating expenses | <u>999,536</u> | <u>973,269</u> |
| Operating income | <u>780,476</u> | <u>693,602</u> |
| <i>Nonoperating revenues (expenses)</i> | | |
| Investment earnings | 140,107 | 131,735 |
| Other nonoperating revenues | 16,961 | 8,128 |
| Act 44 and Act 89 payments to PennDOT | (50,000) | (50,000) |
| Interest and bond expense | <u>(705,253)</u> | <u>(697,060)</u> |
| Nonoperating expenses, net | <u>(598,185)</u> | <u>(607,197)</u> |
| Income before capital contributions | 182,291 | 86,405 |
| Capital contributions | <u>162,660</u> | <u>168,054</u> |
| Increase in net position | 344,951 | 254,459 |
| Net position at beginning of year | <u>(7,329,631)</u> | <u>(7,584,090)</u> |
| Net position at end of year | <u>\$ (6,984,680)</u> | <u>\$ (7,329,631)</u> |

The accompanying notes are an integral part of these financial statements.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
 Statements of Cash Flows – Business-type activities
 Years Ended May 31, 2025 and 2024
 (in thousands)

| | 2025 | 2024 |
|---|----------------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from customer tolls and deposits | \$ 1,740,184 | \$ 1,663,003 |
| Cash payments for goods and services | (453,557) | (435,986) |
| Cash payments to employees | (161,662) | (162,176) |
| Cash received from other operating activities | 14,483 | 6,623 |
| Net cash provided by operating activities | <u>1,139,448</u> | <u>1,071,464</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sales and maturities of investments | 4,124,456 | 5,442,040 |
| Interest received on investments | 56,283 | 50,832 |
| Purchase of investments | (4,052,835) | (5,206,040) |
| Net cash provided by investing activities | <u>127,904</u> | <u>286,832</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Capital grants received from other governments | - | 641 |
| Proceeds from Motor License Registration fees | 28,000 | 28,000 |
| Proceeds from Oil Company Franchise Tax | 128,997 | 137,513 |
| Construction and acquisition of capital assets | (986,924) | (1,068,384) |
| Proceeds from sale of capital assets | 1,850 | 1,646 |
| Payments for bond and swap expenses | (9,992) | (11,480) |
| Payments for debt refundings | (1,026,671) | (481,418) |
| Payments for bond maturities | (181,940) | (169,605) |
| Interest paid on debt | (416,375) | (405,144) |
| Interest subsidy from Build America Bonds | 19,874 | 21,111 |
| Proceeds from debt issuances | 1,719,969 | 1,173,154 |
| Net cash used in capital and related financing activities | <u>(723,212)</u> | <u>(773,966)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Cash payments to PennDOT | (50,000) | (50,000) |
| Payments for bond and swap expenses | (4,234) | - |
| Payments for debt refundings | (687,462) | - |
| Payments for debt maturities | (140,645) | (124,350) |
| Interest paid on debt | (302,190) | (314,259) |
| Proceeds from debt issuances | 672,408 | - |
| Net cash used in noncapital financing activities | <u>(512,123)</u> | <u>(488,609)</u> |
| Increase in cash and cash equivalents | 32,017 | 95,721 |
| Cash and cash equivalents at beginning of year | 1,273,422 | 1,177,701 |
| Cash and cash equivalents at end of year | <u>\$ 1,305,439</u> | <u>\$ 1,273,422</u> |

The accompanying notes are an integral part of these financial statements.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Statements of Cash Flows – Business-type activities (*continued*)

Years Ended May 31, 2025 and 2024

(in thousands)

| | 2025 | 2024 |
|---|----------------------------|----------------------------|
| <i>Reconciliation of operating income to net cash provided by operating activities</i> | | |
| Operating income | \$ 780,476 | \$ 693,602 |
| <i>Adjustments to reconcile operating income to net cash provided by operating activities</i> | | |
| Depreciation/amortization | 432,767 | 417,032 |
| <i>Change in operating assets and liabilities</i> | | |
| Accounts receivable | (23,245) | (19,696) |
| Inventories | (2,236) | (1,878) |
| Other assets | 11 | (2) |
| Net OPEB asset | (29,236) | (63,806) |
| Deferred outflows of resources from pensions | 17,072 | 26,139 |
| Deferred outflows of resources from OPEB | 44,491 | (76,074) |
| Accounts payable and accrued liabilities | (1,686) | 22,841 |
| Net pension liability | (12,749) | (35,002) |
| Other noncurrent liabilities | 630 | (3,160) |
| Deferred inflows of resources from pensions | (15,534) | (8,436) |
| Deferred inflows of resources from OPEB | (50,471) | 111,352 |
| Deferred inflows of resources from leases | (842) | 8,552 |
| Net cash provided by operating activities | <u>\$ 1,139,448</u> | <u>\$ 1,071,464</u> |
| <i>Reconciliation of cash and cash equivalents to the statements of net position</i> | | |
| Cash and cash equivalents | \$ 354,547 | \$ 355,987 |
| Restricted cash and cash equivalents | <u>950,892</u> | <u>917,435</u> |
| Total cash and cash equivalents | <u>\$ 1,305,439</u> | <u>\$ 1,273,422</u> |

Noncash Investing, Capital and Related Financing and Noncapital Financing Activities

The Commission recorded net increase of \$73.2 million and a net increase of \$75.5 million in the fair value of its investments not reported as cash equivalents for the years ended May 31, 2025 and 2024, respectively.

The Commission recorded \$81.1 million and \$77.6 million for the amortization of bond premiums for the years ended May 31, 2025 and 2024, respectively.

As indicated in Note 9, the Commission refunded various bonds in both fiscal years 2025 and 2024. The fiscal year 2025 refundings resulted in a \$11.6 million reclassification from bond premiums (discounts) to deferred outflows of resources from refundings and a \$105.5 million reclassification from bond premiums (discounts) to deferred inflows of resources from refundings. The fiscal year 2024 refundings resulted in a \$0.2 million reclassification from bond premiums (discounts) to deferred outflows of resources from refundings. Additionally, the Commission recorded \$17.1 million and \$16.5 million in expenses for amortization of deferred outflows/inflows of resources from refunding bonds for the years ended May 31, 2025 and 2024, respectively.

The accompanying notes are an integral part of these financial statements.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Statements of Cash Flows – Business-type activities (*continued*)

Years Ended May 31, 2025 and 2024

Noncash Investing, Capital and Related Financing and Noncapital Financing Activities
(continued)

The Commission recorded \$0.3 million in expenses for amortization of prepaid bond insurance costs for each of the years ended May 31, 2025 and 2024.

The Commission recorded an interest expense reduction of \$7.2 million and \$7.1 million for the years ended May 31, 2025 and 2024, respectively, related to terminated derivative instruments.

The Commission recognized total capital contributions of \$162.7 million for the fiscal year ended May 31, 2025. Cash received of \$157.0 million for the fiscal year ended May 31, 2025 is reported in the capital and related financing activities of this statement. The \$5.7 million difference between capital contributions and cash received is the result of a \$0.9 million increase in receivables related to these capital contributions in addition to a \$4.8 million noncash capital contribution related to capital assets provided by service plaza operators. The Commission recognized total capital contributions of \$168.1 million for the fiscal year ended May 31, 2024. Cash received of \$166.2 million for the fiscal year ended May 31, 2024 is reported in the capital and related financing activities of this statement. The \$1.9 million difference between capital contributions and cash received is the result of a \$2.9 million decrease in receivables related to these capital contributions offset by a \$4.8 million noncash capital contribution related to capital assets provided by service plaza operators. See Note 2 for further discussion on capital contributions and Note 6 for further discussion on the service plazas.

The accompanying notes are an integral part of these financial statements.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
 Statements of Fiduciary Net Position – OPEB Trust Fund
 May 31, 2025 and 2024

| | 2025 | 2024 |
|--|--------------------------|--------------------------|
| | <i>(in thousands)</i> | |
| ASSETS | | |
| Cash and cash equivalents | \$ 4,542 | \$ 4,645 |
| Interest and dividends receivable | 744 | 775 |
| <i>Investments</i> | | |
| Equity – stocks | 14,883 | 14,870 |
| Equity – mutual funds | 227,692 | 218,313 |
| Fixed income – mutual funds | 121,816 | 65,100 |
| Fixed income – mortgages | 111 | 159 |
| Fixed income – U.S. Treasuries | 23,631 | 45,144 |
| Fixed income – U.S. Government agency securities | - | 26,963 |
| Fixed income – U.S. High Yield | 31,271 | 28,582 |
| Corporate obligations | 18,304 | 19,155 |
| <i>Limited partnerships</i> | | |
| Real estate | 49,245 | 51,106 |
| Commodities | 22,931 | 25,054 |
| Global tactical asset allocation | 35,881 | 31,173 |
| Private debt | 19,396 | 16,531 |
| Private equity | 9,080 | 6,589 |
| Total limited partnerships | <u>136,533</u> | <u>130,453</u> |
| Hedge fund of funds | <u>44,518</u> | <u>43,653</u> |
| Total investments | <u>618,759</u> | <u>592,392</u> |
| Total assets | <u>624,045</u> | <u>597,812</u> |
| LIABILITIES | | |
| Benefits payable | 571 | 582 |
| Other liabilities | <u>144</u> | <u>159</u> |
| Total liabilities | <u>715</u> | <u>741</u> |
| Net position – restricted for OPEB | <u>\$ 623,330</u> | <u>\$ 597,071</u> |

The accompanying notes are an integral part of these financial statements.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Statements of Changes in Fiduciary Net Position – OPEB Trust Fund

Years Ended May 31, 2025 and 2024

| | 2025 | 2024 |
|---|-----------------------|-------------------|
| | <i>(in thousands)</i> | |
| ADDITIONS | | |
| Employer contributions | \$ 9,042 | \$ 13,419 |
| <i>Net investment income (loss)</i> | | |
| Interest, dividends, and capital gains income | 12,080 | 12,121 |
| Change in fair value of investments | 33,180 | 36,858 |
| Investment fees | <u>(817)</u> | <u>(865)</u> |
| Total net investment income | <u>44,443</u> | <u>48,114</u> |
| Total additions | <u>53,485</u> | <u>61,533</u> |
| DEDUCTIONS | | |
| Benefit payments | 27,207 | 24,113 |
| Administrative expenses | <u>19</u> | <u>23</u> |
| Total deductions | <u>27,226</u> | <u>24,136</u> |
| Change in fiduciary net position | 26,259 | 37,397 |
| Net position – restricted for OPEB | | |
| Beginning of year | 597,071 | 559,674 |
| End of year | <u>\$ 623,330</u> | <u>\$ 597,071</u> |

The accompanying notes are an integral part of these financial statements.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements
Years Ended May 31, 2025 and 2024

NOTE 1 FINANCIAL REPORTING ENTITY

Accounting principles generally accepted in the United States (U.S. GAAP) require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

The Pennsylvania Turnpike Commission (the Commission) was created as an instrumentality of the Commonwealth of Pennsylvania (the Commonwealth) 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 discretely presented component unit of the Commonwealth.

The Commission is composed of five members, one of whom is the Secretary of Transportation. The others are appointed by the Governor with the approval of two-thirds of the Senate.

The Commission maintains an Other Postemployment Welfare Plan Program (the Plan), for the purpose of providing benefits to eligible retirees and their dependents. The Plan is a single-employer, defined benefit plan. The Commission established the Pennsylvania Turnpike Commission Retiree Medical Trust (the Trust) on May 30, 2008 as an irrevocable trust, tax-exempt under Section 115 of the Internal Revenue Code, to provide funding of the Plan's other postemployment benefits (OPEB). The Trust is administered by Trustees who are appointed by and serve at the pleasure of the Commission. The chairman and vice chairman of the Trust are appointed by the Trustees and serve two-year terms. In accordance with GASB Statement No. 84, *Fiduciary Activities*, the Plan is a fiduciary component unit of the Commission.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board (GASB), the Commission has determined that it has no other component units.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Commission's business-type activities (enterprise fund) and fiduciary activities (fiduciary fund) have been prepared in conformity with U.S. GAAP as applied to government units. The 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 in the following paragraphs:

Basis of Accounting

The Commission's enterprise and fiduciary fund financial statements (the financial statements) are presented on the accrual basis of accounting.

Accounting Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts may differ from those estimates.

Reclassifications

Certain amounts presented in fiscal year 2024 have been reclassified to conform to the fiscal year 2025 financial statement presentation.

Cash Equivalents

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, except for the following: money market investments are reported at cost which does not materially differ from fair value, certain nonparticipating contracts such as repurchase agreements and other agreements structured as repurchase agreements are reported at cost which does not materially differ from fair value and guaranteed investment contracts are stated at contract value. The Commission categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. See Note 4 for further discussion.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Accounts Receivable

Accounts receivable consist primarily of toll revenue receivables from customers and other E-ZPass agencies, fee revenue receivables from customers and reimbursement receivables from other governments. An allowance for uncollectible accounts receivable is established based on specific identification and historical experience.

Restricted Assets

In accordance with Trust Agreements and Trust Indentures, the Commission has established and maintains certain restricted accounts. Funds have been deposited in these accounts and are restricted for major capital replacements, improvements, betterments, enlargements, capital additions or the payment of debt service related to bonds.

Restricted assets as of May 31, 2025 were as follows:

| | Restricted for: | | |
|-----------------------------|-------------------|---------------------|---------------------|
| | Construction | Debt Service | Total |
| | (in thousands) | | |
| Cash and cash equivalents | \$ 226,217 | \$ 724,675 | \$ 950,892 |
| Current investments | 189,183 | 328,481 | 517,664 |
| Accounts receivable | 11,175 | - | 11,175 |
| Accrued interest receivable | 613 | 9,192 | 9,805 |
| Noncurrent investments | 36,444 | 568,465 | 604,909 |
| Total | <u>\$ 463,632</u> | <u>\$ 1,630,813</u> | <u>\$ 2,094,445</u> |

Restricted assets as of May 31, 2024 were as follows:

| | Restricted for: | | |
|-----------------------------|-------------------|---------------------|---------------------|
| | Construction | Debt Service | Total |
| | (in thousands) | | |
| Cash and cash equivalents | \$ 200,152 | \$ 717,283 | \$ 917,435 |
| Current investments | 305,588 | 373,901 | 679,489 |
| Accounts receivable | 9,607 | - | 9,607 |
| Accrued interest receivable | 1,059 | 16,808 | 17,867 |
| Noncurrent investments | 117,420 | 444,267 | 561,687 |
| Total | <u>\$ 633,826</u> | <u>\$ 1,552,259</u> | <u>\$ 2,186,085</u> |

Utilization of Resources

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

Inventories

Inventories are valued at average cost. The cost of inventory is expensed upon use (consumption method).

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Capital Assets

Capital assets consist of land and intangible assets (right-of-way easements), assets under construction, buildings, improvements, equipment, right-to-use – subscriptions and infrastructure. Infrastructure assets are typically items that are immovable such as highways, bridges, and tunnels. Capital assets are stated at cost. Donated capital assets and capital assets received in a service concession arrangement are measured at acquisition value. Effective for the fiscal year ended May 31, 2024, acquisitions of capital assets valued at \$100,000 or greater are capitalized. Previously, acquisitions of capital assets valued at \$15,000 or greater were capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT asset. Intangible assets have an indefinite life and, thus, are not depreciated/amortized. The following useful lives and subscription terms are used:

| | |
|-----------------------------------|---------------|
| Buildings | 10 – 45 years |
| Improvements other than buildings | 15 – 20 years |
| Equipment | 3 – 40 years |
| Infrastructure | 10 – 50 years |
| Right-to-use – subscriptions | 2 – 3 years |

Leases

The Commission is the lessor for advertising, cell tower, gas royalty and other miscellaneous leases. The miscellaneous category includes, but is not limited to, leases such as commercial, residential, agricultural and license agreements. The Commission recognizes a lease receivable and deferred inflows of resources related to leases in the financial statements.

At the commencement of a lease, the Commission initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Commission determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Commission uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Leases (*continued*)

The Commission monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription-Based Information Technology Arrangements (SBITAs)

The Commission has entered into software contracts some of which meet the criteria for subscription-based information technology arrangements (SBITAs) under GASB Statement No. 96. Contracts that convey control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction are required to be recognized as a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. The Commission recognizes the subscription liability at the commencement of the subscription term, —which is when the subscription asset is placed into service. The subscription liability is initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the Commission's incremental borrowing rate. Amortization of the discount on the subscription liability is recognized as interest expense in subsequent financial reporting periods. The subscription asset is initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

Debt Premium/Discount and Prepaid Insurance Costs

Debt premium/discount is being amortized using the effective interest rate method over the varying terms of the bonds issued. Prepaid bond insurance costs (incurred through bond issuances) are being amortized using the straight-line method over the varying terms of the bonds issued.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Unearned Income

Unearned income is primarily related to E-ZPass customer deposits. E-ZPass customers of the 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. The Commission had \$133.0 million and \$127.9 million classified as unearned income for the fiscal years ended May 31, 2025 and 2024, respectively. Additionally, the Commission had \$7.0 million and \$6.6 million classified as accounts payable and accrued liabilities for the fiscal years ended May 31, 2025 and 2024, respectively.

Arbitrage Payable

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. The Commission had a total arbitrage liability of \$11.7 million and \$8.2 million for fiscal years ended May 31, 2025 and 2024, respectively. The arbitrage liability recorded as accounts payable and accrued liabilities was \$35,400 and \$0.4 million as of May 31, 2025 and 2024, respectively. The arbitrage liability recorded as other noncurrent liabilities was \$11.6 million and \$7.8 million as of May 31, 2025 and 2024, respectively.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pennsylvania State Employees' Retirement System (SERS) and additions to/deductions from SERS's fiduciary net position have been determined on the same basis as they are reported by SERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Pennsylvania Turnpike Commission's Other Postemployment Welfare Plan Program (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at cost.

Deferred Outflows/Inflows of Resources

The Statements of Net Position report separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The Commission has six items that qualify for reporting in these categories: deferred outflows/inflows from its hedging derivative instruments, deferred inflows from its service concession arrangements, deferred outflows/inflows from refunding bonds, deferred outflows/inflows related to pensions, deferred outflows/inflows related to other postemployment benefits and deferred inflows related to leases.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Deferred Outflows/Inflows of Resources (*continued*)

The deferred outflows/inflows of resources related to hedging derivative instruments represent the cumulative change in their fair values. Deferred inflows from the Commission's service concession arrangements represent unamortized capital contributions from service plaza operators and the present value of minimum guaranteed rent payments. Deferred outflows/inflows from refundings are the result of differences in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows/inflows of resources related to pensions are described further in Note 10. The components of deferred outflows of resources and deferred inflows of resources, other than the difference between the projected and actual earnings on investments, are amortized into pension expense over a closed period, which reflects the weighted average remaining service life of all SERS members beginning the year in which the deferred amount occurs (current year). The annual difference between the projected and actual earnings on SERS investments is amortized over a five-year closed period, beginning the year in which the difference occurs (current year). Deferred outflows/inflows of resources related to OPEB are described further in Note 13. Investment (gains)/losses are recognized in OPEB expense over a period of five years; economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members. Deferred inflows of resources related to leases represent the unearned revenues for all leases in which the Commission is the lessor.

Net Position

U.S. GAAP requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Net Position (*continued*)

Restricted – This component of net position consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets. The restrictions would be imposed by:

- External parties such as creditors, grantors and contributors,
- Laws or regulations of other governments, or
- Restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Operating Revenues

Revenues associated with operations of the Turnpike System are considered operating revenues. The principal operating revenues of the Commission are fare revenues from customers, offset by discounts, toll-related bad debt and other adjustments. Other operating revenues include service station, restaurant, property and other rental income, fees related to the E-ZPass and Toll-By-Plate programs offset by fee related bad debt expense, and other miscellaneous revenues.

Fare Revenues

With the partial conversion of the Turnpike System to Open Road Tolling on January 5, 2025, fare revenues are charged electronically and recognized when customers drive at highway speeds passing beneath overhead structures, called gantries, or when they exit the Turnpike System.

The Commission has installed E-ZPass, a form of electronic toll collection, throughout the Turnpike System. As customers drive through a toll point with an E-ZPass transponder, toll equipment captures the trip information, calculates the toll, and deducts it from the customer's E-ZPass pre-paid account balance. Toll-By-Plate (TBP) is supplemental to E-ZPass toll collections and utilizes technology where cameras read the license plates of all non-E-ZPass customers, as they pass through each toll gantry. The registered owner of the vehicle is then invoiced for the assessed tolls. For fiscal years 2025 and 2024, approximately 16.9% and 16.3%, respectively, of the fare revenues were realized through TBP, which are included as a part of all-electronic tolling.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Operating Expenses

Operating expenses relate directly to operating and maintaining the Turnpike System. The principal operating expenses of the Commission are cost of services and depreciation/amortization. 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.

Nonoperating Revenues (Expenses)

Nonoperating revenues include net investment earnings and other miscellaneous revenues not associated with the operations of the Turnpike System. Nonoperating expenses include: Act 44 and Act 89 payments to PennDOT, capital assets transferred to the Commonwealth, interest and bond expenses, and other miscellaneous expenses not associated with the operations of the Turnpike System.

Act 44 and Act 89 Payments to PennDOT

The Commission and PennDOT entered into a Lease and Funding Agreement, as amended, as required under the terms of Act 44 and Act 89. See Note 11 for more information regarding Act 44 and Act 89.

Capital Assets Transferred to the Commonwealth of Pennsylvania

The Commission did not transfer any capital assets to PennDOT for fiscal years ended May 31, 2025 and 2024, respectively.

Capital Contributions

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

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Capital Contributions (*continued*)

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 \$129.9 million and \$135.2 million for the fiscal years ended May 31, 2025 and 2024, 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 registration fee revenue during each of the fiscal years ended May 31, 2025 and 2024 from the Commonwealth's Motor License Fund. These revenues are kept in a separate fund as required by the applicable bond indenture.

Reimbursements from Other Governments

The Commission receives grants from other governments for reimbursement of costs for various highway construction projects. The Commission did not receive any capital contributions from other governments during the fiscal years ended May 31, 2025 and 2024, respectively.

Other Capital Contributions

The Commission entered into agreements with a food and a fuel provider to totally reconstruct the service plazas. The service plaza operators provided the capital for the reconstruction in exchange for lower rental rates. The Commission recognized capital contribution revenues of \$4.8 million related to these agreements for both fiscal years ended May 31, 2025 and 2024. See Note 6 for further discussion on service plazas.

Adoption of Accounting Pronouncements

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The Commission adopted the portions of Statement No. 99 related to leases, PPPs, and SBITAs for the fiscal year ending May 31, 2024. The adoption of these portions of this Statement were incorporated into the Commission's financial statements for the fiscal year ended May 31, 2024. The Commission adopted the remaining portions of Statement No. 99 related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 for the fiscal year ending May 31, 2025. The adoption of these portions of this Statement had no impact on the Commission's financial statements for the fiscal year ended May 31, 2025.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Adoption of Accounting Pronouncements (*continued*)

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. The Commission adopted Statement No. 100 for the fiscal year ending May 31, 2025. The adoption of this Statement had no impact on the Commission's financial statements for the fiscal year ended May 31, 2025.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The Commission adopted Statement No. 101 for the fiscal year ending May 31, 2025. The adoption of this Statement was incorporated into the Commission's financial statements for the fiscal year ended May 31, 2025. See Note 15 for balances required by this Statement. The adoption of this Statement had no impact on the Commission's financial statements for the fiscal year ended May 31, 2024.

Accounting Pronouncements Not Yet Adopted

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The Commission is required to adopt Statement No. 102 for the fiscal year ending May 31, 2026.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The Commission is required to adopt Statement No. 103 for the fiscal year ending May 31, 2026.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The Commission is required to adopt Statement No. 104 for the fiscal year ending May 31, 2027.

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

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 3 INDENTURE REQUIREMENTS AND RESTRICTIONS

The Commission's debt has been issued under the provisions of five separate Trust Indentures (collectively referred to as Indentures):

- A Senior Trust Indenture dated July 1, 1986, which was amended and restated as of March 1, 2001, as supplemented, between the Commission and U.S. Bank Trust Company, N.A., as successor Trustee;
- An Oil Franchise Tax Trust Indenture, dated August 1, 1998, as supplemented, between the Commission and U.S. Bank Trust Company, N.A., as successor Trustee;
- A Registration Fee Revenue Trust Indenture, dated August 1, 2005, between the Commission and U.S. Bank Trust Company, N.A., as successor Trustee;
- A Subordinate Trust Indenture, dated April 1, 2008 as supplemented, between the Commission and Computershare Trust Company, N.A., as successor Trustee; and
- A Special Obligation Trust Indenture, dated September 1, 2014, between the Commission and U.S. Bank Trust Company, N.A., as successor Trustee.

Accordingly, certain activities of the Commission are restricted by these Indentures.

NOTE 4 CASH AND INVESTMENTS

The following table is a summary of cash and cash equivalents and investments by type:

| | May 31, | |
|--|-----------------------|---------------------|
| | 2025 | 2024 |
| | <i>(In thousands)</i> | |
| <i>Cash and cash equivalents and investment types</i> | | |
| U.S. Treasuries | \$ 1,539,365 | \$ 1,523,808 |
| GNMA mortgages | 346 | 391 |
| Government agency securities | 40,010 | 40,244 |
| Municipal bonds | 12,544 | 21,072 |
| Corporate obligations | 145,100 | 138,154 |
| Total investment securities | 1,737,365 | 1,723,669 |
| Investment derivatives | 5,154 | 4,758 |
| Cash and cash equivalents | 1,305,439 | 1,273,422 |
| Total cash and cash equivalents and investments | \$ 3,047,958 | \$ 3,001,849 |

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 4 CASH AND INVESTMENTS (*continued*)

Cash and Cash Equivalents

Cash and cash equivalents are held in various financial institutions. Cash and cash equivalents are comprised of demand deposits, money market funds, and other highly liquid investments that mature within three months of acquisition. The demand deposits are secured under Pennsylvania Act 72 which secures public deposits in excess of the FDIC insurance limits. Cash equivalents consist of permitted investments in accordance with the Indentures as noted under cash equivalents and investment securities.

The following table is a summary of the Commission's cash and cash equivalents:

| | Bank Balance (<i>In thousands</i>) | Book Balance |
|--|--|----------------------------|
| <i>May 31, 2025</i> | | |
| Demand deposits | \$ 148,488 | \$ 150,625 |
| Money market funds | 980,716 | 980,716 |
| Cash equivalents | <u>174,098</u> | <u>174,098</u> |
| Total cash and cash equivalents | <u>\$ 1,303,302</u> | <u>\$ 1,305,439</u> |
| <i>May 31, 2024</i> | | |
| Demand deposits | \$ 21,571 | \$ 19,045 |
| Money market funds | 992,383 | 992,383 |
| Cash equivalents | <u>261,994</u> | <u>261,994</u> |
| Total cash and cash equivalents | <u>\$ 1,275,948</u> | <u>\$ 1,273,422</u> |

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 4 CASH AND INVESTMENTS (*continued*)

Cash Equivalents and Investment Securities

The following is a description of the valuation methodologies used for investment securities measured at fair value:

- As of May 31, 2025 and 2024, U.S. Treasuries of \$1,539.4 million and \$1,523.8 million, respectively, categorized as Level 1 are valued using quoted market prices.
- As of May 31, 2025 and 2024, GNMA mortgages of \$0.4 million and \$0.4 million, respectively, categorized as Level 2, are valued using models based on spreads of comparable securities.
- As of May 31, 2025 and 2024, government agency securities of \$40.0 million and \$40.2 million, respectively, categorized as Level 2, are valued using various market and industry inputs. Callable agency-issued debt securities are valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. The fair value of agency mortgage pass-through pool securities is model-driven based on spreads of a comparable security. Collateralized mortgage obligations are valued using quoted market prices and trade data adjusted by subsequent changes in related indices for identical or comparable securities.
- As of May 31, 2025 and 2024, municipal bonds of \$12.5 million and \$21.1 million, respectively, categorized as Level 2, are valued using recently executed transactions, market price quotations, and pricing models that factor in, where applicable, interest rates, bond or credit default swap spreads, and volatility.
- As of May 31, 2025 and 2024, corporate obligations were \$145.1 million and \$138.2 million, respectively, categorized as Level 2, are valued using recently executed transactions, market price quotations (where observable), bond spreads, credit default swap spreads at the money volatility and/or volatility skew obtained from independent external parties, such as vendors and brokers adjusted for any basis difference between cash and derivative instruments. The spread data used are for the same maturity as the bond.
- As of May 31, 2025 and 2024, investment derivative instruments of \$5.2 million and \$4.8 million, respectively, categorized as Level 2 are valued using discounted future net cash flows, mid-market values, nonperformance risk, and bid/offer spreads. See Note 11 for further discussion.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 4 CASH AND INVESTMENTS (*continued*)

Cash Equivalents and Investment Securities (*continued*)

The Indentures (as listed in Note 3) permit investments in obligations of, or are 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 bonds or notes issued by any state or municipality which are rated by Moody's Investors Service (Moody's), Standard & Poor's Ratings Group (S&P) and Fitch Investors Service (Fitch) in one of their two highest rating categories; 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.

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 \$50.0 million;
- 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 unsecured obligations or uncollateralized long-term debt obligations rated in the 'AA' category or better by at least two of the three rating agencies (S&P, Moody's, and Fitch);
- 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 a minimum 'AA' by S&P and 'Aa2' by Moody's issued by the following government-sponsored enterprises: Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association;

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 4 CASH AND INVESTMENTS (*continued*)

Cash Equivalents and Investment Securities (*continued*)

- Mortgage-backed securities issued by an approved federal agency and collateralized mortgage obligations, so long as such securities are rated a minimum of 'Aa2' by Moody's and 'AA' by S&P;
- Debt obligations of any state or local government entity, whether for itself, or as a conduit issuer, provided that the securities are rated in the 'Aa/AA' category by at least two of S&P, Moody's, and Fitch and do not have a rating from any of S&P, Moody's, and Fitch below the 'Aa/AA' category (without regard to subcategories of ratings), and provided that if a short-term rating is provided for the securities that they are rated in the top tier by at least two of the three of S&P ('A-1' or better), Moody's ('VMIG1' or 'P1'), and Fitch ('F1') and do not have a rating from any of the three rating agencies below such levels.
- Commercial paper rated by at least two of S&P, Moody's, and Fitch and not less than 'A-1/P-1/F-1' by S&P, Moody's, and Fitch, respectively;
- Corporate bonds rated 'Aa3/AA-' or better by Moody's and S&P;
- Asset-backed securities rated 'AAA' by Moody's and S&P;
- 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 federal agencies or senior debt obligations described above; and
- Share or Certificates in any short-term investment fund that invests not less than 90% of its assets in obligations of U.S. Treasury bills, notes, bonds, strips, or time deposits.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 4 CASH AND INVESTMENTS (*continued*)

Cash Equivalents and Investment Securities (*continued*)

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, but the Portfolio Managers have the flexibility to restructure and rebalance portfolio holdings to manage risk and take advantage of market opportunities. The investment policy imposes the following diversifications:

- No limitations are placed on investments carrying the full faith and credit of the U.S. Government, including repurchase agreements collateralized by such investments.
- Investments in any single federal agency, not carrying the full faith and credit of the U.S. Government, are limited to 35% of the portfolio.
- Investments in certificates of deposit and investment agreements in total are limited to 30% of the portfolio.
- Combined exposure to commercial paper, corporate bonds, and asset-backed securities 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 states that at the time of purchase, the maturity of each security in the Portfolio may not exceed five (5) years, taking into account any call, put, prepayment, or other features that may impact maturity. Similarly, the weighted average life of mortgages and asset-backed securities may not be more than five years. As of May 31, 2025 and 2024, the Commission did not hold any securities that were not in compliance with the Investment Policy guidelines.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 4 CASH AND INVESTMENTS (*continued*)

Credit Risk

The Commission's exposure to credit risk for investment securities is as follows:

| Investment Type | Quality Rating as of May 31, 2025 | | | | | |
|------------------------------|-----------------------------------|-------------------|-------------|------------------|--------------|-------------------|
| | AAA | AA | A | A-1 | Below A | Total |
| (In thousands) | | | | | | |
| Government agency securities | \$ - | \$ 40,010 | \$ - | \$ - | \$ - | \$ 40,010 |
| Municipal bonds | 2,996 | 4,927 | - | 4,621 | - | 12,544 |
| Corporate obligations | 14,100 | 116,093 | - | 14,874 | 33 | 145,100 |
| | <u>\$ 17,096</u> | <u>\$ 161,030</u> | <u>\$ -</u> | <u>\$ 19,495</u> | <u>\$ 33</u> | <u>\$ 197,654</u> |

| Investment Type | Quality Rating as of May 31, 2024 | | | | | |
|------------------------------|-----------------------------------|-------------------|-----------------|------------------|--------------|-------------------|
| | AAA | AA | A | A-1 | Below A | Total |
| (In thousands) | | | | | | |
| Government agency securities | \$ 319 | \$ 39,925 | \$ - | \$ - | \$ - | \$ 40,244 |
| Municipal bonds | 8,131 | 7,662 | 5,279 | - | - | 21,072 |
| Corporate obligations | 22,610 | 97,683 | 2,955 | 14,871 | 35 | 138,154 |
| | <u>\$ 31,060</u> | <u>\$ 145,270</u> | <u>\$ 8,234</u> | <u>\$ 14,871</u> | <u>\$ 35</u> | <u>\$ 199,470</u> |

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, 2025 and 2024, the Commission did not have any investments that violated the 5% limit for a single issuer or the other concentration of credit risk limitations in the Commission's investment policy noted above.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 4 CASH AND INVESTMENTS (*continued*)

Interest Rate Risk

The effective duration of the Commission's investments, by type, is as follows:

| Investment Type | As of May 31, 2025 | |
|------------------------------------|-------------------------------------|---|
| | Fair Value (In thousands) | Effective Duration (In years) |
| U.S. Treasuries | \$ 1,539,365 | 1.3293 |
| GNMA mortgages | 346 | 4.2242 |
| Government agency securities | 40,010 | 0.8925 |
| Municipal bonds | 12,544 | 0.4753 |
| Corporate obligations | 145,100 | 1.5830 |
| Total investment securities | \$ 1,737,365 | |

| Investment Type | As of May 31, 2024 | |
|------------------------------------|-------------------------------------|---|
| | Fair Value (In thousands) | Effective Duration (In years) |
| U.S. Treasuries | \$ 1,523,808 | 1.1281 |
| GNMA mortgages | 391 | 4.3053 |
| Government agency securities | 40,244 | 1.8012 |
| Municipal bonds | 21,072 | 0.9854 |
| Corporate obligations | 138,154 | 1.2765 |
| Total investment securities | \$ 1,723,669 | |

Custodial Credit Risk

For deposits and investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of May 31, 2025 and 2024, \$148.0 million and \$21.1 million, respectively, of the Commission's demand deposits were exposed to custodial credit risk, as they were uninsured and collateralized with securities held by an agent of the pledging financial institution but not in the Commission's name. None of the Commission's investments were exposed to custodial credit risk as of May 31, 2025 or 2024.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 4 CASH AND INVESTMENTS (*continued*)

Investment Derivative Instruments

The following table is a summary of the Commission's investment derivative instruments as of May 31, 2025:

| ** | Notional Amount (<i>thousands</i>) | Weighted Avg. Mat. (<i>years</i>) | Effective Date | Maturity Date | Terms | Fair Value (<i>in thousands</i>) | Counterparty | Credit Ratings Moody's/ S&P's/Fitch |
|----|---|--|----------------|---------------|---|---------------------------------------|-------------------------|---|
| | \$ 108,290 | | | | Pay SIFMA, receive 63% SOFR + 0.0721% +0.20% | \$ (1,387) | JPMorgan Chase Bank | Aa2/AA-/AA |
| | 46,410 | | | | | (593) | Bank of New York Mellon | Aa2/AA-/AA |
| A | <u>154,700</u> | 4.2 | 8/14/2003 | 12/1/2032 | | <u>(1,980)</u> | | |
| | 77,350 | | | | Pay 67% SOFR + 0.0767%, receive 60.15% of the 10 year Fallback Rate | 591 | JPMorgan Chase Bank | Aa2/AA-/AA |
| | <u>77,350</u> | | | | | <u>591</u> | Royal Bank of Canada | Aa1/AA-/AA- |
| B | <u>154,700</u> | 4.2 | 9/19/2006 | 11/15/2032 | | <u>1,182</u> | | |
| | 102,835 | 7.9 | 6/1/2010 | 6/1/2039 | Pay SIFMA, receive 99.68% SOFR + 0.2608% | 5,952 | Goldman Sachs MMDP | Aa2/AA-/NR |
| | | | | | | <u>5,952</u> | | |
| | | | | | | <u>\$ 5,154</u> | | |

Secured Overnight Financing Rate (SOFR) was 4.35% as of May 31, 2025.

10-year maturity of the USD-ISDA Fallback swap rate was 4.16582% as of May 31, 2025.

SIFMA was 1.97% as of May 31, 2025.

** Letters are used as references in Note 11 (Commitments and Contingencies).

The following table is a summary of the Commission's investment derivative instruments as of May 31, 2024:

| ** | Notional Amount (<i>thousands</i>) | Weighted Avg. Mat. (<i>years</i>) | Effective Date | Maturity Date | Terms* | Fair Value (<i>in thousands</i>) | Counterparty | Credit Ratings Moody's/ S&P's/Fitch |
|----|---|--|----------------|---------------|---|---------------------------------------|-------------------------|---|
| | \$ 112,000 | | | | Pay SIFMA, receive 63% SOFR + 0.0721% +0.20% | \$ (1,546) | JPMorgan Chase Bank | Aa2/A+/AA |
| | 48,000 | | | | | (660) | Bank of New York Mellon | Aa2/AA-/AA |
| A | <u>160,000</u> | 5.1 | 8/14/2003 | 12/1/2032 | | <u>(2,206)</u> | | |
| | 80,000 | | | | Pay 67% SOFR + 0.0767%, receive 60.15% of the 10 year Fallback Rate | (753) | JPMorgan Chase Bank | Aa2/A+/AA |
| | <u>80,000</u> | | | | | <u>(753)</u> | Royal Bank of Canada | Aa1/AA-/AA- |
| B | <u>160,000</u> | 5.0 | 9/19/2006 | 11/15/2032 | | <u>(1,506)</u> | | |
| | 107,375 | 8.5 | 6/1/2010 | 6/1/2039 | Pay SIFMA, receive 99.68% SOFR + 0.2608% | 8,470 | Goldman Sachs MMDP | Aa2/AA-/NR |
| | | | | | | <u>8,470</u> | | |
| | | | | | | <u>\$ 4,758</u> | | |

Secured Overnight Financing Rate (SOFR) was 5.34% as of May 31, 2024.

10-year maturity of the USD-ISDA Fallback swap rate was 4.40268% as of May 31, 2024.

SIFMA was 3.36% as of May 31, 2024.

* LIBOR was permanently discontinued on June 30, 2023. Therefore, LIBOR was replaced by SOFR Fallback Rates for the applicable swap agreements, which is equal to SOFR compounded over the relevant term plus the adjustment spread determined by ISDA.

** Letters are used as references in Note 11 (Commitments and Contingencies).

See Note 11 for additional disclosures regarding derivative instruments, including a rollforward from the prior-year balances.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 5 CAPITAL ASSETS

Summaries of changes to capital assets for the years ended May 31, 2025 and 2024 are as follows:

| | Balance | | | Balance |
|--|---------------------|-------------------|-----------------------|---------------------|
| | May 31, 2024 | Additions | Transfers | May 31, 2025 |
| | | | <i>(In thousands)</i> | |
| <i>Capital assets not being depreciated/amortized (cost)</i> | | | | |
| Land and intangibles | \$ 485,043 | \$ 7,703 | \$ - | \$ 492,466 |
| Assets under construction | 2,096,118 | 943,904 | (665,815) | 2,374,207 |
| Total capital assets not being depreciated/amortized | 2,581,161 | 951,607 | (665,815) | 2,866,673 |
| <i>Capital assets being depreciated/amortized (cost)</i> | | | | |
| Buildings | 1,176,281 | - | 68,336 | 1,244,617 |
| Improvements other than buildings | 196,423 | - | 31,034 | 227,457 |
| Equipment | 664,015 | 10,383 | 100,716 | 765,855 |
| Infrastructure | 10,864,934 | - | 465,729 | 11,201,211 |
| Right to use - subscriptions | 12,930 | 9,294 | - | 22,224 |
| Total capital assets being depreciated/amortized | 12,914,583 | 19,677 | 665,815 | 13,461,364 |
| <i>Less accumulated depreciation/amortization for</i> | | | | |
| Buildings | 560,140 | 30,561 | - | 590,701 |
| Improvements other than buildings | 121,727 | 8,065 | - | 129,792 |
| Equipment | 547,852 | 39,575 | - | 578,713 |
| Infrastructure | 6,396,201 | 348,151 | - | 6,614,900 |
| Right to use - subscriptions | 4,123 | 6,415 | - | 10,538 |
| Total accumulated depreciation/amortization | 7,630,043 | 432,767 | - | 7,924,644 |
| Total capital assets being depreciated/amortized, net | 5,284,540 | (413,090) | 665,815 | 545 |
| Total capital assets | \$ 7,865,701 | \$ 538,517 | \$ - | \$ 825 |
| | | | | |
| | Balance | | | Balance |
| | May 31, 2023 | Additions | Transfers | May 31, 2024 |
| | | | <i>(In thousands)</i> | |
| <i>Capital assets not being depreciated/amortized (cost)</i> | | | | |
| Land and intangibles | \$ 475,462 | \$ 9,581 | \$ - | \$ 485,043 |
| Assets under construction | 1,481,794 | 1,107,850 | (479,368) | 2,096,118 |
| Total capital assets not being depreciated/amortized | 1,957,256 | 1,117,431 | (479,368) | 2,581,161 |
| <i>Capital assets being depreciated/amortized (cost)</i> | | | | |
| Buildings | 1,099,651 | - | 76,630 | 1,176,281 |
| Improvements other than buildings | 190,080 | - | 6,343 | 196,423 |
| Equipment | 650,946 | 2,925 | 16,682 | 664,015 |
| Infrastructure | 10,613,104 | - | 379,713 | 10,864,934 |
| Right to use - subscriptions | 6,723 | 6,207 | - | 12,930 |
| Total capital assets being depreciated/amortized | 12,560,504 | 9,132 | 479,368 | 134,421 |
| Less accumulated depreciation/amortization for | | | | |
| Buildings | 531,862 | 28,278 | - | 560,140 |
| Improvements other than buildings | 113,063 | 8,664 | - | 121,727 |
| Equipment | 517,085 | 37,293 | - | 547,852 |
| Infrastructure | 6,184,440 | 339,644 | - | 6,396,201 |
| Right to use - subscriptions | 970 | 3,153 | - | 4,123 |
| Total accumulated depreciation/amortization | 7,347,420 | 417,032 | - | 7,630,043 |
| Total capital assets being depreciated/amortized, net | 5,213,084 | (407,900) | 479,368 | 12 |
| Total capital assets | \$ 7,170,340 | \$ 709,531 | \$ - | \$ 14,170 |
| | | | | |

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 6 SERVICE CONCESSION ARRANGEMENTS

There are 17 service plazas along the Turnpike System providing gasoline and diesel fuel, other automotive supplies and services, and restaurant services. The Commission entered into long-term service plaza redevelopment agreements with HMSHost Family Restaurants, LLC (2006) and with Sunoco, Inc. (R&M) to design, reconstruct, finance, operate and maintain all the service plazas. These service concession arrangements do not fall within the scope of GASB Statement No. 87, Leases, which is discussed in Note 7. The Commission has no responsibility for maintaining the service plazas under the agreements. The Commission maintains the ability to approve and/or modify the services that the operators can provide and the rates that can be charged. The service plaza operators are compensated by the users of the services and share a portion of the revenue with the Commission as rental payments. Upon completion of construction, the reconstructed assets were recognized by the Commission.

In 2016, Sunoco, Inc. (R&M) assigned its lease to Sunoco Retail LLC, a wholly owned subsidiary of Sunoco, Inc. (R&M). During fiscal year 2018, the agreement with Sunoco Retail LLC was assigned to 7-Eleven, Inc. All terms of the agreement remained the same.

On July 13, 2021, the Commission approved and executed a Consent to Transfer of Lease Agreement with HMSHost Family Restaurants, LLC (with an effective date of July 23, 2021), whereby HMSHost transferred its leasehold to Applegreen USA Family Restaurants, LLC, a consortium of Applegreen Ltd. and Blackstone Infrastructure Partners. Upon closing of the transfer on July 23, 2021, the agreement with Applegreen USA Family Restaurants, LLC was then subsequently assigned to Applegreen PA Welcome Centres LLC, also effective as of July 23, 2021. This final step was finalized during fiscal year 2023 but is retroactive to July 23, 2021. This agreement expires on August 25, 2036.

The agreement with 7-Eleven, Inc. was set to expire on January 31, 2022. 7-Eleven Inc.'s agreement states it can be extended for three additional five-year periods. The first extension shall be at the discretion of 7-Eleven, Inc., and the second and third extensions shall be mutually agreed to by both parties. On September 21, 2021, the Commission approved an amendment to the agreement with 7-Eleven, Inc. to exercise its option to renew the service plaza agreement for an additional five years, with an expiration date of January 31, 2027. The amendment was approved by the PA Attorney General's office on October 6, 2021. Due to this extension, the guaranteed minimum rent net present value calculation was modified to include the additional future amounts expected.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 6 SERVICE CONCESSION ARRANGEMENTS (*continued*)

As of May 31, 2025, the Commission had capitalized \$125.4 million in capital assets representing all 17 service plazas that had fully completed construction and recorded deferred inflows of resources of \$54.1 million related to these assets. Also, as of May 31, 2025, the Commission recognized a receivable and deferred inflow of resources in the amount of \$21.7 million for the present value of guaranteed minimum rent payments. The Commission also recognized \$2.2 million of restaurant revenue and \$2.5 million of service station revenue for the fiscal year ended May 31, 2025 related to these agreements.

As of May 31, 2024, the Commission had capitalized \$125.4 million in capital assets representing all 17 service plazas that had fully completed construction and recorded deferred inflows of resources of \$58.9 million related to these assets. Also, as of May 31, 2024, the Commission recognized a receivable and deferred inflow of resources in the amount of \$23.7 million for the present value of guaranteed minimum rent payments. The Commission also recognized \$2.2 million of restaurant revenue and \$2.6 million of service station revenue for the fiscal year ended May 31, 2024 related to these agreements.

NOTE 7 LEASES

The Commission is the lessor for advertising, cell tower, gas royalty and other miscellaneous leases. The miscellaneous category includes, but is not limited to, leases such as commercial, residential, agricultural and license agreements. The lease terms range from one month to 70 years. The most common lease term is ten years. Most of the leases have fixed percentage rent increases but some are based on the Consumer Price Index. One cell tower lease has a variable sublease component of which the Commission receives a fixed percentage of revenue generated by the subtenants. One cell tower lease is currently in rent abatement status, which is scheduled to end in October 2025. One miscellaneous lease includes a variable component related to sublots which requires the lessee to pay the greater of a minimum lease payment (included in the lease receivable) or a fixed percentage of the gross rental income received from the sublots. Gas royalty revenues are variable based on oil and gas production volumes. Therefore, revenues will fluctuate based on changes in production volumes. During the fiscal year ended May 31, 2025, no new gas royalty leases or amendments were executed that included upfront payments. During the fiscal year ended May 31, 2024, one gas royalty lease and two amendments to existing leases were executed that included upfront payments.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 7 LEASES (*continued*)

For the fiscal year ended May 31, 2025, the Commission recognized \$6.4 million in lease revenue and \$1.6 million in interest revenue related to these leases. For the fiscal year ended May 31, 2024, the Commission recognized \$5.8 million in lease revenue and \$1.4 million in interest revenue related to these leases. The Commission's total receivable for lease payments was \$48.9 million as of May 31, 2025 of which \$1.9 million is considered short term. The Commission's receivable for lease payments was \$48.2 million as of May 31, 2024 of which \$1.6 million is considered short term. The Commission also recorded deferred inflows of resources associated with these leases that will be recognized as revenue over the lease term. As of May 31, 2025 and 2024, the balance of the deferred inflows of resources was \$46.2 million and \$47.0 million, respectively.

NOTE 8 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Commission has entered into software contracts some of which meet the criteria for subscription-based information technology arrangements (SBITAs) under GASB Statement No. 96. These software contracts convey control of the right to use a vendor's IT software for a period of time in an exchange or exchange-like transaction. The Commission is required to recognize these SBITAs as a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. The subscription terms of the software contracts range from two to ten years with most being three years.

One contract has a variable component in which the Commission has a minimum usage commitment that is included as part of the subscription liability. The Commission paid \$14,000 above the minimum commitment for this contract during the fiscal year ended May 31, 2025. The Commission paid \$6,500 above the minimum commitment for this contract during the fiscal year ended May 31, 2024.

As of May 31, 2025, the Commission recognized right-to-use subscription assets of \$22.2 million, \$10.5 million of accumulated amortization related to the right-to-use subscription assets and a total liability of \$8.4 million of which \$3.4 million is considered short term. For the fiscal year ended May 31, 2025, the Commission recognized \$6.4 million in amortization expense and \$0.3 million of interest expense related to the right-to-use subscription assets.

As of May 31, 2024, the Commission recognized right-to-use subscription assets of \$12.9 million, \$4.1 million of accumulated amortization related to the right-to-use subscription assets and a total liability of \$5.7 million of which \$3.0 million is considered short term. For the fiscal year ended May 31, 2024, the Commission recognized \$3.2 million in amortization expense and \$0.2 million of interest expense related to the right-to-use subscription assets.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 8 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS
(continued)

Principal and interest requirements to maturity, related to the May 31, 2025 subscription liability of \$8.4 million, are as follows:

| Year Ending May 31 | Principal | Interest | Total |
|-----------------------|-----------------|---------------|-----------------|
| (in thousands) | | | |
| 2026 | \$ 3,418 | \$ 263 | \$ 3,681 |
| 2027 | 2,891 | 127 | 3,018 |
| 2028 | 1,388 | 46 | 1,434 |
| 2029 | 319 | 26 | 345 |
| 2030 | 335 | 10 | 345 |
| 2031-2035 | 27 | 1 | 28 |
| | <u>\$ 8,378</u> | <u>\$ 473</u> | <u>\$ 8,851</u> |

As of May 31, 2025, the Commission has entered into two software contracts for which the SBITA term (or a portion of it) has not yet commenced. The two contracts total \$2.7 million of which \$1.1 million is included in assets under construction. The future commitment on these contracts not yet included in the subscription liability is \$1.6 million.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 9 DEBT

The following table is a summary of debt outstanding:

| | May 31, | |
|--|-----------------------|-------------|
| | 2025 | 2024 |
| | <i>(In Thousands)</i> | |
| Mainline Senior Debt | | |
| Mainline Senior Bonds | | |
| 2009 Series A Build America Bonds: Issued \$275,000 in July 2009 at 6.105%, due in varying installments through June 1, 2039. Interest paid each June 1 and December 1. | \$ 275,000 | \$ 275,000 |
| 2010 Series B 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 | 600,000 |
| 2012 Series A: Issued \$200,215 in July 2012 at 3.00% to 5.00%, due in varying installments through December 1, 2042. Interest paid each June 1 and December 1. Partially refunded in October 2017, December 2017 and January 2020. Partially defeased in May 2019 and November 2020. Fully refunded in September 2024. | - | 5,680 |
| 2014 Series A: Issued \$236,115 in April 2014 at 4.00% to 5.00%, due in varying installments through December 1, 2044. Interest paid each June 1 and December 1. Partially refunded in October 2017, September 2022, September 2024 and October 2024. Partially defeased in November 2020. | - | 212,145 |
| 2014 Series Refunding: Issued \$239,620 in November 2014 at 5.00%, due in varying installments through December 1, 2034. Interest paid each June 1 and December 1. Partially refunded in September 2022. Fully refunded in October 2024. | - | 98,790 |
| 2014 Series C: Issued \$294,225 in December 2014 at 2.25% to 5.00%, due in varying installments through December 1, 2044. Interest paid each June 1 and December 1. Partially refunded in October 2017, September 2022, September 2024 and October 2024. Partially defeased in November 2020. | - | 235,355 |
| 2015 Series A-1: Issued \$385,095 in June 2015 at 4.00% to 5.00%, due in varying installments through December 1, 2045. Interest paid each June 1 and December 1. Partially defeased in November 2020. Partially refunded in September 2022. Fully refunded in March 2025. | - | 313,445 |
| 2015 Series B: Issued \$304,005 in December 2015 at 2.50% to 5.00%, due in varying installments through December 1, 2045. Interest paid each June 1 and December 1. Partially defeased in November 2020. Partially refunded in September 2022. | 285,170 | 288,605 |
| 2016 Series A-1: Issued \$447,850 in June 2016 at 3.00% to 5.00% due in varying installments through December 1, 2046. Interest is paid each June 1 and December 1. Partially defeased in November 2020. | 438,295 | 441,705 |
| 2017 Series A-1: Issued \$365,895 in October 2017 at 3.00% to 5.00% due in varying installments through December 1, 2047. Interest is paid each June 1 and December 1. Partially defeased in November 2020. | 320,020 | 327,515 |
| 2017 Series A-2 Refunding: Issued \$133,060 in October 2017 at 5.00% due in varying installments through December 1, 2030. Interest is paid each June 1 and December 1. | 109,765 | 133,060 |
| 2018 Series A-2: Issued \$307,935 in June 2018 at 5% due in varying installments through December 1, 2048. Interest is paid each June 1 and December 1. | 304,105 | 305,845 |
| 2019 First Series: Issued \$84,365 in February 2019 at 5% due in varying installments through December 1, 2033. Interest is paid each June 1 and December 1. | 84,365 | 84,365 |
| 2019 Second Series: Issued \$139,815 in June 2019 at a variable rate (determined by the Remarketing Agent in accordance with the procedures detailed in the Bond Official Statement, paid the 1st of each month). Due in one installment on December 1, 2038. | 139,815 | 139,815 |
| 2019 Series A: Issued \$341,325 in August 2019 at 2.00% to 5.00% due in varying installments through December 1, 2049. Interest is paid each June 1 and December 1. Partially defeased in November 2020. | 311,475 | 318,035 |
| 2019 Forward Delivery Series: Issued \$179,815 in September 2019 at 5.00% due in varying installments through December 1, 2025. Interest is paid each June 1 and December 1. Partially defeased in November 2020. | 33,705 | 65,835 |
| 2020 First Series: Issued \$234,320 in January 2020 at 1.81% to 3.44% due in varying installments through December 1, 2043. Interest is paid each June 1 and December 1. Partially refunded in September 2022. | 209,005 | 209,900 |
| 2020 Second Series: Issued \$225,820 in June 2020 at a variable rate (determined by the Remarketing Agent in accordance with the procedures detailed in the Bond Official Statement, paid the 1st of each month). Due in one installment on December 1, 2039. | 225,820 | 225,820 |
| 2020 Series A: Issued \$100,500 in August 2020 at a variable rate (determined by the Remarketing Agent in accordance with the procedures detailed in the Bond Official Statement, paid the 1st of each month). Due in varying installments through December 1, 2050. | 91,100 | 93,540 |
| 2020 Series B: Issued \$241,625 in October 2020 at 5.00% due in varying installments through December 1, 2050. Interest is paid each June 1 and December 1. | 233,145 | 237,490 |
| 2021 Series A: Issued \$250,000 in April 2021 at 3.00% to 5.00% due in varying installments through December 1, 2051. Interest is paid each June 1 and December 1. | 237,100 | 241,555 |

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 9 DEBT (*continued*)

The following table is a summary of debt outstanding: (*continued*)

| | May 31, | |
|---|----------------|------------|
| | 2025 | 2024 |
| | (In Thousands) | |
| <i>Mainline Senior Debt (<i>continued</i>)</i> | | |
| <i>Mainline Senior Bonds (<i>continued</i>)</i> | | |
| 2021 Series B: Issued \$385,800 in July 2021 at 4.00% to 5.00% due in varying installments through December 1, 2051. Interest is paid each June 1 and December 1. | \$ 371,130 | \$ 376,265 |
| 2021 Series C: Issued \$275,000 in November 2021 at 3.00% to 5.00% due in varying installments through December 1, 2051. Interest is paid each June 1 and December 1. | 254,560 | 254,560 |
| 2022 Series A: Issued \$254,730 in September 2022 at 4.125% to 5.00% due in varying installments through December 1, 2041. Interest is paid each June 1 and December 1. | 254,730 | 254,730 |
| 2022 Series B: Issued \$293,840 in December 2022 at 5.00% to 5.25% due in varying installments through December 1, 2052. Interest is paid each June 1 and December 1. | 284,730 | 289,395 |
| 2023 Series A: Issued \$400,000 in September 2023 at 4.25% to 5.25% due in varying installments through December 1, 2053. Interest is paid each June 1 and December 1. | 397,460 | 400,000 |
| 2023 Series B: Issued \$190,125 in November 2023 at a variable rate (determined by the Remarketing Agent in accordance with the procedures detailed in the Bond Official Statement, paid the 1st of each month). Due in varying installments through December 1, 2043. | 180,930 | 190,125 |
| 2024 Series A: Issued \$205,835 in January 2024 at 5.00% due in varying installments through December 1, 2044. Interest is paid each June 1 and December 1. | 205,835 | 205,835 |
| 2024 Series C: Issued \$300,000 in June 2024 at 5.00% to 5.25% due in varying installments through December 1, 2054. Interest paid each June 1 and December 1. | 300,000 | - |
| 2024 First Series: Issued \$280,495 in September 2024 at 5.00% due in varying installments through December 1, 2044. Interest is paid each June 1 and December 1. | 280,495 | - |
| 2025 Second Series: Issued \$250,640 in March 2025 at 5.00% due in varying installments through December 1, 2045. Interest is paid each June 1 and December 1. | 250,640 | - |
| 2025 Series A: Issued \$350,000 in March 2025 at 4.125% to 5.25% due in varying installments through December 1, 2055. Interest is paid each June 1 and December 1. | 350,000 | - |
| Total Mainline Senior Bonds | 7,028,395 | 6,824,410 |
| <i>Mainline Senior Direct Placements & Direct Borrowings</i> | | |
| 2019 EB-5 Loan (3rd Tranche): Issued \$52,000 in November 2019 at 2.00% due on November 5, 2024. Interest is paid each June 1 and December 1. Fully refunded in November 2024. | - | 52,000 |
| 2020 EB-5 Loan (4th Tranche): Issued \$36,500 in January 2020 at 2.00% due on January 21, 2025. Interest is paid each June 1 and December 1. Fully refunded in January 2025. | - | 36,500 |
| 2024 Series B: Issued \$90,000 in February 2024 at 2.00% to 4.00% due in varying installments through on December 1, 2054. Interest is paid each June 1 and December 1. Fully refunded in January 2025. | - | 90,000 |
| 2024 Forward Delivery: Issued \$233,015 in October 2024 at 3.75% due in varying installments through December 1, 2037. Interest is paid each June 1 and December 1. | 233,015 | - |
| 2024 Second Series: Issued \$43,890 in November 2024 at 5.00% due in varying installments through December 1, 2053. Interest is paid each June 1 and December 1. | 43,890 | - |
| 2024 Series B Converted: Issued \$90,000 in January 2025 at 4.00% due in varying installments through December 1, 2054. Interest is paid each June 1 and December 1. | 90,000 | - |
| 2025 First Series: Issued \$30,420 in January 2025 at 5.00% due in varying installments through December 1, 2054. Interest is paid each June 1 and December 1. | 30,420 | - |
| Total Mainline Senior Direct Placements & Direct Borrowings | 397,325 | 178,500 |
| Total Mainline Senior Debt | 7,425,720 | 7,002,910 |
| <i>Mainline Subordinate Debt (consisting of Subordinate Revenue Debt and Motor License Fund-Enhanced Subordinate Special Revenue Debt)</i> | | |
| <i>Mainline Subordinate Revenue Debt</i> | | |
| Mainline Subordinate Bonds | | |
| 2009 Series C Subordinate Revenue: Issued \$99,998 in July 2009 at 6.25%, due in varying installments through June 1, 2033. Interest compounded semi-annually until June 1, 2016, thereafter paid each June 1 and December 1. Series C issued as Capital Appreciation Bonds (CABs). Compounded interest to be paid at maturity or earlier redemption. Partially refunded in March 2023 and October 2024. | 121,035 | 126,080 |

PENNSYLVANIA TURNPIKE COMMISSION
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Notes to the Financial Statements (*continued*)
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NOTE 9 DEBT (*continued*)

The following table is a summary of debt outstanding: (*continued*)

| | May 31, | |
|---|----------------|-----------------------|
| | 2025 | 2024 |
| <i>Mainline Subordinate Debt (consisting of Subordinate Revenue Debt and Motor License Fund-Enhanced Subordinate Special Revenue Debt) (<i>continued</i>)</i> | | <i>(In Thousands)</i> |
| <i>Mainline Subordinate Revenue Debt (<i>continued</i>)</i> | | |
| Mainline Subordinate Bonds (<i>continued</i>) | | |
| 2009 Series E Subordinate Revenue: Issued \$200,005 in October 2009 at 6.00% to 6.375%, due in varying installments through December 1, 2038. Interest compounded semi-annually until December 1, 2017, thereafter paid each June 1 and December 1. Series E issued as CABs. The compounded interest to be paid at maturity or earlier redemption. Partially refunded in March 2023 and October 2024. | \$ 255,585 | \$ 281,625 |
| 2010 Sub-Series C-1, C-2, C-3 Subordinate Revenue: 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 CABs. 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 C-3 issued as CABs with interest paid at maturity or earlier redemption. Sub-series C-2 partially refunded in June 2016, July 2017 and final refunding in November 2017. Sub-Series C-1 partially refunded in December 2017 and final refunding in November 2019. Sub-Series C-3 partially defeased in November 2020. | 4,541 | 8,866 |
| 2012 Series B Subordinate Revenue: Issued \$121,065 in October 2012 at 2.00% to 5.00%, due in varying installments through December 1, 2042. Interest paid each June 1 and December 1. Partially refunded in December 2017, November 2019, February 2020 and October 2024. Partially defeased in November 2020. | - | 40,075 |
| 2013 Series A Subordinate Revenue: Issued \$71,702 in April 2013 at 3.125% to 5.00%, due in varying installments through December 1, 2043. Sub-Series A-1 Serial bond interest paid each June 1 and December 1. Sub-Series A-1 Term bond interest paid each June 1 and December 1. Sub-Series A-2 issued as convertible CABs. Interest to be compounded semi-annually until December 1, 2018, thereafter paid each June 1 and December 1. Partially refunded February 2020 and October 2024. Partially defeased in November 2020. | 44,320 | 46,720 |
| 2013 Sub-Series B-1, B-2, B-3 Subordinate Revenue: Issued \$108,708 in October 2013 at 2.00% to 6.10%, due in varying installments through December 1, 2043. Sub-Series B-1 interest paid each June 1 and December 1. Sub-Series B-2 issued as convertible CABs. Interest to be compounded semi-annually until December 1, 2028, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption. Sub-Series B-3 interest paid each June 1 and December 1. Sub-Series B-3 partially refunded in December 2017, February 2020, March 2023 and October 2024. Sub Series B-1 partially refunded in February 2020. Sub Series B-1 partially defeased in November 2020. Sub Series B-1 fully refunded in October 2024. | 55,270 | 84,839 |
| 2014 Sub-Series A-1, A-2, A-3 Subordinate Revenue: Issued \$148,300 in April 2014 at 2.00% to 5.44%, due in varying installments through December 1, 2043. Sub-Series A-1 interest paid each June 1 and December 1. Sub-Series A-2 issued as convertible CABs. Interest to be compounded semi-annually until June 1, 2024, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption. Sub-Series B-3 issued as CABs with interest paid at maturity or earlier redemption. Sub-Series A-1 partially defeased in November 2020. Sub-Series A-1 partially refunded in March 2023. Sub-Series A-1 fully refunded in October 2024. | 69,130 | 129,167 |
| 2014 Series B Subordinate Revenue: Issued \$201,395 in October 2014 at 5.00% to 5.25% due in varying installments through December 1, 2044. Interest paid each June 1 and December 1. Partially refunded in March 2023. Fully refunded in October 2024. | - | 136,215 |
| 2015 Series A-1 Subordinate Revenue: Issued \$209,010 in April 2015 at 3.00% to 5.25% due in varying installments through December 1, 2045. Interest is paid each June 1 and December 1. Partially refunded in March 2023. | 178,450 | 180,000 |
| 2015 Series B Subordinate Revenue: Issued \$192,215 in October 2015 at 4.00% to 5.00% due in varying installments through December 1, 2045. Interest is paid each June 1 and December 1. Partially refunded in July 2017, November 2017 and December 2017. Partially defeased in November 2020. Partially refunded in March 2023. | 102,200 | 104,145 |
| 2016 First Series Subordinate Revenue Refunding: Issued \$360,990 in February 2016 at 3.00% to 5.00% due in varying installments through June 1, 2038. Interest is paid each June 1 and December 1. Partially defeased in May 2020. Partially refunded in March 2023. | 177,620 | 190,200 |
| 2016 Series A-1 Subordinate Revenue: Issued \$203,700 in April 2016 at 3.00% to 5.00% due in varying installments through December 1, 2046. Interest is paid each June 1 and December 1. Partially defeased in November 2020. Partially refunded in March 2023. | 175,070 | 176,965 |
| 2016 Series A-2 Subordinate Revenue: Issued \$185,455 in April 2016 at 5.00% due in varying installments through June 1, 2033. Interest is paid each June 1 and December 1. Partially refunded in October 2024. | 87,805 | 156,950 |
| 2016 Second Series Subordinate Revenue Refunding: Issued \$649,545 in June 2016 at 3.00% to 5.00% due in varying installments through June 1, 2039. Interest is paid each June 1 and December 1. Partially refunded in October 2024. | 420,795 | 583,295 |

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Notes to the Financial Statements (*continued*)
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NOTE 9 DEBT (*continued*)

The following table is a summary of debt outstanding: (*continued*)

| | May 31, | |
|--|------------------|------------------|
| | 2025 | 2024 |
| (In Thousands) | | |
| <i>Mainline Subordinate Debt (consisting of Subordinate Revenue Debt and Motor License Fund-Enhanced Subordinate Special Revenue Debt) (<i>continued</i>)</i> | | |
| <i>Mainline Subordinate Revenue Debt (<i>continued</i>)</i> | | |
| Mainline Subordinate Bonds (<i>continued</i>) | | |
| 2016 Third Series Sub-Series A Subordinate Revenue Refunding: Issued \$255,455 in October 2016 at 3.375% to 5.00% due in varying installments through December 1, 2041. Interest is paid each June 1 and December 1. Partially refunded in October 2024. | \$ 202,205 | \$ 255,455 |
| 2016 Third Series Sub-Series B Subordinate Revenue Refunding (Federally Taxable): Issued \$75,755 in October 2016 at 1.175% to 2.928% due in varying installments through December 1, 2025. Interest is paid each June 1 and December 1. | 10,220 | 20,160 |
| 2017 Series A Subordinate Revenue: Issued \$284,275 in January 2017 at 4.00% to 5.50% due in varying installments through December 1, 2046. Interest is paid each June 1 and December 1. Partially refunded in March 2023 and October 2024. | 188,290 | 204,515 |
| 2017 Series B-1 Subordinate Revenue: Issued \$379,115 in July 2017 at 5.00% To 5.25%. Due in varying installments through June 1, 2047. Interest paid each June 1 and December 1. Partially refunded in October 2024. | 346,340 | 377,830 |
| 2017 Series B-2 Subordinate Revenue: Issued \$371,395 in July 2017 at 4.00% to 5.00%. Due in varying installments through June 1, 2039. Interest paid each June 1 and December 1. Partially defeased in May 2020. Partially refunded in October 2024. | 304,630 | 368,315 |
| 2017 Second Series Subordinate Revenue Refunding: Issued \$150,425 in November 2017 at 5.00%. Due in varying installments through December 1, 2037. Interest paid each June 1 and December 1. | 150,425 | 150,425 |
| 2017 Third Series Subordinate Revenue Refunding: Issued \$143,585 in December 2017 at 4.00% to 5.00%. Due in varying installments through December 1, 2040. Interest paid each June 1 and December 1. | 143,585 | 143,585 |
| 2019 Series A Subordinate Revenue: Issued \$722,970 in June 2019 at 4.00% to 5.00%. Due in varying installments through December 1, 2049. Interest paid each June 1 and December 1. | 721,010 | 722,970 |
| 2019 First Series Subordinate Revenue Refunding (Federally Taxable): Issued \$86,730 in November 2019 at 2.16% to 3.78%. Due in varying installments through December 1, 2042. Interest paid each June 1 and December 1. Partially defeased in November 2020. Partially refunded in March 2023 and October 2024. | 47,915 | 78,690 |
| 2020 First Series Subordinate Revenue Refunding (Federally Taxable): Issued \$134,310 in February 2020 at 1.81% to 3.45%. Due in varying installments through December 1, 2043. Interest paid each June 1 and December 1. Partially defeased in November 2020. Partially refunded in March 2023 and October 2024. | 100,405 | 115,985 |
| 2021 Series A Subordinate Revenue: Issued \$465,730 in January 2021 at 3.00% to 4.00%. Due in varying installments through December 1, 2050. Interest paid each June 1 and December 1. | 465,730 | 465,730 |
| 2021 Series B Subordinate Revenue: Issued \$393,790 in July 2021 at 3.00% to 5.00%. Due in varying installments through December 1, 2051. Interest paid each June 1 and December 1. | 393,790 | 393,790 |
| 2023 First Series Subordinate Revenue Refunding: Issued \$343,800 in March 2023 at 5.00%. Due in varying installments through December 1, 2043. Interest paid each June 1 and December 1. | 343,800 | 343,800 |
| 2024 First Series Subordinate Revenue Refunding: Issued \$585,140 in October 2024 at 5.00%. Due in varying installments through December 1, 2043. Interest paid each June 1 and December 1. | 585,140 | - |
| Total Mainline Subordinate Bonds | 5,695,306 | 5,886,392 |
| <i>Mainline Subordinate Direct Placements & Direct Borrowings</i> | | |
| 2022 First Series Subordinate Revenue Refunding: Issued \$291,850 in April 2022 at a variable rate (based on SIFMA + .37% reset weekly, paid the 1st of each month commencing on June 1, 2022). Due in varying installments through December 1, 2041. | 291,850 | 291,850 |
| Total Mainline Subordinate Direct Placements & Direct Borrowings | 291,850 | 291,850 |
| Total Mainline Subordinate Debt | 5,987,156 | 6,178,242 |

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 9 DEBT (*continued*)

The following table is a summary of debt outstanding: (*continued*)

| | May 31, | |
|---|-----------|-----------|
| | 2025 | 2024 |
| (In Thousands) | | |
| <i>Mainline Subordinate Debt (consisting of Subordinate Revenue Debt and Motor License Fund-Enhanced Subordinate Special Revenue Debt) (<i>continued</i>)</i> | | |
| <i>Mainline Subordinate Revenue Debt (<i>continued</i>)</i> | | |
| <i>Motor License Fund-Enhanced Subordinate Special Revenue Debt</i> | | |
| 2010 Sub-Series A-1, A-2, A-3 Motor License Fund-Enhanced Subordinate Special Revenue: Issued \$187,816 in July 2010 at 4.50% 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 CABs. 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 A-3 issued as CABs. Compounded interest to be paid at maturity or earlier redemption. Sub-Series A-2 was partially refunded in October 2016 and final refunding in November 2017. Sub-Series A-1 was partially refunded in November 2017 and final refunding in December 2017. | \$ 56,505 | \$ 53,620 |
| 2010 Sub-Series B-1, B-2, B-3 Motor License Fund-Enhanced Subordinate Special Revenue: 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 CABs. 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 CABs with interest paid at maturity or earlier redemption. Sub-Series B-2 was partially refunded in October 2016 and July 2017 and final refunding in November 2017. Sub-Series B-1 was partially refunded in December 2017, November 2019 and fully refunded in February 2020. | 4,627 | 9,049 |
| 2012 Series B Motor License Fund-Enhanced Subordinate Special Revenue: Issued \$92,780 in October 2012 at 3.00% to 5.00%, due in varying installments through December 1, 2042. Interest paid each June 1 and December 1. Partially refunded in July 2017 and December 2017, November 2019 and February 2020. | 11,875 | 12,025 |
| 2013 Series A Motor License Fund-Enhanced Subordinate Special Revenue: Issued \$92,465 in April 2013 at 3.00% to 5.00%, due in varying installments through December 1, 2043. Interest paid each June 1 and December 1. Partially refunded in July 2017, November 2017, December 2017, November 2019 and February 2020. | 500 | 500 |
| 2013 Sub-Series B-1, B-2, B-3 Motor License Fund-Enhanced Subordinate Special Revenue: Issued \$101,731 in October 2013 at 2.00% to 5.875%, due in varying installments through December 1, 2043. Sub-Series B-1 interest paid each June 1 and December 1. Sub-Series B-2 issued as convertible CABs. Interest to be compounded semi-annually until December 1, 2028, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption. Sub-Series B-3 interest paid each June 1 and December 1. Partially refunded in July 2017, November 2017, December 2017 and February 2020. | 45,908 | 46,620 |
| 2014 Series A Motor License Fund-Enhanced Subordinate Special Revenue: Issued \$59,740 in April 2014 at 4.50% to 4.90%, due in varying installments through December 1, 2044. Series A were issued as convertible CABs. Interest to be compounded semi-annually until December 1, 2021, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption. | 84,940 | 84,940 |
| 2016 First Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding: Issued \$79,865 in October 2016 at 5.00% due in varying installments through December 1, 2036. Interest is paid each June 1 and December 1. | 70,810 | 73,975 |
| 2017 First Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding: Issued \$45,390 in July 2017 at 5.00%, due in varying installments through June 1, 2028. Interest due each June 1 and December 1. | 34,950 | 42,570 |
| 2017 Second Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding: Issued \$243,675 in November 2017 at 5.00%, due in varying installments through December 1, 2041. Interest due each June 1 and December 1. | 243,675 | 243,675 |
| 2017 Third Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding: Issued \$164,240 in December 2017 at 4.00% to 5.00%, due in varying installments through December 1, 2040. Interest due each June 1 and December 1. | 164,240 | 164,240 |
| 2019 First Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding (Federally Taxable): Issued \$151,130 in November 2019 at 2.01% to 3.58%, due in varying installments through December 1, 2043. Interest due each June 1 and December 1. | 148,280 | 148,945 |
| 2020 First Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding (Federally Taxable): Issued \$92,750 in February 2020 at 1.76% to 3.25%, due in varying installments through December 1, 2043. Interest due each June 1 and December 1. | 90,125 | 90,530 |
| Total Motor License Fund-Enhanced Subordinate Special Revenue Debt | 956,435 | 970,689 |

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 9 DEBT (*continued*)

The following table is a summary of debt outstanding: (*continued*)

| | May 31, | 2025 | 2024 | | | |
|--|----------------|--------------|------|--|--|--|
| | (In Thousands) | | | | | |
| <i>Mainline Subordinate Debt (consisting of Subordinate Revenue Debt and Motor License Fund-Enhanced Subordinate Special Revenue Debt) (<i>continued</i>)</i> | | | | | | |
| <i>Mainline Subordinate Revenue Debt (<i>continued</i>)</i> | | | | | | |
| <i>Motor License Fund-Enhanced Subordinate Special Revenue Debt (<i>continued</i>)</i> | | | | | | |
| Total Mainline Subordinate Debt (consisting of Subordinate Revenue Debt and Motor License Fund-Enhanced Subordinate Special Revenue Debt) | \$ 6,943,591 | \$ 7,148,931 | | | | |
| Total Mainline Senior and Subordinate Debt | 14,369,311 | 14,151,841 | | | | |
| <i>Oil Franchise Tax Senior Debt</i> | | | | | | |
| 2009 Series A, B, C Oil Franchise Tax Revenue: 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, Federally Taxable) issued at 5.85%, due in varying installments through December 1, 2037. Interest paid each June 1 and December 1. Series C issued as CABs at 5.30%. Interest on the CABs is deferred until maturity on December 1, 2039. Sub-Series A-2 partially refunded in September 2016. Sub Series A-1 fully refunded in September 2021. | 162,197 | 160,411 | | | | |
| 2013 Series A Oil Franchise Tax Revenue Refunding: Issued \$27,785 in October 2013 at 2.50% to 5.00%, due in varying installments through December 1, 2024. Interest paid each June 1 and December 1. | - | 9,895 | | | | |
| 2016 Series A Oil Franchise Tax Revenue Refunding: Issued \$198,595 in September 2016 at 4.00% to 5.00% due in varying installments through December 1, 2032. Interest paid each June 1 and December 1. | 136,930 | 140,455 | | | | |
| 2018 Series A Oil Franchise Tax Revenue: Issued \$231,385 in June 2018 at 5.00% to 5.25% due in varying installments through December 1, 2048. Interest paid each June 1 and December 1. | 231,385 | 231,385 | | | | |
| 2021 Series A Oil Franchise Tax Revenue: Issued \$327,520 in September 2021 at 3.00% to 5.00% due in varying installments through December 1, 2051. Interest paid each June 1 and December 1. | 313,850 | 318,225 | | | | |
| Total Oil Franchise Tax Senior Debt | 844,362 | 860,371 | | | | |
| <i>Oil Franchise Tax Subordinate Debt</i> | | | | | | |
| 2009 Series D, E Subordinate Oil Franchise Tax Revenue: 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 (Build America Bonds, Issuer Subsidy, Federally Taxable) issued at 6.378%, due in varying installments through December 1, 2037. Sub-Series D-2 partially refunded in September 2016. Sub-Series D-1 and D-2 fully refunded in September 2021. | 101,625 | 102,505 | | | | |
| 2013 Series B Subordinate Oil Franchise Tax Revenue: Issued \$32,035 in October 2013 at 2.00% and 5.00%, due in varying installments through December 1, 2025. Interest paid each June 1 and December 1. | 6,960 | 13,450 | | | | |
| 2016 Series B Subordinate Oil Franchise Tax Revenue Refunding: Issued \$115,395 in September 2016 at 4.00% to 5.00% due in varying installments through December 1, 2032. Interest paid each June 1 and December 1. | 75,850 | 75,850 | | | | |
| 2018 Series B Subordinate Oil Franchise Tax Revenue: Issued \$210,480 in June 2018 at 5.00% to 5.25% due in varying installments through December 1, 2048. Interest paid each June 1 and December 1. | 210,480 | 210,480 | | | | |
| 2021 Series B Subordinate Oil Franchise Tax Revenue : Issued \$201,480 in September 2021 at 3.00% to 5.00% due in varying installments through December 1, 2053. Interest paid each June 1 and December 1. | 193,825 | 197,680 | | | | |
| Total Oil Franchise Tax Subordinate Debt | 588,740 | 599,965 | | | | |
| Total Oil Franchise Tax Senior and Subordinate Debt | 1,433,102 | 1,460,336 | | | | |

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 9 DEBT (*continued*)

The following table is a summary of debt outstanding: (*continued*)

| | May 31, | |
|---|-----------------------------|-----------------------------|
| | 2025 | 2024 |
| | (In Thousands) | |
| <i>Motor License Registration Fee Debt</i> | | |
| <i>Motor License Registration Fee Bonds</i> | | |
| 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. Partially defeased in March 2019. | \$ 75,395 | \$ 87,110 |
| 2023 Revenue Refunding: Issued \$231,425 in September 2023 at a variable rate (based on SIFMA + .85%, 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 Bonds | 306,820 | 318,535 |
| Total Debt Payable | 16,109,233 | 15,930,712 |
| Unamortized premium/discount | <u>1,529,065</u> | <u>1,498,515</u> |
| Total debt, net of unamortized premium/discount | 17,638,298 | 17,429,227 |
| Less: Current portion | <u>338,919</u> | <u>411,085</u> |
| Debt, noncurrent portion | <u><u>\$ 17,299,379</u></u> | <u><u>\$ 17,018,142</u></u> |

As of May 31, 2025, the Commission had \$689,175 in outstanding Direct Placements and Direct Borrowings. SIFMA was 1.97% on May 31, 2025.

As of May 31, 2024, the Commission had \$470,350 in outstanding Direct Placements and Direct Borrowings. SIFMA was 3.36% on May 31, 2024.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 9 DEBT (*continued*)

The tables below summarize the total additions and total reductions in debt during fiscal years 2025 and 2024. Additions are the result of new debt issuances and bond accretion related to capital appreciation bonds. Reductions are the result of principal payments and bond refundings/defeasances.

| | Balance at May 31, 2024 | Additions | Reductions (<i>In thousands</i>) | Balance at May 31, 2025 | Due Within One Year |
|--|------------------------------------|---------------------|--|------------------------------------|--------------------------------|
| <i>Mainline debt</i> | | | | | |
| Mainline bonds * | \$ 13,681,491 | \$ 1,776,955 | \$ 1,778,310 | \$ 13,680,136 | \$ 296,099 |
| Mainline direct placements and borrowings | 470,350 | 397,325 | 178,500 | 689,175 | - |
| Total Mainline debt | 14,151,841 | 2,174,280 | 1,956,810 | 14,369,311 | 296,099 |
| <i>Oil Franchise Tax debt</i> | | | | | |
| Oil Franchise Tax bonds ** | 1,460,336 | 1,786 | 29,020 | 1,433,102 | 30,490 |
| Total Oil Franchise Tax debt | 1,460,336 | 1,786 | 29,020 | 1,433,102 | 30,490 |
| <i>Motor License Registration Fee debt</i> | | | | | |
| Motor License Registration Fee bonds | 318,535 | - | 11,715 | 306,820 | 12,330 |
| Total Motor License Registration Fee debt | 318,535 | - | 11,715 | 306,820 | 12,330 |
| Total Debt Payable | 15,930,712 | 2,176,066 | 1,997,545 | 16,109,233 | 338,919 |
| Premium (discount), net | 1,498,515 | 228,777 | 198,227 | 1,529,065 | - |
| Total Debt Payable, net of premium (discount) | \$ 17,429,227 | \$ 2,404,843 | \$ 2,195,772 | \$ 17,638,298 | \$ 338,919 |

* Mainline bonds FY25 additions related to bond issuances were \$2,163,600 and FY25 additions related to bond accretions were \$10,680.

** Oil Franchise Tax bonds FY25 additions related to bond accretions were \$1,786.

| | Balance at May 31, 2023 | Additions | Reductions (<i>In thousands</i>) | Balance at May 31, 2024 | Due Within One Year |
|---|------------------------------------|---------------------|--|------------------------------------|--------------------------------|
| <i>Mainline debt</i> | | | | | |
| Mainline bonds * | \$ 13,332,953 | \$ 808,568 | \$ 460,030 | \$ 13,681,491 | \$ 281,850 |
| Mainline direct placements and borrowings | 425,350 | 90,000 | 45,000 | 470,350 | 88,500 |
| Total Mainline debt | 13,758,303 | 898,568 | 505,030 | 14,151,841 | 370,350 |
| <i>Oil Franchise Tax debt</i> | | | | | |
| Oil Franchise Tax bonds ** | 1,486,281 | 1,695 | 27,640 | 1,460,336 | 29,020 |
| Total Oil Franchise Tax debt | 1,486,281 | 1,695 | 27,640 | 1,460,336 | 29,020 |
| <i>Motor License Registration Fee debt</i> | | | | | |
| Motor License Registration Fee bonds *** | 98,235 | 231,425 | 11,125 | 318,535 | 11,715 |
| Motor License Registration Fee direct placements and borrowings | 231,425 | - | 231,425 | - | - |
| Total Motor License Registration Fee debt | 329,660 | 231,425 | 242,550 | 318,535 | 11,715 |
| Total Debt Payable | 15,574,244 | 1,131,688 | 775,220 | 15,930,712 | 411,085 |
| Premium (discount), net | 1,520,549 | 55,769 | 77,803 | 1,498,515 | - |
| Total Debt Payable, net of premium (discount) | \$ 17,094,793 | \$ 1,187,457 | \$ 853,023 | \$ 17,429,227 | \$ 411,085 |

* Mainline bonds FY24 additions related to bond issuances were \$885,960 and FY24 additions related to bond accretions were \$12,608.

** Oil Franchise Tax bonds FY24 additions related to bond accretions were \$1,695.

*** Motor License Registration bonds FY24 additions related to bond issuances were \$231,425.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
 Notes to the Financial Statements (*continued*)
 Years Ended May 31, 2025 and 2024

NOTE 9 DEBT (*continued*)

Debt service requirements subsequent to May 31, 2025 related to all sections of debt are as follows:

| Year Ending May 31 | Bonds | | | Direct Borrowings and Direct Placements | | | Total Debt | | |
|-----------------------|-------------------------|----------------------|----------------------|---|-------------------|---------------------|-------------------------|----------------------|----------------------|
| | Principal Maturities | Interest | Total | Principal Maturities (In thousands) | Interest | Total | Principal Maturities | Interest | Total |
| 2026 | \$ 338,919 | \$ 703,224 | \$ 1,042,143 | \$ - | \$ 23,855 | \$ 23,855 | \$ 338,919 | \$ 727,079 | \$ 1,065,998 |
| 2027 | 385,595 | 694,292 | 1,079,887 | 605 | 23,496 | 24,101 | 386,200 | 717,788 | 1,103,988 |
| 2028 | 400,715 | 676,960 | 1,077,675 | 630 | 23,485 | 24,115 | 401,345 | 700,445 | 1,101,790 |
| 2029 | 436,700 | 657,573 | 1,094,273 | 650 | 23,438 | 24,088 | 437,350 | 681,011 | 1,118,361 |
| 2030 | 455,004 | 654,347 | 1,109,351 | 6,420 | 23,425 | 29,845 | 461,424 | 677,772 | 1,139,196 |
| 2031 - 2035 | 2,745,920 | 2,852,982 | 5,598,902 | 146,765 | 111,312 | 258,077 | 2,892,685 | 2,964,294 | 5,856,979 |
| 2036 - 2040 | 3,892,313 | 2,143,069 | 6,035,382 | 167,970 | 74,644 | 242,614 | 4,060,283 | 2,217,713 | 6,277,996 |
| 2041 - 2045 | 3,521,607 | 1,303,267 | 4,824,874 | 201,825 | 40,805 | 242,630 | 3,723,432 | 1,344,072 | 5,067,504 |
| 2046 - 2050 | 2,477,135 | 490,802 | 2,967,937 | 7,945 | 36,578 | 44,523 | 2,485,080 | 527,380 | 3,012,460 |
| 2051 - 2055 | 744,655 | 82,178 | 826,833 | 156,365 | 22,089 | 178,454 | 901,020 | 104,267 | 1,005,287 |
| 2056 - 2060 | 21,495 | 1,129 | 22,624 | - | - | - | 21,495 | 1,129 | 22,624 |
| | <u>\$ 15,420,058</u> | <u>\$ 10,259,823</u> | <u>\$ 25,679,881</u> | <u>\$ 689,175</u> | <u>\$ 403,127</u> | <u>\$ 1,092,302</u> | <u>\$ 16,109,233</u> | <u>\$ 10,662,950</u> | <u>\$ 26,772,183</u> |

The Commission's purpose for issuing debt is as follows:

- Mainline Senior Debt is issued for the purpose of financing the costs of various capital projects in the Commission's Ten-Year Capital Plan and for refunding outstanding Mainline Senior Debt.

In fiscal year 2025, the Commission issued \$1,578,460,000 of Mainline Senior Debt; \$650,000,000 was issued to finance the costs of various capital projects and \$928,460,000 was issued to refund and repay outstanding Mainline Senior Debt.

In fiscal year 2024, the Commission issued \$885,960,000 of Mainline Senior Debt; \$634,786,548 was issued to finance the costs of various capital projects and \$251,173,452 was issued to refund and repay outstanding Mainline Senior Debt.

- Mainline Subordinate Debt is issued to refund outstanding Subordinate Debt which was originally issued for the purpose of financing a portion of the costs of making payments to the Pennsylvania Department of Transportation in accordance with Act 44 and Act 89. See Note 11 for additional information regarding Act 44 and Act 89.

In fiscal year 2025, the Commission issued \$585,140,000 of Mainline Subordinate Debt to refund and repay outstanding Mainline Subordinate Debt.

The Commission did not issue any Mainline Subordinate Debt during fiscal year ended May 31, 2024.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 9 DEBT (*continued*)

- Oil Franchise Tax Debt and Motor License Registration Fee Debt are issued for the purpose of financing the costs of capital expenditures related to the Mon/Fayette and Southern Beltway expansion projects and to refund outstanding Oil Franchise Tax Debt and Motor License Registration Fee Debt.

The Commission did not issue any Oil Franchise Tax Debt during the fiscal years ended May 31, 2025 or 2024.

The Commission did not issue any Motor License Registration Fee Debt during the fiscal year ended May 31, 2025.

In fiscal year 2024, the Commission issued \$231,425,000 of Motor License Registration Fee Debt to refund and repay outstanding Motor License Registration Fee Debt.

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

Mainline Debt Requirements and Recent Activity

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 obligated to raise tolls accordingly.

As disclosed in Note 3, the Commission's Trust Indentures impose certain restrictions and requirements. The Commission's Trust Indenture for the Turnpike Subordinate Revenue Bonds requires that the Commission establish and maintain schedules of tolls for traffic over the Turnpike 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 18-month period.

The Commission's Mainline Senior Debt (including Direct Placements and Borrowings) contains a provision that in an unresolved event of default and following a vote of the bondholders, outstanding amounts become immediately due if the Commission is unable to make payment.

PENNSYLVANIA TURNPIKE COMMISSION

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Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 9 DEBT (*continued*)

Mainline Debt Requirements and Recent Activity (*continued*)

In fiscal year 2017, the Commission entered into a loan agreement to borrow, over a possible eight-year period, up to \$800.0 million in 16 tranches of up to \$50.0 million each through the Immigrant Investor Program (known as the EB-5 visa program) administered by the U.S. Citizenship and Immigration Services. The Commission is borrowing this money to fund a portion of the costs of certain capital projects included in the Commission's current Ten-Year Capital Plan. Such debt is issued under the Senior Indenture on parity with the Turnpike Revenue Bonds. As of May 31, 2025, the Commission does not have outstanding principal related to EB-5 borrowings. The outstanding principal related to these EB-5 borrowings was \$88.5 million as of May 31, 2024.

In June 2020, the Commission secured a \$200.0 million revolving line of credit from PNC Bank, N. A. with a one-year term. The Commission was authorized to draw this money for general working capital purposes, funding/reimbursing necessary reserves and the payment of debt service on Bonds under the Senior Indenture. The Commission renewed the line of credit in fiscal year 2024 and again in fiscal year 2025, but did not draw on the line of credit in either of these fiscal years. As of May 31, 2025 and 2024, there was no outstanding principal related to this Line of Credit.

Under the Commonwealth's Act 44 of 2007, the Commission may issue up to \$5.0 billion of Special Revenue Bonds guaranteed by the Commonwealth's Motor License Fund. The Special Revenue Bonds authorized by Act 44 are subject to various limitations, including, among others, the following: the aggregate amount of such Special Revenue Bonds is limited to \$5.0 billion; no more than \$600.0 million of Special Revenue Bonds may be issued in any calendar year; debt service on the Special Revenue Bonds shall be payable from any available funds of the Commission, but are additionally secured by amounts payable from the Commonwealth's Motor License Fund which is required to pay any debt service shortfall. All Special Revenue Bond debt service payments are subordinate obligations of the Commission payable solely from certain money in, or periodically released from, the General Reserve Fund after meeting all other Commission requirements pursuant to any financial documents, financial covenants, insurance policies, liquidity policies or agreements in effect at the Commission. Pursuant to the Commonwealth's Act 89 of 2013, Special Revenue Bonds may not be issued by the Commission to fund any portion of its annual payment obligation to PennDOT after July 1, 2014, although Special Revenue Refunding Bonds may be issued. The outstanding principal related to these Special Revenue Bonds was \$956.4 million and \$970.7 million as of May 31, 2025 and 2024, respectively.

PENNSYLVANIA TURNPIKE COMMISSION

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Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 9 DEBT (*continued*)

Mainline Debt Requirements and Recent Activity (*continued*)

The commitment of the Commonwealth's Motor License Fund to provide additional security to pay any Special Revenue Bond debt service shortfall shall continue until the retirement or defeasance of any Special Revenue Bonds or until October 13, 2057, whichever is sooner. To date, the Commission has made all required Special Revenue Bond debt service payments. No funds have been drawn or requested from the Commonwealth's Motor License Fund for Special Revenue Bond debt service during the current reporting period or any prior reporting periods. In the event that the Commonwealth's Motor License Fund would be required to make a Special Revenue Bond debt service payment, a provision of the Amended Lease and Funding Agreement, executed between the Commission and PennDOT, requires the Commission to reimburse the Motor License Fund for any Special Revenue Bond debt service payments plus interest accruing to the date of the Commission's failure to pay the debt service. The obligation of the Commission to reimburse the Motor License Fund for any Special Revenue Bond debt service payment is a subordinate obligation of the Commission and is payable only from amounts, if any, in the Commission's General Reserve Fund as permitted by any Commission financing documents, financial covenants, insurance policies, liquidity policies, or agreements in effect at the Commission.

In September 2023, the Commission issued \$400,000,000 of 2023 Series A Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2053. The 2023 Series A Senior Revenue Bonds were primarily issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges, to refund a portion of the 2013 Series C Senior Revenue Bonds (\$15,895,000) and the 2018 EB-5 Loan 2nd Tranche (\$45,000,000), and for paying the costs of issuing the 2023 Series A Senior Revenue Bonds. The current refunding of the 2013 Series C Senior Revenue Bonds and the 2018 EB-5 Loan 2nd Tranche allowed the Commission to reduce its debt service by approximately \$1.9 million. The transaction resulted in an economic gain of \$1.4 million.

In November 2023, the Commission issued \$190,125,000 of 2023 Series B Senior Revenue Refunding Bonds at a variable rate with a maturity of December 1, 2043. The 2023 Series B Senior Revenue Refunding Bonds were primarily issued to refund the 2018 Series A-1 Senior Revenue Bonds (\$117,745,000) and 2018 Series B Senior Revenue Bonds (\$71,200,000), obtain the TD Letter of Credit as a Credit Facility in connection with the 2023 Series B Senior Revenue Refunding Bonds and for paying the costs of issuing the 2023 Series B Senior Revenue Refunding Bonds.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 9 DEBT (*continued*)

Mainline Debt Requirements and Recent Activity (*continued*)

In January 2024, the Commission issued \$205,835,000 of 2024 Series A Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2044. The 2024 Series A Senior Revenue Bonds were primarily issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges and for paying the costs of issuing the 2024 Series A Senior Revenue Bonds.

In February 2024, the Commission issued \$90,000,000, as a Direct Placement, 2024 Series B Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2054. The 2024 Series B Senior Revenue Bonds were primarily issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges and for paying the costs of issuing the 2024 Series B Senior Revenue Bonds.

In June 2024, the Commission issued \$300,000,000 of 2024 Series C Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2054. The 2024 Series C Senior Revenue Bonds were primarily issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges and for paying the costs of issuing the 2024 Series C Senior Revenue Bonds.

In September 2024, the Commission issued \$280,495,000 of 2024 First Series Senior Revenue Refunding Bonds at a fixed rate with a maturity of December 1, 2044. The 2024 First Series Senior Revenue Refunding Bonds were primarily issued to finance the cost of refunding the 2012 Series A Senior Revenue Bonds (\$5,680,000), a portion of the 2014 Series A Senior Revenue Bonds (\$150,275,000), and a portion the 2014 Series C Senior Revenue Bonds (\$160,305,000), and for paying the costs of issuing the 2024 First Series Senior Revenue Refunding Bonds. The refunding of the 2012 Series A Senior Revenue Bonds, the 2014 Series A Senior Revenue Bonds, and the 2014 Series C Senior Revenue allowed the Commission to reduce its debt service by approximately \$54.2 million. The transaction resulted in an economic gain of \$38.4 million.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 9 DEBT (*continued*)

Mainline Debt Requirements and Recent Activity (*continued*)

In October 2024, the Commission issued \$585,140,000 of 2024 First Series Subordinate Revenue Refunding Bonds at a fixed rate with a maturity of December 1, 2043. The 2024 First Series Subordinate Revenue Refunding Bonds were primarily issued to finance the cost of purchasing the Purchased Refunded Bonds pursuant to the Tender Offer for the 2009 Series C Subordinate Revenue Bonds (\$5,045,000), 2009 Series E Subordinate Revenue Bonds (\$26,040,000), 2016 Third Series A Subordinate Revenue Refunding Bonds (\$53,250,000), 2016 Series A-2 Subordinate Revenue Bonds (\$39,310,000), 2016 Second Subordinate Revenue Refunding Bonds (\$128,450,000), 2017 Series A Subordinate Revenue Bonds (\$14,145,000), 2017 Series B-1 Subordinate Revenue Bonds (\$29,795,000), 2017 Series B-2 Subordinate Revenue Bonds (\$63,425,000), 2019 First Series Subordinate Revenue Refunding Bonds (Federally Taxable) (\$30,325,000), and 2020 First Series Subordinate Revenue Refunding Bonds (Federally Taxable) (\$7,750,000); defeasing and redeeming the Defeased Refunded Bonds of the 2012 Series B Subordinate Revenue Bonds (\$36,125,000), 2013 Series A Subordinate Revenue Bonds (\$580,000), 2013 Series B-1 Subordinate Revenue Bonds (\$11,005,000), 2013 Series B-3 Subordinate Revenue Bonds (\$17,925,000), 2014 Series A-1 Subordinate Revenue Bonds (\$61,130,000), 2014 Series B Subordinate Revenue Bonds (\$136,215,000); and paying for the costs of issuing the 2024 First Series Subordinate Revenue Refunding Bonds. The bond transactions of the 2009 Series C Subordinate Revenue Bonds, 2009 Series E Subordinate Revenue Bonds, 2012 Series B Subordinate Revenue Bonds, 2013 Series A Subordinate Revenue Bonds, 2013 Series B-1 Subordinate Revenue Bonds, 2013 Series B-3 Subordinate Revenue Bonds, 2014 Series A-1 Subordinate Revenue Bonds, 2014 Series B Subordinate Revenue Bonds, 2016 Third Series A Subordinate Revenue Refunding Bonds, 2016 Series A-2 Subordinate Revenue Bonds, 2016 Second Subordinate Revenue Refunding Bonds, 2017 Series A Subordinate Revenue Bonds, 2017 Series B-1 Subordinate Revenue Bonds, 2017 Series B-2 Subordinate Revenue Bonds, 2019 First Series Subordinate Revenue Refunding Bonds (Federally Taxable), and 2020 First Series Subordinate Revenue Refunding Bonds (Federally Taxable) allowed the Commission to reduce its debt service by approximately \$111.9 million. The transaction resulted in an economic gain of \$78.6 million.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 9 DEBT (*continued*)

Mainline Debt Requirements and Recent Activity (*continued*)

In October 2024, the Commission issued \$233,015,000, as a Direct Placement, of 2024 Forward Delivery Refunding Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2037. The 2024 Forward Delivery Refunding Senior Revenue Bonds were primarily issued to finance the cost of the current refunding of a portion of the 2014 Series A Senior Revenue Bonds (\$59,535,000), 2014 Series Refunding Revenue Bonds (\$98,790,000), and a portion of 2014 Series C Senior Revenue Bonds (\$74,690,000); and paying for the costs of issuing the 2024 Forward Delivery Refunding Senior Revenue Bonds. The refunding of the 2014 Series A Senior Revenue Bonds, 2014 Series Refunding Revenue Bonds, and 2014 Series C Senior Revenue Bonds allowed the Commission to reduce its debt service by approximately \$29.7 million. The transaction resulted in an economic gain of \$23.2 million.

In November 2024, the Commission issued \$43,890,000, as a Direct Placement, of 2024 Second Series Senior Revenue Refunding Bonds at a fixed rate with a maturity of December 1, 2053. The 2024 Second Series Senior Revenue Bonds were issued in exchange for the cancellation of the 2019 EB-5 3rd Tranche (\$52,000,000) and paying for the costs of issuing the 2024 Second Series Senior Revenue Bonds.

In January 2025, the Commission issued \$90,000,000 of 2024 Series B Senior Revenue Bonds (Converted Direct Placement) at a fixed rate with a maturity of December 1, 2054. The 2024 Series B Senior Revenue Bonds (Converted Direct Placement) were issued in exchange for the cancellation of the Direct Placement 2024 Series B Senior Revenue Bonds (\$90,000,000) and paying for the costs of issuing the 2024 Series B Senior Revenue Bonds.

In January 2025, the Commission issued \$30,420,000, as a Direct Placement, of 2025 First Series Senior Revenue Refunding Bonds at a fixed rate with a maturity of December 1, 2054. The 2025 First Series Senior Revenue Refunding Bonds were issued in exchange for the cancellation of the 2020 EB-5 4th Tranche (\$36,500,000) and paying for the costs of issuing the 2025 First Series Senior Revenue Refunding Bonds.

In March 2025, the Commission issued \$350,000,000 of 2025 Series A Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2055. The 2025 Series A Senior Revenue Bonds were primarily issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges and for paying the costs of issuing the 2025 Series A Senior Revenue Bonds.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 9 DEBT (*continued*)

Mainline Debt Requirements and Recent Activity (*continued*)

In March 2025, the Commission issued \$250,640,000 of 2025 Second Series Senior Revenue Refunding Bonds at a fixed rate with a maturity of December 1, 2045. The 2025 Second Series Senior Revenue Refunding Bonds were primarily issued to finance the cost of refunding the 2015 Series A-1 Senior Revenue Bonds (\$286,670,000) and for paying the costs of issuing the 2025 Second Series Senior Revenue Refunding Bonds. The refunding of the 2015 Series A-1 Senior Revenue Bonds allowed the Commission to reduce its debt service by approximately \$37.6 million. The transaction resulted in an economic gain of \$27.1 million.

Debt service requirements subsequent to May 31, 2025 related to the Mainline debt are as follows:

| Year Ending May 31 | Bonds | | | Direct Borrowings and Direct Placements | | | Total Debt | | |
|-----------------------|-------------------------|---------------------|----------------------|---|----------------------------|---------------------|-------------------------|---------------------|----------------------|
| | Principal Maturities | Interest | Total | Principal Maturities | Interest (in thousands) | Total | Principal Maturities | Interest | Total |
| 2026 | \$ 296,099 | \$ 623,975 | \$ 920,074 | \$ - | \$ 23,855 | \$ 23,855 | \$ 296,099 | \$ 647,830 | \$ 943,929 |
| 2027 | 340,560 | 617,253 | 957,813 | 605 | 23,496 | 24,101 | 341,165 | 640,749 | 981,914 |
| 2028 | 353,365 | 602,226 | 955,591 | 630 | 23,485 | 24,115 | 353,995 | 625,711 | 979,706 |
| 2029 | 386,925 | 585,299 | 972,224 | 650 | 23,437 | 24,087 | 387,575 | 608,736 | 996,311 |
| 2030 | 402,674 | 584,642 | 987,316 | 6,420 | 23,425 | 29,845 | 409,094 | 608,067 | 1,017,161 |
| 2031 - 2035 | 2,456,750 | 2,545,818 | 5,002,568 | 146,765 | 111,312 | 258,077 | 2,603,515 | 2,657,130 | 5,260,645 |
| 2036 - 2040 | 3,571,786 | 1,876,494 | 5,448,280 | 167,970 | 74,644 | 242,614 | 3,739,756 | 1,951,138 | 5,690,894 |
| 2041 - 2045 | 3,173,247 | 1,135,638 | 4,308,885 | 201,825 | 40,805 | 242,630 | 3,375,072 | 1,176,443 | 4,551,515 |
| 2046 - 2050 | 2,110,385 | 408,095 | 2,518,480 | 7,945 | 36,578 | 44,523 | 2,118,330 | 444,673 | 2,563,003 |
| 2051 - 2055 | 566,850 | 67,386 | 634,236 | 156,365 | 22,090 | 178,455 | 723,215 | 89,476 | 812,691 |
| 2056 - 2060 | 21,495 | 1,129 | 22,624 | - | - | - | 21,495 | 1,129 | 22,624 |
| | <u>\$ 13,680,136</u> | <u>\$ 9,047,955</u> | <u>\$ 22,728,091</u> | <u>\$ 689,175</u> | <u>\$ 403,127</u> | <u>\$ 1,092,302</u> | <u>\$ 14,369,311</u> | <u>\$ 9,451,082</u> | <u>\$ 23,820,393</u> |

Oil Franchise Tax Debt Requirements and Recent Activity

The Oil 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'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.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
 Notes to the Financial Statements (*continued*)
 Years Ended May 31, 2025 and 2024

NOTE 9 DEBT (*continued*)

Oil Franchise Tax Debt Requirements and Recent Activity (*continued*)

The Commission's Oil Franchise Tax Debt contains a provision that in an unresolved event of default and following a vote of the bondholders, outstanding amounts become immediately due if the Commission is unable to make payment.

Debt service requirements subsequent to May 31, 2025 related to Oil Franchise Tax debt are as follows:

| Year Ending May 31 | Bonds | | | Direct Borrowings and Direct Placements | | | Total Debt | | |
|-----------------------|-------------------------|---------------------|---------------------|---|-------------|-------------|-------------------------|---------------------|---------------------|
| | Principal Maturities | Interest | Total | Principal Maturities (in thousands) | Interest | Total | Principal Maturities | Interest | Total |
| 2026 | \$ 30,490 | \$ 68,997 | \$ 99,487 | \$ - | \$ - | \$ - | \$ 30,490 | \$ 68,997 | \$ 99,487 |
| 2027 | 32,060 | 67,452 | 99,512 | - | - | - | 32,060 | 67,452 | 99,512 |
| 2028 | 33,690 | 65,828 | 99,518 | - | - | - | 33,690 | 65,828 | 99,518 |
| 2029 | 35,400 | 64,122 | 99,522 | - | - | - | 35,400 | 64,122 | 99,522 |
| 2030 | 37,200 | 62,327 | 99,527 | - | - | - | 37,200 | 62,327 | 99,527 |
| 2031 - 2035 | 210,595 | 278,549 | 489,144 | - | - | - | 210,595 | 278,549 | 489,144 |
| 2036 - 2040 | 211,477 | 252,280 | 463,757 | - | - | - | 211,477 | 252,280 | 463,757 |
| 2041 - 2045 | 297,635 | 166,646 | 464,281 | - | - | - | 297,635 | 166,646 | 464,281 |
| 2046 - 2050 | 366,750 | 82,707 | 449,457 | - | - | - | 366,750 | 82,707 | 449,457 |
| 2051 - 2055 | 177,805 | 14,792 | 192,597 | - | - | - | 177,805 | 14,792 | 192,597 |
| | \$ 1,433,102 | \$ 1,123,700 | \$ 2,556,802 | \$ - | \$ - | \$ - | \$ 1,433,102 | \$ 1,123,700 | \$ 2,556,802 |

Motor License Registration Fee Debt Requirements and Recent Activity

Pursuant to Section 20 of Act 3, the Commonwealth appropriates \$28.0 million of Act 3 revenues to the Commission annually. The \$28.0 million is payable to the Commission in the amount of \$2.3 million per month. The Motor License 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.

The Commission's Motor License Registration Fee Debt contains a provision that in an unresolved event of default and following a vote of the bondholders, outstanding amounts become immediately due if the Commission is unable to make payment.

In September 2023, the Commission issued \$231,425,000 of 2023 Series Motor License Registration Fee Revenue Refunding Bonds at a variable rate with a maturity date of July 15, 2041. The 2023 Motor License Registration Fee Revenue Refunding Bonds were issued to refund the 2005 Series B Motor License Registration Fee Revenue Bonds (\$77,140,000), 2005 Series C Motor License Registration Fee Revenue Bonds (\$77,140,000), and 2005 Series D Motor License Registration Fee Revenue Bonds (\$77,145,000) and paying for the costs of issuing the 2023 Series Motor License Registration Fee Revenue Refunding Bonds.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 9 DEBT (*continued*)

Motor License Registration Fee Debt Requirements and Recent Activity
(*continued*)

Debt service requirements subsequent to May 31, 2025 related to Motor License Registration Fee debt are as follows:

| Year Ending May 31 | Bonds | | | Direct Borrowings and Direct Placements | | | Total Debt | | |
|-----------------------|-------------------------|------------------|-------------------|---|-------------|-------------|-------------------------|------------------|-------------------|
| | Principal Maturities | Interest | Total | Principal Maturities | Interest | Total | Principal Maturities | Interest | Total |
| (In thousands) | | | | | | | | | |
| 2026 | \$ 12,330 | \$ 10,252 | \$ 22,582 | \$ - | \$ - | \$ - | \$ 12,330 | \$ 10,252 | \$ 22,582 |
| 2027 | 12,975 | 9,587 | 22,562 | - | - | - | 12,975 | 9,587 | 22,562 |
| 2028 | 13,660 | 8,906 | 22,566 | - | - | - | 13,660 | 8,906 | 22,566 |
| 2029 | 14,375 | 8,152 | 22,527 | - | - | - | 14,375 | 8,152 | 22,527 |
| 2030 | 15,130 | 7,378 | 22,508 | - | - | - | 15,130 | 7,378 | 22,508 |
| 2031 - 2035 | 78,575 | 28,615 | 107,190 | - | - | - | 78,575 | 28,615 | 107,190 |
| 2036 - 2040 | 109,050 | 14,295 | 123,345 | - | - | - | 109,050 | 14,295 | 123,345 |
| 2041 - 2045 | 50,725 | 983 | 51,708 | - | - | - | 50,725 | 983 | 51,708 |
| | <u>\$ 306,820</u> | <u>\$ 88,168</u> | <u>\$ 394,988</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 306,820</u> | <u>\$ 88,168</u> | <u>\$ 394,988</u> |

Defeased Bonds

In both the current and 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. As of May 31, 2025 and 2024, the Commission had \$382.2 million and \$133.8 million, respectively, of defeased bonds outstanding.

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt debt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. The Commission had a total arbitrage liability of \$11.7 million and \$8.2 million for fiscal years ended May 31, 2025 and 2024, respectively. The arbitrage liability recorded as accounts payable and accrued liabilities was \$35,400 and \$0.4 million as of May 31, 2025 and 2024, respectively. The arbitrage liability recorded as other noncurrent liabilities was \$11.6 million and \$7.8 million as of May 31, 2025 and 2024, respectively.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 9 DEBT (*continued*)

Swap Payments and Associated Debt

Net swap payments and related debt service requirements for hedged debt related to all sections subsequent to May 31, 2025, assuming current interest rates remain the same for the term of the agreements, are as follows:

| Year Ending May 31 | Bonds | | | Direct Borrowings and Direct Placements | | | Total Debt | | | | | |
|--------------------------|-------------------------|-------------------|-------------------|---|-------------------------|-------------------|--------------------|-------------------|-------------------------|-------------------|------------------|---------------------|
| | Principal Maturities | Interest | Hedging | Total | Principal Maturities | Interest | Hedging | Total | Principal Maturities | Interest | Hedging | Total |
| | | | | | | | | | | (In thousands) | | |
| 2026 | \$ 23,340 | \$ 16,632 | \$ 15,556 | \$ 55,528 | \$ - | \$ 7,442 | \$ (4,217) | \$ 3,225 | \$ 23,340 | \$ 24,074 | \$ 11,339 | \$ 58,753 |
| 2027 | 24,375 | 16,166 | 15,166 | 55,707 | - | 7,442 | (4,217) | 3,225 | 24,375 | 23,608 | 10,949 | 58,932 |
| 2028 | 41,143 | 15,555 | 14,523 | 71,221 | - | 7,454 | (4,243) | 3,211 | 41,143 | 23,009 | 10,280 | 74,432 |
| 2029 | 44,180 | 14,688 | 13,697 | 72,565 | - | 7,430 | (4,217) | 3,213 | 44,180 | 22,118 | 9,480 | 75,778 |
| 2030 | 47,630 | 13,801 | 12,744 | 74,175 | - | 7,442 | (4,217) | 3,225 | 47,630 | 21,243 | 8,527 | 77,400 |
| 2031 - 2035 | 232,322 | 53,462 | 47,573 | 333,357 | - | 37,211 | (21,113) | 16,098 | 232,322 | 90,673 | 26,460 | 349,455 |
| 2036 - 2040 | 246,990 | 24,465 | 17,483 | 288,938 | 90,025 | 32,043 | (18,198) | 103,870 | 337,015 | 56,508 | (715) | 392,808 |
| 2041 - 2045 | 70,027 | 4,541 | 815 | 75,383 | 201,825 | 4,228 | (2,405) | 203,648 | 271,852 | 8,769 | (1,590) | 279,031 |
| 2046 - 2050 | 21,918 | 1,551 | 19 | 23,488 | - | - | - | - | 21,918 | 1,551 | 19 | 23,488 |
| 2051 - 2055 | 4,725 | 46 | - | 4,771 | - | - | - | - | 4,725 | 46 | - | 4,771 |
| | \$ 756,650 | \$ 160,907 | \$ 137,576 | \$ 1,055,133 | \$ 291,850 | \$ 110,692 | \$ (62,827) | \$ 339,715 | \$ 1,048,500 | \$ 271,599 | \$ 74,749 | \$ 1,394,848 |

Mainline net swap payments and related debt service requirements for hedged debt subsequent to May 31, 2025 for 2019 Second Series Senior Revenue Bonds, 2020 Second Series Senior Revenue Bonds, 2020 Series A Senior Revenue Bonds, 2022 First Series Subordinate Revenue Refunding Bonds (Direct Placement), and 2023 Series B Senior Revenue Refunding Bonds are as follows:

| Year Ending May 31 | Bonds | | | Direct Borrowings and Direct Placements | | | Total Debt | | | | | |
|--------------------------|-------------------------|------------------|------------------|---|-------------------------|-------------------|--------------------|-------------------|-------------------------|-------------------|------------------|---------------------|
| | Principal Maturities | Interest | Hedging | Total | Principal Maturities | Interest | Hedging | Total | Principal Maturities | Interest | Hedging | Total |
| | | | | | | | | | | (In thousands) | | |
| 2026 | \$ 23,340 | \$ 10,015 | \$ 10,392 | \$ 43,747 | \$ - | \$ 7,442 | \$ (4,217) | \$ 3,225 | \$ 23,340 | \$ 17,457 | \$ 6,175 | \$ 46,972 |
| 2027 | 24,375 | 9,549 | 10,002 | 43,926 | - | 7,442 | (4,217) | 3,225 | 24,375 | 16,991 | 5,785 | 47,151 |
| 2028 | 41,143 | 8,920 | 9,367 | 59,430 | - | 7,454 | (4,243) | 3,211 | 41,143 | 16,374 | 5,124 | 62,641 |
| 2029 | 44,180 | 8,071 | 8,525 | 60,776 | - | 7,430 | (4,217) | 3,213 | 44,180 | 15,501 | 4,308 | 63,989 |
| 2030 | 47,630 | 7,184 | 7,580 | 62,394 | - | 7,442 | (4,217) | 3,225 | 47,630 | 14,626 | 3,363 | 65,619 |
| 2031 - 2035 | 160,672 | 25,029 | 25,396 | 211,097 | - | 37,211 | (21,113) | 16,098 | 160,672 | 62,240 | 4,283 | 227,195 |
| 2036 - 2040 | 137,940 | 10,170 | 6,342 | 154,452 | 90,025 | 32,043 | (18,198) | 103,870 | 227,965 | 42,213 | (11,856) | 258,322 |
| 2041 - 2045 | 19,302 | 3,558 | 47 | 22,907 | 201,825 | 4,228 | (2,405) | 203,648 | 221,127 | 7,786 | (2,358) | 226,555 |
| 2046 - 2050 | 21,918 | 1,551 | 19 | 23,488 | - | - | - | - | 21,918 | 1,551 | 19 | 23,488 |
| 2051 - 2055 | 4,725 | 46 | - | 4,771 | - | - | - | - | 4,725 | 46 | - | 4,771 |
| | \$ 525,225 | \$ 84,093 | \$ 77,670 | \$ 686,988 | \$ 291,850 | \$ 110,692 | \$ (62,827) | \$ 339,715 | \$ 817,075 | \$ 194,785 | \$ 14,843 | \$ 1,026,703 |

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 9 DEBT (*continued*)

Swap Payments and Associated Debt (*continued*)

Motor License net swap payments and related debt service requirements for hedged debt subsequent to May 31, 2025 for the 2023 Motor License Registration Fee Bonds are as follows:

| Year Ending May 31 | Bonds | | | | Direct Borrowings and Direct Placements | | | | Total Debt | | | | |
|--------------------------|-------------------------|------------------|------------------|------------------|---|-------------|-------------|-------------|-------------------------|------------------|------------------|------------------|------------------|
| | Principal Maturities | Interest | Hedging | Total | Principal Maturities | Interest | Hedging | Total | Principal Maturities | Interest | Hedging | Total | |
| | | | | | | | | | | | | | |
| 2026 | \$ - | \$ 6,617 | \$ 5,164 | \$ 11,781 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 6,617 | \$ 5,164 | \$ 11,781 | |
| 2027 | - | 6,617 | 5,164 | 11,781 | - | - | - | - | - | - | 6,617 | 5,164 | 11,781 |
| 2028 | - | 6,635 | 5,156 | 11,791 | - | - | - | - | - | - | 6,635 | 5,156 | 11,791 |
| 2029 | - | 6,617 | 5,172 | 11,789 | - | - | - | - | - | - | 6,617 | 5,172 | 11,789 |
| 2030 | - | 6,617 | 5,164 | 11,781 | - | - | - | - | - | - | 6,617 | 5,164 | 11,781 |
| 2031 - 2035 | 71,650 | 28,433 | 22,177 | 122,260 | - | - | - | - | - | 71,650 | 28,433 | 22,177 | 122,260 |
| 2036 - 2040 | 109,050 | 14,295 | 11,141 | 134,486 | - | - | - | - | - | 109,050 | 14,295 | 11,141 | 134,486 |
| 2041 - 2045 | 50,725 | 983 | 768 | 52,476 | - | - | - | - | - | 50,725 | 983 | 768 | 52,476 |
| | \$231,425 | \$ 76,814 | \$ 59,906 | \$368,145 | \$ - | \$ - | \$ - | \$ - | \$ - | \$231,425 | \$ 76,814 | \$ 59,906 | \$368,145 |

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

NOTE 10 RETIREMENT BENEFITS

General Information about the Pension Plan

Plan Description

Pennsylvania State Employees' Retirement System (SERS) is the administrator of the State Employees' Retirement Fund (Defined Benefit Plan), which is a cost-sharing multiple-employer defined benefit pension plan. SERS is also the administrator of the State Employees' Defined Contribution Plan (Defined Contribution Plan), which was established as part of Act 2017-5. The Defined Contribution Plan opened for enrollment on January 1, 2019. Both the Defined Benefit Plan and Defined Contribution Plan were established by the Commonwealth of Pennsylvania (Commonwealth) to provide retirement benefits for employees of state government and certain independent agencies. The Defined Benefit and Defined Contribution Plans operate under separate trusts. The assets of the Defined Benefit Plan are held in the State Employees' Retirement Fund (pension fund). Assets in the Defined Contribution Plan (investment plan) are held in a trust with ownership attributed to individual participant investment accounts.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 10 RETIREMENT BENEFITS (*continued*)

General Information about the Pension Plan (*continued*)

*Plan Description (*continued*)*

Membership in SERS is mandatory for most Commission (and other state) employees. Act 2017-5 changed the benefit structure for most new employees effective January 1, 2019, which created a hybrid plan with two class of service options (defined benefit/defined contribution) as well as a defined contribution-only plan option. Article II of the Commonwealth's constitution assigns the authority to establish and amend the benefit provision of the plan to the General Assembly. Separately issued financial statements for SERS can be obtained at www.sers.pa.gov.

Benefits Provided

SERS provides retirement, death, and disability benefits. Member retirement benefits of the pension plan are determined by taking years of credited service multiplied by final average salary multiplied by the annual accrual rate. Commission employees participate in one of the following class of service categories: Class A, Class AA, Class A3, Class A4, Class A5 or Class A6. Class A5 and Class A6 became effective January 1, 2019. These classes are considered part of the Hybrid Plan as they include participation in both the pension fund and the investment plan. Employees are also eligible to elect participation solely in the investment plan, under the 401(a) DC class of service. According to the State Employees' Retirement Code (SERC), all obligations of SERS will be assumed by the Commonwealth should SERS terminate.

Contributions

SERS retirement code (71 Pa. C.S.) requires that all SERS participating employers make contributions to the pension fund on behalf of all active members and annuitants necessary to fund the liabilities and provide the annuity reserves required to pay benefits. The SERS retirement code requires that all SERS-participating employers make contributions to the investment plan on behalf of all active participants. The SERS funding policy, as set by the State Employees' Retirement Board (SERB), provides for periodic active member/participant contributions at statutory rates for both the pension fund and investment plan. The Defined Benefit Plan funding policy also provides for periodic employer contributions at actuarially determined rates based on Defined Benefit Plan funding valuation, expressed as a percentage of annual retirement covered payroll, such that they, along with employee contributions and an actuarially determined investment rate of return, are adequate to accumulate assets to pay benefits when due. The SERS funding policy also provides for periodic employer contributions at statutory rates for the investment plan.

PENNSYLVANIA TURNPIKE COMMISSION

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Notes to the Financial Statements (*continued*)
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NOTE 10 RETIREMENT BENEFITS (*continued*)

General Information about the Pension Plan (*continued*)

*Contributions (*continued*)*

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 A3 | Class A4 | Class A5 | Class A6 | 401(a) DC |
|--------------------------|---------|-------------|-------------|-------------|-------------|-------------|--------------|
| 2025 | 31.74% | 40.33% | 27.09% | 27.09% | 19.09% | 19.09% | 19.04% |
| 2024 | 32.24 | 41.09 | 27.60 | 27.60 | 19.65 | 19.65 | 19.60 |
| 2023 | 30.44 | 38.82 | 26.05 | 26.05 | 18.43 | 18.43 | 18.37 |

Contributions to the pension fund from the Commission were \$35.4 million and \$34.8 million for the fiscal years ended May 31, 2025 and 2024, respectively. Contributions to the investment plan from the Commission were \$0.5 million and \$0.3 million for the fiscal years ended May 31, 2025 and 2024, respectively. With the passing of Act 2020-94, forfeitures after July 1, 2020 are used to offset future administrative costs of the investment plan.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of May 31, 2025, the Commission reported a liability of \$283.8 million for its proportionate share of the net pension liability of the pension fund. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on a projected-contribution method. This methodology applies the most recently calculated contribution rates for Commonwealth fiscal year 2025-2026, from the December 31, 2024 funding valuation, to the expected funding payroll. As of December 31, 2024, the Commission's proportionate share of the net pension liability was 1.41%, which was an increase of 0.01% from its proportion measured as of December 31, 2023.

For the fiscal year ended May 31, 2025, the Commission recognized pension expense of \$24.2 million related to the pension fund. For the fiscal year ended May 31, 2025, the Commission recognized pension expense of \$0.6 million related to the investment plan.

PENNSYLVANIA TURNPIKE COMMISSION
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Notes to the Financial Statements (*continued*)
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NOTE 10 RETIREMENT BENEFITS (*continued*)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (*continued*)

As of May 31, 2025, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| | (In thousands) | |
| Differences between expected and actual experience | \$ 12,864 | \$ 317 |
| Net difference between projected and actual investment earnings on pension plan investments | 8,333 | - |
| Changes of assumptions | 4,999 | - |
| Differences between employer contributions and proportionate share of contributions | 734 | 341 |
| Changes in proportion | 727 | 13,602 |
| Commission contributions subsequent to measurement date | <u>17,074</u> | <u>-</u> |
| | <u>\$ 44,731</u> | <u>\$ 14,260</u> |

The \$17.1 million reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending May 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as net (decreases) increases in pension expense as follows:

| Year Ending May 31 | (In thousands) |
|--------------------|------------------|
| 2026 | \$ 4,043 |
| 2027 | 16,578 |
| 2028 | (6,517) |
| 2029 | (1,085) |
| 2030 | 378 |
| | <u>\$ 13,397</u> |

As of May 31, 2024, the Commission reported a liability of \$296.6 million for its proportionate share of the net pension liability of the pension fund. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on a projected-contribution method. This methodology applies the most recently calculated contribution rates for Commonwealth fiscal year 2024-2025, from the December 31, 2023 funding valuation, to the expected funding payroll. As of December 31, 2023, the Commission's proportionate share of the net pension liability was 1.40%, which was a decrease of 0.05% from its proportion measured as of December 31, 2022.

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NOTE 10 RETIREMENT BENEFITS (*continued*)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (*continued*)

For the fiscal year ended May 31, 2024, the Commission recognized pension expense of \$17.5 million related to the pension fund. For the fiscal year ended May 31, 2024, the Commission recognized pension expense of \$0.4 million related to the investment plan.

As of May 31, 2024, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources <i>(In thousands)</i> | Deferred Inflows of Resources |
|---|---|-------------------------------------|
| Differences between expected and actual experience | \$ 8,373 | \$ 603 |
| Net difference between projected and actual investment earnings on pension plan investments | 23,301 | - |
| Changes of assumptions | 12,781 | - |
| Differences between employer contributions and proportionate share of contributions | 706 | 651 |
| Changes in proportion | - | 28,540 |
| Commission contributions subsequent to measurement date | <u>16,642</u> | <u>-</u> |
| | <u><u>\$ 61,803</u></u> | <u><u>\$ 29,794</u></u> |

Actuarial Method and Assumptions

Every five years, SERS is required to conduct an actuarial experience study to determine whether the assumptions used in its annual actuarial valuations remain accurate based on current and anticipated demographic trends and economic conditions. The actuary, under oversight of the Pennsylvania State Employees' Retirement Board (SERB), reviewed economic assumptions (such as the assumed future investment returns and salary increases) as well as demographic assumptions (such as employee turnover, retirement, disability, and death rates). The *19th Investigation of Actuarial Experience* study for the period 2015 – 2019 was released and approved by the SERB in July 2020, and the recommended assumption changes were effective with the December 31, 2020 valuation. SERS experience studies can be viewed at www.SERS.pa.gov.

The actuary and SERB review the investment rate of return annually, in addition to the normal five-year experience study cycle, in recognition of changing market environments to ensure this assumption remains reasonable with each actuarial valuation. In June 2024, the SERB deliberated and decided to maintain the 6.875% Defined Benefit Plan investment rate of return assumption for the December 31, 2024 valuation.

PENNSYLVANIA TURNPIKE COMMISSION
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Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 10 RETIREMENT BENEFITS (*continued*)

Actuarial Methods and Assumptions (*continued*)

The following methods and assumptions were used in the actuarial valuation for the December 31, 2024 and 2023 measurement dates:

| | December 31, 2024 | December 31, 2023 |
|-----------------------------------|--|--|
| Actuarial cost method | Entry age | Entry age |
| Amortization method | Straight-line amortization of investments over five years and amortization of assumption changes and non-investment gains/losses over the average expected remaining service lives of all employees that are provided benefits | Straight-line amortization of investments over five years and amortization of assumption changes and non-investment gains/losses over the average expected remaining service lives of all employees that are provided benefits |
| Investment rate of return | 6.875% net of manager fees, including inflation | 6.875% net of manager fees, including inflation |
| Projected salary increases | Average of 4.58% with range of 3.30% - 6.95%, including inflation | Average of 4.55% with range of 3.30% - 6.95%, including inflation |
| Asset valuation method | Fair value | Fair value |
| Inflation | 2.50% | 2.50% |
| Mortality rate | Projected PubG-2010 and PubNS-2010 Mortality Tables adjusted for actual plan experience and future improvement | Projected PubG-2010 and PubNS-2010 Mortality Tables adjusted for actual plan experience and future improvement |
| Cost-of-living adjustments (COLA) | Ad hoc | Ad hoc |

PENNSYLVANIA TURNPIKE COMMISSION
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Notes to the Financial Statements (*continued*)
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NOTE 10 RETIREMENT BENEFITS (*continued*)

Actuarial Methods and Assumptions (*continued*)

The long-term expected real rate of return on pension plan investments is determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2024 and 2023 are summarized in the following tables:

As of December 31, 2024:

| Asset Class | Target Allocation | Long-term Expected Rate |
|--|-------------------|-------------------------|
| Private Equity | 16.00% | 6.25% |
| Real Estate | 7.00% | 5.15% |
| U.S. Equity | 37.00% | 5.15% |
| International Developed Markets Equity | 14.00% | 5.00% |
| Emerging Markets Equity | 2.00% | 5.20% |
| Fixed Income | 19.00% | 2.85% |
| Inflation Protection (TIPS) | 3.00% | 2.55% |
| Cash | 2.00% | 0.50% |
| Total | 100.00% | |

As of December 31, 2023:

| Asset Class | Target Allocation | Long-term Expected Rate |
|--|-------------------|-------------------------|
| Private Equity | 16.00% | 6.00% |
| Real Estate | 7.00% | 4.80% |
| U.S. Equity | 31.00% | 4.85% |
| International Developed Markets Equity | 14.00% | 4.75% |
| Emerging Markets Equity | 5.00% | 4.95% |
| Fixed Income | 22.00% | 1.75% |
| Inflation Protection (TIPS) | 3.00% | 1.50% |
| Cash | 2.00% | 0.25% |
| Total | 100.00% | |

PENNSYLVANIA TURNPIKE COMMISSION
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Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 10 RETIREMENT BENEFITS (*continued*)

Discount Rate

The discount rate, or investment rate of return, used to measure the total pension liability was 6.875% in 2024 and 2023. The projection of cash flows used to determine the discount rate assumed that contributions from pension plan members will be made at the current contribution rates and that contributions from participating employers will be made at actuarially determined rates as set by statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current pension plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Change in the Discount Rate

The following schedule presents the Commission's proportionate share of the 2024 and 2023 net pension liability calculated using the discount rate of 6.875% for both years. It also shows what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

| | 1.0% Decrease to 5.875% | Current Discount Rate of 6.875% <i>(In thousands)</i> | 1.0% Increase to 7.875% |
|---|--|---|--|
| Commission's share of the net pension liability as of the 12/31/24 measurement date | \$ 379,289 | \$ 283,823 | \$ 203,222 |
| Commission's share of the net pension liability as of the 12/31/23 measurement date | \$ 389,200 | \$ 296,572 | \$ 218,352 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements for SERS.

Payables to the Pension Plan

As of May 31, 2025 and 2024, the Commission reported a \$1.5 million and \$1.4 million liability, respectively, within accounts payable and accrued liabilities on the Statement of Net Position for the Commission's share of contributions that had not yet been paid to SERS. As of May 31, 2025 and 2024, \$24,900 and \$17,200, respectively, of the amount payable to SERS was allocated to the investment plan with the remainder allocated to the pension fund.

PENNSYLVANIA TURNPIKE COMMISSION
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NOTE 11 COMMITMENTS AND CONTINGENCIES

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 these 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.

Act 44 and Act 89

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. Subsequently, in order to, among other things, effectuate the provisions of Act 44 requiring the Commission to make substantial annual payments to PennDOT as described in the following paragraphs, the Commission and PennDOT entered into a Lease and Funding Agreement (the Act 44 Funding Agreement), incorporating many of the terms of Act 44.

The Act 44 Funding Agreement also granted the Commission the option to lease the portion of Interstate 80 (I-80) located in the Commonwealth from PennDOT upon, among other things, the approval of the Federal Highway Administration (FHWA) of the conversion of such portion into a toll road (the Conversion). The Conversion was not approved by FHWA and neither the Commission nor PennDOT appealed the decision. The Commission did not exercise its option to lease such portion of I-80, and the period during which the Commission could exercise its option under the Act 44 Funding Agreement lapsed on October 14, 2010 without the Commission effectuating the Conversion or having the ability to do so in the future, leaving all legal, financial and operational responsibility for I-80 solely with PennDOT.

Pursuant to Act 44 and the Act 44 Funding Agreement, the Commission is obligated to make scheduled annual payments to PennDOT (*Act 44/Act 89 Payments*). Previously, aggregate annual payments in the amount of \$450.0 million were due through 2057, payable in equal quarterly installments, with \$200.0 million of the scheduled annual payments supporting road and bridge projects and \$250.0 million supporting transit projects throughout the Commonwealth. However, commencing with fiscal year 2023, the Commission's current annual Act 44/Act 89 Payment obligation was reduced to \$50.0 million. See the following paragraphs for more information on the total amount paid by the Commission under the Amended Funding Agreement.

PENNSYLVANIA TURNPIKE COMMISSION

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Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 11 COMMITMENTS AND CONTINGENCIES (*continued*)

Act 44 and Act 89 (*continued*)

On November 25, 2013, Act 89 was enacted to provide (i) substantial revenue enhancements to support investment in the Commonwealth's aging transportation infrastructure, and (ii) substantial reductions in the Commission's obligations with respect to the Act 44/Act 89 Payments. The revenue enhancements providing additional funds each year for investment in the Commonwealth's transportation infrastructure were fully implemented in fiscal year 2018.

Revisions to the Commission's Act 44/Act 89 Payment obligations enacted under Act 89 were implemented by Amendment Number One to Lease and Funding Agreement (the *Act 89 Amendment* and together with the Act 44 Funding Agreement, the *Original Amended Funding Agreement*) executed by the Commission and PennDOT on April 4, 2014.

In accordance with Act 89 and the Original Amended Funding Agreement, the Commission's aggregate annual Act 44/Act 89 Payment to PennDOT for fiscal year 2014 through fiscal year 2022 was \$450.0 million, with at least \$30.0 million of such annual amount required to be paid from current revenues, and the remainder funded by the proceeds of bonds issued under the Subordinate Revenue Indenture.

The Original Amended Funding Agreement was subsequently further amended, on July 31, 2018, by Amendment Number Two to Lease and Funding Agreement (the *Amendment Two*) and on June 11, 2020, by Amendment Number Three to the Lease and Funding Agreement (the *Amendment Three*, and together with the Original Amended Funding Agreement and Amendment Two, the *Amended Funding Agreement*) both of which were executed by all parties to provide current year adjustments for certain due dates for Act 44/Act 89 Payments in fiscal years 2019 through 2021.

Act 89 relieved the Commission from over \$15.0 billion in future Act 44/Act 89 Payments to PennDOT during fiscal years 2023 through 2057 (the term of the Amended Funding Agreement), by reducing the Commission's aggregate annual Act 44/Act 89 Payments to PennDOT to \$50.0 million, which amount must be paid from current revenues of the Commission.

The Commission is required by the terms of the Amended 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 Amended Funding Agreement when due and other obligations of the Commission, and the Commission has covenanted in the Subordinate Revenue 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.

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A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
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NOTE 11 COMMITMENTS AND CONTINGENCIES (*continued*)

Act 44 and Act 89 (*continued*)

Act 44 and Act 89 provide that all Act 44/Act 89 Payments 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.

Open Purchase Order Commitments

The Commission had open purchase order commitments of approximately \$1.6 billion and \$2.1 billion as of May 31, 2025 and 2024, respectively.

Interest Rate Swaps

The fair value and notional amounts of derivative instruments outstanding as of May 31, 2025 and 2024, classified by type and the changes in fair value of such derivative instruments for the years then ended as reported in the fiscal year 2025 and 2024 financial statements are as follows:

| | May 31, 2024 | Changes in Fair Value | | Fair Value at May 31, 2025 | | Notional |
|--|-------------------|------------------------------|--------------------------|----------------------------|-------------------|--------------|
| | | Classification | Amount (In thousands) | Classification | Amount | |
| <i>Cash flow hedges</i> | | | | | | |
| Pay-fixed interest rate swap | \$ 109,724 | Deferred (outflows)/inflows | \$ (8,315) | Noncurrent liabilities | \$ 101,409 | \$ 1,048,500 |
| <i>Investment derivative instruments</i> | | | | | | |
| Basis swaps | 4,758 | Investment earnings/(losses) | 396 | Noncurrent investments | 5,154 | 412,235 |
| Total PTC | \$ 114,482 | | \$ (7,919) | | \$ 106,563 | |
| | | | | | | |
| | May 31, 2023 | Changes in Fair Value | | Fair Value at May 31, 2024 | | Notional |
| | | Classification | Amount (In thousands) | Classification | Amount | |
| <i>Cash flow hedges</i> | | | | | | |
| Pay-fixed interest rate swap | \$ 50,765 | Deferred (outflows)/inflows | \$ 58,959 | Noncurrent liabilities | \$ 109,724 | \$ 1,070,843 |
| <i>Investment derivative instruments</i> | | | | | | |
| Basis swaps | 2,493 | Investment earnings/(losses) | 2,265 | Noncurrent investments | 4,758 | 427,375 |
| Total PTC | \$ 53,258 | | \$ 61,224 | | \$ 114,482 | |

PENNSYLVANIA TURNPIKE COMMISSION

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Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 11 COMMITMENTS AND CONTINGENCIES (*continued*)

Interest Rate Swaps (*continued*)

Fair Values

As of May 31, 2025 and 2024, the fair values of the Commission's derivative instruments were estimated beginning with the mid-market valuation. The mid-market valuation of the Commission's derivative instruments was estimated using the zero-coupon discounting method. This method calculates the future net settlement 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 payments on the swaps.

The fair value is then incorporated into the previously described mid-market valuation: 1) the credit risk of either the Commission or its counterparty (for a liability position or asset position, respectively) i.e. nonperformance risk; and 2) the bid/offer spread that would be charged to the Commission in order to transact. As the valuations are based on discounting future net cash flows to a single current amount, the approach being utilized is the income approach. The fair values rely primarily on Level 2 Inputs (observable inputs) – such as SOFR rates to build the yield curve.

Recent Activity – Cash Flow Hedges

On September 6, 2023, the 2005 Series B, C and D Motor License Registration Fee Revenue Bonds were refunded by the Commission's 2023 Series Motor License Registration Fee Revenue Refunding Bonds. The SIFMA Fixed Payer swaps previously associated with the 2005 Series B, C and D Motor License Registration Fee Revenue Bonds were deemed terminated and reassigned to the 2023 Series Motor License Registration Fee Revenue Refunding Bonds. There was no change in the notional amounts of these swap agreements (see (1) hedging derivative instruments listed in Note 11). The fair values at the time of deemed termination were negative \$0.2 million with respect to the Bank of New York swap, negative \$5.1 million with respect to the JP Morgan swap, negative \$5.1 million with respect to the Bank of America swap and negative \$5.1 million with respect to the Morgan Stanley swap. These amounts are being amortized until July 15, 2041, which is the final maturity of the swap.

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NOTE 11 COMMITMENTS AND CONTINGENCIES (*continued*)

Interest Rate Swaps (*continued*)

*Recent Activity – Cash Flow Hedges (*continued*)*

On November 9, 2023, the 2018 Series A-1 Senior Revenue Bonds and 2018 Series B Senior Revenue Bonds were refunded by the Commission's 2023 Series B Senior Revenue Refunding Bonds. The swaps previously associated with the 2018 Series A-1 Senior Revenue Bonds and 2018 Series B Senior Revenue Bonds were deemed terminated and reassigned to the 2023 Series B Senior Revenue Refunding Bonds. There was no change in the notional amounts of these swap agreements (see (3) and (4) hedging derivative instruments listed in Note 11). The fair values at the time of deemed termination were:

| (in millions) | Total | Goldman Sachs | Bank of America | Morgan Stanley | Bank of New York | JP Morgan |
|---------------|--------|---------------|-----------------|----------------|------------------|-----------|
| 2018 A-1 | \$ 2.1 | \$ 0.7 | \$ 0.7 | \$ 0.7 | n/a | n/a |
| 2018 B | \$ 2.4 | n/a | \$ 0.6 | n/a | \$ 0.6 | \$ 1.2 |

The 2018 A-1 amounts are being amortized until December 1, 2038, which is the final maturity of the swap. The 2018 B amounts are being amortized until December 1, 2030, which is the final maturity of the swap.

On December 8, 2023, the Commission amended its existing ISDA/CSA Agreement and fixed-payer callable interest rate swap with Barclays Bank PLC. Since the transaction has been positive to the Commission, the Commission elected to amend the CSA threshold for Barclays to \$25.0 million at ratings of A+/A1 and above. (Under the ISDA, the Commission does not post collateral). In exchange, the fixed swap rate payable by the Commission was lowered by 4.5 bps (from 1.995% to 1.95%) up until the swap's first optional cancellation date of 9/3/2030.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
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NOTE 11 COMMITMENTS AND CONTINGENCIES (*continued*)

Interest Rate Swaps (*continued*)

Following is a summary of the hedging derivative instruments in place as of May 31, 2025 and 2024. All items are fixed interest rate swap types. These hedging derivative instruments contain risks and collateral requirements as described below (in thousands).

As of May 31, 2025:

| Objective | Notional Amount | Effective Date | Maturity Date | Terms | Counterparty | Moody's/S&P/Fitch | Book Fair Value |
|---|---|--|--|---|--|--|------------------------------------|
| 1. Hedge of changes of cash flows on the Series of 2023 Bonds (formerly 2005 Series B, C, D, Bonds) | \$ 57,860 57,845 57,860 57,860 | 9/6/2023 9/6/2023 9/6/2023 9/6/2023 | 7/15/2041 7/15/2041 7/15/2041 7/15/2041 | Pay 4.2015%, receive SIFMA | Bank of New York Mellon JPMorgan Chase Bank Bank of America Morgan Stanley CS ^ | Aa2/AA-/AA Aa2/AA-/AA Aa2/A+/AA Aa3/A+/NR | \$ 243 243 224 224 934 |
| | <u>231,425</u> | | | | | | |
| 2. Hedge of changes of cash flows of First Series of 2022 Sub Bonds (formerly 2017 Series A Sub Bonds) | 291,850 | 4/28/2022 | 12/1/2041 | Pay 1.8265%; receive 70.00% SOFR + 0.1831% | Royal Bank of Canada | Aa1/AA-/AA- | 40,911 |
| 3. Hedge of changes of cash flows of 2023 Series B Bonds (formerly 2018 A-1, 2014 B-1, 2008 B-1 & 2011 C Bonds) | 5,732 5,732 5,731 | 11/9/2023 11/9/2023 11/9/2023 | 12/1/2038 12/1/2038 12/1/2038 | Pay 4.887%, receive SIFMA | Goldman Sachs MMDP Bank of America Morgan Stanley CS ^ | Aa2/AA-/NR Aa2/A+/AA Aa3/A+/NR | (95) (95) (94) (284) |
| | <u>17,195</u> | | | | | | |
| 4. Hedge of changes of cash flows of 2023 Series B Bonds (formerly 2018 B, 2017 B-2, 2016 A-2, 2014 B-2 & 2012 B Bonds) | 15,505 15,505 30,990 | 11/9/2023 11/9/2023 11/9/2023 | 12/1/2030 12/1/2030 12/1/2030 | Pay 4.403%, receive 67.00% SOFR + 0.0769% | Bank of America Bank of New York Mellon JPMorgan Chase Bank | Aa2/A+/AA Aa2/AA-/AA Aa2/AA-/AA | (222) (222) (444) (888) |
| | <u>62,000</u> | | | | | | |
| 5. Hedge of changes of cash flow on the 2nd Series of 2019 (formerly 2014 B-1, formerly 2008 B-1 & 2011 C Bonds) | 46,605 46,605 46,605 | 6/4/2019 6/4/2019 6/4/2019 | 12/1/2038 12/1/2038 12/1/2038 | Pay 4.887%, receive SIFMA | Goldman Sachs MMDP Bank of America Morgan Stanley CS ^ | Aa2/AA-/NR Aa2/A+/AA Aa3/A+/NR | 6,223 6,248 6,243 18,714 |
| | <u>139,815</u> | | | | | | |
| 6. Hedge of changes of cash flows on the Series of 2020 Bonds (formerly 2013 Series B, 2009 Series C & 2011 Series D) | 18,038 18,037 36,052 | 6/23/2020 6/23/2020 6/23/2020 | 12/1/2030 12/1/2030 12/1/2030 | Pay 4.403%, receive 67.00% SOFR + 0.0769% | Bank of America Bank of New York Mellon JPMorgan Chase Bank | Aa2/A+/AA Aa2/AA-/AA Aa2/AA-/AA | 1,121 1,123 2,246 4,490 |
| | <u>72,127</u> | | | | | | |
| 7. Hedge of changes of cash flow on the Series of 2020 (formerly 2014 B-1, formerly 2008 B-1 & 2011 C Bonds) | 47,663 47,663 47,664 | 6/23/2020 6/23/2020 6/23/2020 | 12/1/2038 12/1/2038 12/1/2038 | Pay 4.887%, receive SIFMA | Goldman Sachs MMDP Bank of America Morgan Stanley CS ^ | Aa2/AA-/NR Aa2/A+/AA Aa3/A+/NR | 7,834 7,865 7,858 23,557 |
| | <u>142,990</u> | | | | | | |
| 8. Hedge of changes of cash flows on the 2020 Series A Bonds (new money) | 91,098 | 8/20/2020 | 12/1/2050 | Pay 1.950% until 9/3/2030, 1.995% thereafter; receive SIFMA | Barclay's | A1/A+/A+ | 13,975 |
| Total | \$ 1,048,500 | | | | | | \$ 101,409 |

Secured Overnight Financing Rate (SOFR) was 4.35% as of May 31, 2025.
SIFMA was 1.97% as of May 31, 2025.

[^] Guaranteed by Morgan Stanley & Co. whose credit ratings at May 31, 2025 were 'A1/A-/A+' (Moody's/S&P/Fitch).

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
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NOTE 11 COMMITMENTS AND CONTINGENCIES (*continued*)

Interest Rate Swaps (*continued*)

As of May 31, 2024:

| Objective | Notional Amount | Effective Date | Maturity Date | Terms* | Counterparty | Moody's/S&P/Fitch | Book Fair Value |
|---|--|--|--|---|--|---|--|
| 1. Hedge of changes of cash flows on the Series of 2023 Bonds (formerly 2005 Series B, C, D, Bonds) | \$ 57,860 57,845 57,860 57,860 231,425 | 9/6/2023 9/6/2023 9/6/2023 9/6/2023 | 7/15/2041 7/15/2041 7/15/2041 7/15/2041 | Pay 4.2015%, receive SIFMA | Bank of New York Mellon JPMorgan Chase Bank Bank of America Morgan Stanley CS ^ | Aa2/AA-/AA Aa2/A+/AA Aa1/A+/AA Aa3/A+/NR | \$ (73) (73) (73) (73) (292) |
| 2. Hedge of changes of cash flows of First Series of 2022 Sub Bonds (formerly 2017 Series A Sub Bonds) | 291,850 | 4/28/2022 | 12/1/2041 | Pay 1.8265%; receive 70.00% SOFR + 0.1831% | Royal Bank of Canada | Aa1/AA-/AA- | 43,073 |
| 3. Hedge of changes of cash flows of 2023 Series B Bonds (formerly 2018 A-1, 2014 B-1, 2008 B-1 & 2011 C Bonds) | 5,732 5,732 5,731 17,195 | 11/9/2023 11/9/2023 11/9/2023 | 12/1/2038 12/1/2038 12/1/2038 | Pay 4.887%, receive SIFMA | Goldman Sachs MMDP Bank of America Morgan Stanley CS ^ | Aa2/AA-/NR Aa1/A+/AA Aa3/A+/NR | (82) (82) (82) (246) |
| 4. Hedge of changes of cash flows of 2023 Series B Bonds (formerly 2018 B, 2017 B-2, 2016 A-2, 2014 B-2 & 2012 B Bonds) | 17,806 17,806 35,588 71,200 | 11/9/2023 11/9/2023 11/9/2023 | 12/1/2030 12/1/2030 12/1/2030 | Pay 4.403%, receive 67.00% SOFR + 0.0769% | Bank of America Bank of New York Mellon JPMorgan Chase Bank | Aa1/A+/AA Aa2/AA-/AA Aa2/A+/AA | (13) (13) (25) (51) |
| 5. Hedge of changes of cash flow on the 2nd Series of 2019 (formerly 2014 B-1, formerly 2008 B-1 & 2011 C Bonds) | 46,605 46,605 46,605 139,815 | 6/4/2019 6/4/2019 6/4/2019 | 12/1/2038 12/1/2038 12/1/2038 | Pay 4.887%, receive SIFMA | Goldman Sachs MMDP Bank of America Morgan Stanley CS ^ | Aa2/AA-/NR Aa1/A+/AA Aa3/A+/NR | 6,887 6,904 6,907 20,698 |
| 6. Hedge of changes of cash flows on the Series of 2020 Bonds (formerly 2013 Series B, 2009 Series C & 2011 Series D) | 20,714 20,714 41,402 82,830 | 6/23/2020 6/23/2020 6/23/2020 | 12/1/2030 12/1/2030 12/1/2030 | Pay 4.403%, receive 67.00% SOFR + 0.0769% | Bank of America Bank of New York Mellon JPMorgan Chase Bank | Aa1/A+/AA Aa2/AA-/AA Aa2/A+/AA | 1,776 1,780 3,556 7,112 |
| 7. Hedge of changes of cash flow on the Series of 2020 (formerly 2014 B-1, formerly 2008 B-1 & 2011 C Bonds) | 47,663 47,663 47,664 142,990 | 6/23/2020 6/23/2020 6/23/2020 | 12/1/2038 12/1/2038 12/1/2038 | Pay 4.887%, receive SIFMA | Goldman Sachs MMDP Bank of America Morgan Stanley CS ^ | Aa2/AA-/NR Aa1/A+/AA Aa3/A+/NR | 8,627 8,646 8,651 25,924 |
| 8. Hedge of changes of cash flows on the 2020 Series A Bonds (new money) | 93,538 | 8/20/2020 | 12/1/2050 | Pay 1.950% until 9/3/2030, 1.995% thereafter; receive SIFMA | Barclay's | A1/A+/A+ | 13,506 |
| Total | \$ 1,070,843 | | | | | | \$ 109,724 |

Secured Overnight Financing Rate (SOFR) was 5.34% as of May 31, 2024.
SIFMA was 3.36% as of May 31, 2024.

* LIBOR was permanently discontinued on June 30, 2023. Therefore, LIBOR was replaced by SOFR for the applicable swap agreements.

^ Guaranteed by Morgan Stanley & Co. whose credit ratings at May 31, 2024 were 'A1/A-/A+' (Moody's/S&P/Fitch).

PENNSYLVANIA TURNPIKE COMMISSION

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Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 11 COMMITMENTS AND CONTINGENCIES (*continued*)

Interest Rate Swaps (*continued*)

- **Credit Risk** – The Commission is at risk that a counterparty will not fulfill their obligations under the agreement. Specifically, the Commission is exposed to credit risk for hedging derivative instruments that have positive full values from the counterparty and investment derivative instruments (see Note 4) that have positive fair values. As of May 31, 2025, the Commission has credit risk exposure with respect to the (2) and (8) hedging derivative instruments listed in Note 11 and with respect to the (B) and (C) investment derivative instruments 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 along with the values of the swaps exceeding certain thresholds specified in the swap agreement. The Commission's derivative instrument agreements contain netting provisions, under which transactions executed with a single counterparty within a credit are netted to determine collateral amounts. Collateral would be posted with a bank custodian and would be in the form of cash, U.S. Treasury Obligations, or U.S. Government Agency Securities. As of May 31, 2025, the Commission had net credit risk exposure to two counterparties pursuant to the provisions of the respective derivative instrument agreements. Neither counterparty was required to post collateral, either due to its credit ratings or because the swap value at year end was below the collateral threshold levels.

- **Interest Rate Risk** – 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.
- **Market-access Risk** – The Commission is not exposed to market-access risk as of May 31, 2025 because none of the maturity dates of the hedging derivative instruments extend past the maturity date of the related debt.

PENNSYLVANIA TURNPIKE COMMISSION

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Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 11 COMMITMENTS AND CONTINGENCIES (*continued*)

Interest Rate Swaps (*continued*)

- **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 investment derivative instrument 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 SIFMA exceeds 63% of SOFR + 0.0721%+0.20%
 - (B) – To the extent 67% of SOFR + 0.0767% exceeds 60.15% of the 10-year maturity of the USD-ISDA Fallback Swap Rate
 - (C) – To the extent SIFMA exceeds 99.68% of SOFR + 0.2608%
- **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 full 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) and 'A-' (S&P and Fitch) levels. The Commission's Mainline Senior Bond rating was 'Aa3' from Moody's, 'AA-' from S&P and 'AA-' from Fitch as of May 31, 2025. The Commission's Mainline Subordinate Bond rating was 'A2' from Moody's, 'A+' from S&P and 'A' from Fitch as of May 31, 2025. Based on May 31, 2025 full values, the Commission could be required to post \$37.5 million in collateral for its Mainline derivative instruments if its ratings fall below the agreement thresholds.

PENNSYLVANIA TURNPIKE COMMISSION

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Years Ended May 31, 2025 and 2024

NOTE 11 COMMITMENTS AND CONTINGENCIES (*continued*)

Interest Rate Swaps (*continued*)

The Commission's derivative instruments related to its Oil 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) and 'A-' (S&P and Fitch) levels. The Commission's Oil Franchise Tax Senior Bond rating was 'Aa3' from Moody's, 'AA-' from S&P and 'AA-' from Fitch as of May 31, 2025. Based on May 31, 2025 full values, the Commission could be required to post \$1.5 million in collateral for its Oil Franchise derivative instruments if its ratings fall below the agreements thresholds.

The Commission's derivative instruments related to its Motor License 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. The Commission's Motor License Registration Fee Revenue Bond rating was 'A1' from Moody's, 'AA-' from S&P and 'AA-' from Fitch as of May 31, 2025. Based on May 31, 2025 full values, the Commission could be required to post \$17.4 million in collateral for its Motor License derivative instruments if its ratings fall below the agreement thresholds.

NOTE 12 RELATED-PARTY TRANSACTIONS

The Commission incurred charges, from the Commonwealth's State Police, of \$75.2 million and \$75.7 million, respectively, for the fiscal years ended May 31, 2025 and 2024. These charges are primarily related to patrolling the Turnpike System.

During fiscal year ended May 31, 2024, the Commission contributed \$1.3 million to PennDOT for construction projects related to pollutant reduction plan obligations in selected Pennsylvania watersheds.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Commission maintains an Other Postemployment Welfare Plan Program (the Plan), for the purpose of providing benefits to eligible retirees and their dependents. The Plan is a single employer, defined benefit plan. The Commission established the Pennsylvania Turnpike Commission Retiree Medical Trust (the Trust) on May 30, 2008 as an irrevocable trust, tax-exempt under Section 115 of the Internal Revenue Code, to provide funding of the Plan's other postemployment benefits (OPEB).

The Trust is administered by Trustees who are appointed by and serve at the pleasure of the Commission. The chairman and vice chairman of the Trust are appointed by the Trustees and serve two-year terms. PNC Bank serves as custodian of the assets of the Plan. Disbursement of Plan assets are made by the custodian at the direction of the Trustees. 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 & Financial Reporting Department.

Plan benefit provisions and retiree and dependent contribution rates are established and may be amended by the Commission.

Management and Supervisory Union Employees/Retirees

The benefits funded by the Trust include certain postemployment medical, prescription drug, dental and vision benefits to management and supervisory union employees based upon their age, date of hire and Pennsylvania State Employees' Retirement System (SERS) credited service. Credited Service is defined as one year of service earned when an employee works 1,650 hours or more in a calendar year and includes Pennsylvania Public School Employees' Retirement System (PSERS) and military service. Any participation in SERS establishes an employee's SERS footprint. Eligibility categories include:

- Employees hired before March 1, 2016 or after with a SERS footprint, 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 last five years of service must be with the Commission.
- Employees hired on or after March 1, 2016 without a SERS footprint, who have reached 30 years of service and are under age 60; benefit eligibility changes from 30 to 25 years for retirees 60 years of age or older. The last 10 years of service must be with the Commission. (Some current and previous Commonwealth of Pennsylvania employees hired on or after this date would be grandfathered under the first eligibility category.)

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS

Plan Description (continued)

Management and Supervisory Union Employees/Retirees (continued)

Prior to May 20, 2020, the same coverage and cost was provided to surviving spouses or domestic partners and dependents of management and supervisory union retirees who retired after March 1, 2001. Surviving spouses or domestic partners of retirees who retired on or prior to March 1, 2001, may purchase medical, prescription, dental and/or vision coverage at the group rate and dependents are offered coverage under COBRA. Medicare Part B premiums are paid by the retiree, spouse or dependent if age 65 or over, or under age 65 and disabled. Effective May 20, 2020, domestic partners are no longer eligible to enroll.

Non-Supervisory Union Employees/Retirees

The benefits also include certain postemployment medical and prescription drug benefits to non-supervisory union employees who have satisfied the age and years of SERS Credited Service eligibility requirements in the applicable collective bargaining agreement. Credited Service is defined as one year of service earned when an employee works 1,650 hours or more in a calendar year and includes PSERS and military service. Eligibility categories include:

- For Local 30 Professionals who were hired prior to January 1, 2011¹, and retired after February 1, 2005, and for Local 250 and 77 employees who were hired prior to January 27, 2016, and retired after February 1, 2005, the earlier of completion of 20 years of Credited Service or the later of attainment of age 60 and completion of 10 years of Credited Service. The last five years of Credited Service must be with the Commission.
- For Local 30 professionals who were hired on or after January 1, 2011¹, and for Local 250 and 77 employees who were hired on or after January 27, 2016, the earlier of completion of 30 years of Credited Service or the later of attainment of age 60 and completion of 25 years of Credited Service. The last 10 years of Credited Service must be with the Commission. (Some current and previous Commonwealth of Pennsylvania employees hired on or after this date for Local 30 professionals would be grandfathered under the first eligibility category.)

The same coverage is provided to spouses or domestic partners and dependents of eligible non-supervisory union retirees until the death of the retiree. Surviving spouses or domestic partners are required to contribute the full cost of medical and prescription coverage and dependents are offered coverage under COBRA.

¹ On June 20, 2024, a Memo of Understanding was signed modifying this date to be the same as Local 250 and 77, January 27, 2016.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (*continued*)

Plan Description (*continued*)

*Non-Supervisory Union Employees/Retirees (*continued*)*

As of October 1, 2023, upon the death of an active Local 30 professional who met the qualification for medical and prescription drug coverage, the surviving spouse or domestic partner is eligible for 60 months of medical and prescription coverage at the same contribution rate as the retiree.

Employees Covered by Benefit Terms

As of May 31 (the measurement date), the following employees were covered by the benefit terms.

| | 2024 | 2023 |
|---|--------------|--------------|
| Inactive plan members or beneficiaries currently receiving benefit payments | 1,723 | 1,772 |
| Inactive plan members entitled to but not yet receiving benefit payments | 125 | 109 |
| Active plan members | 1,341 | 1,335 |
| Total | 3,189 | 3,216 |

Contributions

The Commission adopted a Retiree Medical Trust Funding Policy, effective September 2008 and amended in June 2020, whereby the Commission anticipated approving an annual contribution to the Trust in the amount of the Actuarially Determined Contribution (ADC), as determined by the Commission's actuary, in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the approval of its annual operating budget.

A second revision to the policy was approved in April 2023. Under the new revision, the Commission anticipates approving an annual operating budget that includes annual contributions to the Trust. The Commission may take into consideration the following factors when determining the annual contribution: funded status of the Trust, estimated actuarially determined contribution, estimated service cost, current market conditions, OPEB expense projections, projected cash balances and other pertinent factors.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (*continued*)

Contributions (*continued*)

Retiree and spouse contribution rates as of May 31, 2024 and 2023 are as follows:

- Management and supervisory union employees who retired prior to July 1, 1998, and union employees who retired prior to October 1, 1997 – the retiree/spouse contributes the full cost of coverage less the Commission's monthly subsidy of \$19.28 once the retiree reaches age 65.
- Management and supervisory union employees who retired on July 1, 1998 or later – the retiree/spouse has no contribution once the retiree reaches age 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 when the retiree or spouse reaches age 65. Effective October 1, 2023, the Employer's monthly subsidy increased from \$73.50 to \$100.00.
- Beginning September 1, 2020, all management and supervisory union, Local 250, Local 77 and Local 30 professional retirees less than age 65 must contribute \$38.68 monthly towards medical and prescription coverage.
- Surviving spouses and domestic partners are paying 100% of the premiums, except for:
 - surviving spouses of management and supervisory union employees who retired after March 1, 2001.
 - As of October 1, 2023, Local 30 professional surviving spouses and domestic partners of a deceased active employee would be the same contribution rate as the retiree for 60 months and then 100% of premium.

Net OPEB Asset/Liability

The Commission recorded a net OPEB asset of \$202.7 million and \$173.5 million as of May 31, 2025 and 2024, respectively.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (*continued*)

Net OPEB Asset/Liability (*continued*)

Actuarial Assumptions and Discount Rate

The total OPEB liability reported as of May 31, 2025 was determined by an actuarial valuation as of the valuation date (May 31, 2023), calculated based on the discount rate and actuarial assumptions below, and was then projected forward, using update procedures, to the measurement date (May 31, 2024). The total OPEB liability reported as of May 31, 2024 was determined by an actuarial valuation as of May 31, 2023 which was calculated based on the discount rate and actuarial assumptions below. There have been no significant changes between the valuation dates and the fiscal year ends.

| | <u>May 31, 2024</u> | <u>May 31, 2023</u> |
|--|---------------------|---------------------|
| Discount rate | 5.5% | 5.5% |
| Long-term expected rate of return, net of investment expense | 5.5% | 5.5% |

The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the long-term expected rate of return.

An actuarial analysis of claims and enrollment data, related to the Plan's population, for the period September 1, 2021 through August 31, 2023 was performed and the claims cost method was adjusted based on this analysis. As stated in Note 10, Commission employees/retirees are also members of SERS. Every five years, SERS is required to conduct an actuarial experience study to determine whether the assumptions used in its annual actuarial valuations remain accurate based on current and anticipated demographic trends and economic conditions. The actuary, under oversight of the Pennsylvania State Employees' Retirement Board (SERB), reviewed economic assumptions (such as the assumed future investment returns and salary increases) as well as demographic assumptions (such as employee turnover, retirement, disability, and death rates). The 19th Investigation of Actuarial Experience study for the period January 1, 2015 – December 31, 2019 was released and approved by the SERB in July 2020. Many of the actuarial assumptions for the Plan were based on this SERS experience study (i.e. Salary, Withdrawal, Retirement, etc.).

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (*continued*)

Net OPEB Asset/Liability (*continued*)

*Actuarial Assumptions and Discount Rate (*continued*)*

| Measurement date | May 31, 2024 | May 31, 2023 |
|---|--|--------------------------------|
| Actuarial cost method | Entry Age Normal | Entry Age Normal |
| Inflation | 2.5% | 2.5% |
| Salary increases for union members | 2.8% plus 0.5%- 4.15% merit | 2.8% plus 0.5%- 4.15% merit |
| Salary increases for management members | 2.8% plus 0.5%- 4.15% merit | 2.8% plus 0.5%- 4.15% merit |
| Amortization method | Level dollar amortization over a period of 10 years | |
| Asset valuation method | Fair value of assets | |

The healthcare cost trend assumption is based on the Society of Actuaries Long-Run Medical Cost Trend, utilizing the baseline assumptions included in the model for medical and prescription drug benefits.

The health cost trend assumption for benefits at sample years is as follows:

| Valuation Year | Rate |
|-----------------------|-------------|
| 2023 | 7.00% |
| 2024 | 7.00 |
| 2025 | 6.50 |
| 2026 | 6.00 |
| 2027 | 5.50 |
| 2028 | 5.40 |
| 2029 | 5.30 |
| 2030 | 5.20 |
| 2031 – 2032 | 5.10 |
| 2033 | 5.00 |
| 2034 | 4.70 |
| 2035 – 2047 | 4.60 |
| 2048 – 2065 | 4.50 |
| 2066 – 2067 | 4.40 |
| 2068 – 2069 | 4.30 |
| 2070 – 2072 | 4.20 |
| 2073 – 2074 | 4.10 |
| 2075+ | 4.00 |

PENNSYLVANIA TURNPIKE COMMISSION
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NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (*continued*)

Net OPEB Asset/Liability (*continued*)

*Actuarial Assumptions and Discount Rate (*continued*)*

Mortality rates were based on the PubG-2010 headcount-weighted mortality table including rates for contingent survivors. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement. 0% of deaths are assumed to be work-related. The mortality assumption is based on the Society of Actuaries' Retirement Plans Experience Committee's comprehensive review of recent mortality experience of public retirement plans in the United States.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns (as of the May 31, 2023 valuation date) and reflecting expected volatility and correlation. Best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|-------------------|--|
| Domestic equity | 27% | 4.81% |
| International equity | 18 | 5.97 |
| Rates/credit | 25 | 1.82 |
| Real assets | 19 | 3.67 |
| Multi-asset | 10 | 2.14 |
| Cash | 1 | 0.20 |

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
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NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (*continued*)

Changes in the Net OPEB Asset/Liability

| | Increases (Decreases) | | |
|--|---------------------------------|--|---|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (Asset) (a) – (b) |
| <i>(In thousands)</i> | | | |
| Balances as of May 31, 2023 | \$ 386,217 | \$ 559,674 | \$ (173,457) |
| <i>Changes for the year</i> | | | |
| Service cost | 7,684 | - | 7,684 |
| Interest on OPEB liability | 20,946 | - | 20,946 |
| Changes of assumptions | 3,644 | - | 3,644 |
| Benefit payments | (24,113) | (24,113) | - |
| Employer contributions | - | 13,419 | (13,419) |
| Net investment income | - | 48,114 | (48,114) |
| Administrative expenses | - | (23) | 23 |
| Balances as of May 31, 2024 | \$ 394,378 | \$ 597,071 | \$ (202,693) |
| <i>Increases (Decreases)</i> | | | |
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (Asset) (a) – (b) |
| <i>(In thousands)</i> | | | |
| Balances as of May 31, 2022 | \$ 462,962 | \$ 572,613 | \$ (109,651) |
| <i>Changes for the year</i> | | | |
| Service cost | 8,850 | - | 8,850 |
| Interest on OPEB liability | 25,311 | - | 25,311 |
| Differences between expected and actual experience | 72,694 | - | 72,694 |
| Changes of assumptions | (162,169) | - | (162,169) |
| Benefit payments | (21,431) | (21,431) | - |
| Employer contributions | - | 14,652 | (14,652) |
| Net investment income | - | (6,146) | 6,146 |
| Administrative expenses | - | (14) | 14 |
| Balances as of May 31, 2023 | \$ 386,217 | \$ 559,674 | \$ (173,457) |

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
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NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (*continued*)

Changes in the Net OPEB Liability (*continued*)

Sensitivity Analysis

The following presents the net OPEB (asset) liability of the Commission, calculated using the current discount rate of the respective fiscal year, as well as what the Commission's net OPEB (asset) liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

| | 1% Decrease (4.5%) | Current Discount Rate (5.5%) <i>(In thousands)</i> | 1% Increase (6.5%) |
|---|-------------------------------|--|-------------------------------|
| Net OPEB (asset) liability as of May 31, 2024 | \$ (156,650) | \$ (202,693) | \$ (241,369) |
| Net OPEB (asset) liability as of May 31, 2023 | \$ (127,972) | \$ (173,457) | \$ (211,591) |

The following presents the net OPEB (asset) liability of the Commission, calculated using the current healthcare cost trend rates as well as what the net OPEB (asset) liability would be if it were calculated using trend rates that are one percentage point lower or one percentage point higher than the current trend rates.

| | 1% Decrease | Current Trend Rate <i>(In thousands)</i> | 1% Increase |
|---|--------------------|--|--------------------|
| Net OPEB (asset) liability as of May 31, 2024 | \$ (246,702) | \$ (202,693) | \$ (149,031) |
| Net OPEB (asset) liability as of May 31, 2023 | \$ (213,671) | \$ (173,457) | \$ (124,496) |

OPEB Plan Fiduciary Net Position

The Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position as of and for the fiscal year ended May 31, 2025 are presented in the Basic Financial Statements section of this report. Further detailed information about the OPEB plan's fiduciary net position is available in the separately issued Pennsylvania Turnpike Commission Other Postemployment Welfare Plan Program financial statements. The stand-alone Plan financial statements can be obtained by contacting the Commission's Accounting & Financial Reporting Department.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (*continued*)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended May 31, 2025, the Commission recognized an OPEB benefit (negative expense) of \$26.2 million. As of May 31, 2025, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| | <i>(In thousands)</i> | |
| Differences between expected and actual experience | \$ 43,616 | \$ 17,226 |
| Changes of assumptions | 11,077 | 97,301 |
| Net difference between projected and actual earnings on OPEB plan investments | 13,854 | - |
| Contributions subsequent to measurement date | <u>9,042</u> | <u>-</u> |
| | <u><u>\$ 77,589</u></u> | <u><u>\$ 114,527</u></u> |

The \$9.0 million reported as deferred outflows of resources related to OPEB, resulting from Commission contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability during the fiscal year ending May 31, 2026. Other amounts reported as deferred outflows/(inflows) of resources related to OPEB will be recognized as net increases/(decreases) in OPEB expense as follows:

| Year Ending May 31 | <i>(In thousands)</i> |
|---------------------------|---------------------------|
| 2026 | \$ (27,572) |
| 2027 | (2,411) |
| 2028 | (13,201) |
| 2029 | (2,796) |
| Thereafter | - |
| | <u><u>\$ (45,980)</u></u> |

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (*continued*)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (*continued*)

For the year ended May 31, 2024, the Commission recognized an OPEB benefit (negative expense) of \$15.1 million. As of May 31, 2024, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| | <i>(In thousands)</i> | |
| Differences between expected and actual experience | \$ 59,569 | \$ 34,537 |
| Changes of assumptions | 16,324 | 130,461 |
| Net difference between projected and actual earnings on OPEB plan investments | 32,768 | - |
| Contributions subsequent to measurement date | <u>13,419</u> | <u>-</u> |
| | <u><u>\$ 122,080</u></u> | <u><u>\$ 164,998</u></u> |

The \$13.4 million reported as deferred outflows of resources related to OPEB, resulting from Commission contributions subsequent to the measurement date, was recognized as a reduction of the net OPEB liability during the fiscal year ending May 31, 2025.

NOTE 14 SELF-INSURANCE

The Commission is exposed to various risks of losses such as theft of, damage to, and destruction of assets, errors and omissions, torts, injuries to employees and natural disasters. The Commission has purchased commercial all risk property insurance and stop loss insurance for employee medical and prescription benefits coverage. The Commission remains self-insured for torts, injuries to employees, and dental and vision benefits as well as medical and prescription benefits up to stop loss coverages. No settlements exceeded insurance coverage for each of the past three years.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 14 SELF-INSURANCE (*continued*)

The Commission recorded a liability of \$34.7 million and \$37.0 million for loss and loss adjustment expenses for claims relating to workers' compensation, motor vehicle and tort self-insurance that have been incurred and for claims incurred but not reported as of May 31, 2025 and 2024, respectively. The workers' compensation, motor vehicle and tort self-insurance liabilities recorded as accounts payable and accrued liabilities are \$4.1 million and \$6.5 million as of May 31, 2025 and 2024, respectively. The workers' compensation, motor vehicle and tort self-insurance liabilities recorded as other noncurrent liabilities are \$30.6 million and \$30.5 million as of May 31, 2025 and 2024, 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 vehicle and general tort was not discounted. The liability for workers' compensation was discounted using a rate of 1.5% for both fiscal years ended May 31, 2025 and 2024. The liability includes amounts for claims adjustment expense and is net of any recoveries and subrogation. Recoveries and subrogation were not material for the years ended May 31, 2025 and 2024. 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 since 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.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
 Notes to the Financial Statements (*continued*)
 Years Ended May 31, 2025 and 2024

NOTE 14 SELF-INSURANCE (*continued*)

The following tables provide aggregated information on self-insurance liabilities:

| | May 31, 2024 Liability | Effects of Discount as of June 1, 2024 | Incurred Claims | | Paid Claims | | Effects of Discount as of May 31, 2025 | May 31, 2025 Liability |
|--------------------------------|------------------------------|---|-----------------|-----------------|-----------------|-------------------|---|------------------------------|
| | | | Current Year | Prior Years | Current Year | Prior Years | | |
| <i>Year ended May 31, 2025</i> | | | | | | | | |
| Workers' compensation | \$ 7,993 | \$ 557 | \$ 1,331 | \$ 2,742 | \$ (658) | \$ (3,112) | \$ (751) | \$ 8,102 |
| Motor vehicle/general tort | 28,966 | - | 775 | 105 | (196) | (3,087) | - | 26,563 |
| | <u>\$ 36,959</u> | <u>\$ 557</u> | <u>\$ 2,106</u> | <u>\$ 2,847</u> | <u>\$ (854)</u> | <u>\$ (6,199)</u> | <u>\$ (751)</u> | <u>\$ 34,665</u> |

| | May 31, 2023 Liability | Effects of Discount as of June 1, 2023 | Incurred Claims | | Paid Claims | | Effects of Discount as of May 31, 2024 | May 31, 2024 Liability |
|--------------------------------|------------------------------|---|-----------------|----------------|-----------------|-------------------|---|------------------------------|
| | | | Current Year | Prior Years | Current Year | Prior Years | | |
| <i>Year ended May 31, 2024</i> | | | | | | | | |
| Workers' compensation | \$ 8,531 | \$ 585 | \$ 812 | \$ 796 | \$ (370) | \$ (1,804) | \$ (557) | \$ 7,993 |
| Motor vehicle/general tort | 29,091 | - | 870 | (94) | (44) | (857) | - | 28,966 |
| | <u>\$ 37,622</u> | <u>\$ 585</u> | <u>\$ 1,682</u> | <u>\$ 702</u> | <u>\$ (414)</u> | <u>\$ (2,661)</u> | <u>\$ (557)</u> | <u>\$ 36,959</u> |

The foregoing reflects an adjustment for an increase of \$2.8 million and an increase of \$0.7 million for the fiscal years ended May 31, 2025 and 2024, respectively, in the provision for events of prior fiscal years (Incurred Claims – Prior Years) that resulted from a change in estimate as more information became available.

NOTE 15 COMPENSATED ABSENCES

The Commission records a liability for compensated absences related to sick and vacation leave, as well as parental, military, or jury duty leave, where applicable. This liability also includes defined contribution pension employer contributions and associated taxes related to the leave.

Sick leave is earned at a rate of 3.08 hours every two weeks, or 10 days per year. Unused sick leave may be carried over from year to year, up to a maximum of 18 days for Management/Local 30S/Local 30P employees and 20 days for Local 77/250 employees. In November of each year, active employees are reimbursed for all accumulated unused sick leave above the maximum. Sick leave payouts to active employees were \$1.7 million during each of the fiscal years ended May 31, 2025 and 2024.

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

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 15 COMPENSATED ABSENCES (*continued*)

Upon termination of employment, all unused sick and vacation leave is paid to the employee. The compensated absences liabilities were \$19.0 million and \$17.7 million for each of the fiscal years ended May 31, 2025 and 2024, respectively. The compensated absences liabilities recorded as accounts payable and accrued liabilities were \$10.5 million and \$9.8 million as of May 31, 2025 and 2024 respectively. The compensated absences liabilities recorded as other noncurrent liabilities were \$8.5 million and \$7.9 million as of May 31, 2025 and 2024, respectively.

A summary of changes to compensated absences for the years ended May 31, 2025 and 2024 is as follows:

| Fiscal Year Ended May 31 | Beginning Balance | Additions | Reductions (In thousands) | Ending Balance | Due Within One Year |
|-------------------------------------|------------------------------|------------------|--------------------------------------|---------------------------|--------------------------------|
| 2025 | \$ 17,729 | \$ 12,787 | \$ 11,489 | \$ 19,027 | \$ 10,467 |
| 2024 | \$ 17,511 | \$ 11,955 | \$ 11,737 | \$ 17,729 | \$ 9,751 |

NOTE 16 LETTERS OF CREDIT

Pennsylvania insurance law requires a letter of credit, surety bond, or escrow from entities that self-insure their Workers' Compensation. As of May 31, 2025, the Commission has two standby letters of credit to satisfy the PA Turnpike's collateral requirement under the expired Owner Controlled Insurance Program (OCIP); there have been no draws against the letters of credit. The first Letter of Credit is \$160,000 with Wells Fargo Bank, N.A. for beneficiary Zurich American Insurance for the Uniontown to Brownsville Phase II OCIP. The second Letter of Credit is \$7.0 million with PNC Bank, N.A. for beneficiary The Travelers Indemnity Co for the Mon/Fayette Expressway OCIP.

In May 2017, in lieu of a letter of credit, the Commission placed \$2.0 million into an escrow account with Wells Fargo, now held by ComputerShare as trustee, (naming Liberty Mutual as beneficiary) for the new OCIP on the U.S. 22 to I-79 portion of the Southern Beltway, which opened on October 15, 2021.

Supplemental Trust Indenture No. 50 dated as of June 1, 2019, amendment and restatement of the Amended and Restated Indenture of Trust dated as of March 1, 2001, between the Commission and U.S. Bank National Association required a Letter of Credit to be established for the 2019 Second Series Senior Revenue Bonds. The Commission entered into a Letter of Credit with TD Bank, N.A. in the amount of up to \$142.2 million for purposes of paying debt service obligations on the bonds. On April 22, 2024, the Commission entered into an extension of that Letter of Credit with a new termination date of June 1, 2028. There were no outstanding draws against the Letter of Credit as of May 31, 2025 and 2024.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 16 LETTERS OF CREDIT (*continued*)

Supplemental Trust Indenture No. 55 dated as of June 1, 2020, amendment and restatement of the Amended and Restated Indenture of Trust dated as of March 1, 2001, between the Commission and U.S. Bank National Association required a Letter of Credit to be established for the 2020 Series Senior Revenue Bonds. The Commission entered into a Letter of Credit with TD Bank, N.A in the amount of up to \$229.7 million for purposes of paying debt service obligations on the bonds. On April 29, 2025, the Commission entered into an extension of that Letter of Credit with a new termination date of June 24, 2030. There were no outstanding draws against the Letter of Credit as of May 31, 2025 and 2024.

Supplemental Trust Indenture No. 56 dated as of August 1, 2020, amendment and restatement of the Amended and Restated Indenture of Trust dated as of March 1, 2001, between the Commission and U.S. Bank National Association required a Letter of Credit to be established for the 2020 Series A Senior Revenue Bonds. The Commission entered into a Letter of Credit with Barclays Bank PLC in the amount of up to \$102.2 million for purposes of paying debt service obligations on the bonds. On June 12, 2023, the Commission entered into an extension of that Letter of Credit in the amount of \$97.6 million with a new termination date of June 12, 2026. There were no outstanding draws against the Letter of Credit as of May 31, 2025 and 2024.

Supplemental Trust Indenture No. 71 dated as of November 1, 2023, amendment and restatement of the Amended and Restated Indenture of Trust dated as of March 1, 2001, between the Commission and U.S. Bank National Association required a Letter of Credit to be established for the 2023 Series B Senior Revenue Bonds. The Commission entered into a Letter of Credit with TD Bank, N.A in the amount of up to \$193.4 million for purposes of paying debt service obligations on the bonds. There were no outstanding draws against the Letter of Credit as of May 31, 2025 and 2024.

NOTE 17 SUBSEQUENT EVENTS

On June 20, 2025, the Commission executed a new \$200,000,000 line of credit with PNC Bank, N.A. The Commission secured this line of credit as a continuing liquidity safeguard and because the 2024 Line of Credit expired on June 17, 2025.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 17 SUBSEQUENT EVENTS (*continued*)

On September 2, 2025, the Commission authorized the approval of the issuance of the Pennsylvania Turnpike Commission's variable and/or fixed rate Turnpike Senior Revenue Bonds in an aggregate principal amount not to exceed \$800,000,000 in one or more series or sub-series, taxable or tax-exempt, for the purpose of financing the capital expenditures for the Pennsylvania Turnpike System set forth in the Commission's current Ten Year Plan, the refunding of all or a portion of certain outstanding fixed rate and/or variable rate Turnpike Senior Revenue Bonds designated by the Commission, including the modification and/or termination of related swap agreements, the funding of necessary reserves and the funding of the costs of issuance of such Turnpike Senior Revenue Bonds.

On September 2, 2025, the Commission authorized the approval of the issuance of the Pennsylvania Turnpike Commission's Subordinate Revenue Refunding Bonds and/or Motor License Fund-Enhanced Subordinate Special Revenue Refunding Bonds in an aggregate principal amount not to exceed \$700,000,000, in one or more series or sub-series, taxable or tax-exempt, for the purpose of financing the costs of refunding all or a portion of certain fixed and/or variable rate Subordinate Revenue Refunding Bonds or Notes and/or Motor License Fund-Enhanced Subordinate Special Revenue Refunding Bonds or Notes, including the modification and/or termination of related swap agreements, the funding of necessary reserves and the funding of the costs of issuance of such Turnpike Subordinate Revenue Refunding Bonds and/or Motor License Fund-Enhanced Subordinate Special Revenue Refunding Bonds.

On September 2, 2025, the Commission authorized the approval of the issuance of the Pennsylvania Turnpike Commission's Revolving Line of Credit (PNC Bank, N.A.), in one or more series or sub-series, fixed or floating rate, taxable or tax-exempt under its amended and restated trust indenture dated as of March 1, 2001, in an aggregate principal amount not to exceed \$200,000,000, in a single issuance or from time to time, for the purpose of funding or refinancing costs including general working capital needs of the Commission, including funding/reimbursing necessary reserves and the payment of debt service on outstanding Turnpike Revenue Bonds.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 17 SUBSEQUENT EVENTS (*continued*)

On September 2, 2025, the Commission authorized the approval of authorizing with respect to the Pennsylvania Turnpike Commission's variable rate Senior Revenue Bonds, Series A of 2020 (the "bonds") the amendment, renewal, extension, substitution or replacement of the irrevocable direct pay letter of credit supporting the bonds, in an amount not exceeding \$100,000,000; and further authorizing the approval of the issuance of the Pennsylvania Turnpike Commission's variable and/or fixed rate Turnpike revenue refunding bonds in an aggregate principal amount not to exceed \$100,000,000 in one or more series or sub-series, taxable or tax-exempt, for the purpose of financing the refunding of all or a portion of the bonds outstanding, including, with respect to such refunding bonds, (1) the funding of necessary reserves, (2) the obtaining and funding of costs of one or more credit facilities to provide credit enhancement or liquidity support in connection with the issuance of the refunding bonds, (3) the payment of costs of issuance of such refunding bonds.

On September 2, 2025, the Commission authorized the approval of the issuance of the Pennsylvania Turnpike Commission's fixed and/or variable rate Turnpike Senior Revenue Bonds in an aggregate principal amount not to exceed \$350,000,000 in one or more series or sub-series, taxable or tax-exempt, for the purpose of financing the: (1) capital expenditures for the Pennsylvania Turnpike System set forth in the Commission's current ten year capital plan, including any amendment thereto, or any prior capital plan including, but not limited to, the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or the rehabilitation of certain interchanges, (2) obtaining one or more credit facilities and/or reserve fund credit facilities (as each is hereinafter defined) in connection with the issuance of such bonds; (3) funding capitalized interest, if necessary, on the bonds and (4) paying the costs of issuing of such Turnpike Senior Revenue Bonds.

On September 2, 2025, the Commission authorized the approval of the issuance of the Pennsylvania Turnpike Commission's variable and/or fixed rate Oil Franchise Tax Revenue Bonds in an aggregate principal amount not to exceed \$400,000,000 in one or more series or sub-series, taxable and/or tax-exempt, senior and/or subordinate, for the purpose of financing (1) the costs of various capital expenditures for the Pennsylvania Turnpike System set forth in the Commission's current or any prior independently funding capital plan, including any amendment thereto, including, but not limited to, funding of capital expenditures related to the Southern Beltway or the Mon-Fayette Expressway; and (2) the refunding, or tender and exchange, of all or a portion of certain outstanding Oil Franchise Tax Revenue Bonds, including the funding of necessary reserves, obtaining one or more credit facilities, funding interest, as necessary or convenient, and costs of issuance of the bonds.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2025 and 2024

NOTE 17 SUBSEQUENT EVENTS (*continued*)

On September 2, 2025, the Commission authorized the approval of the issuance of the Pennsylvania Turnpike Commission's variable and/or fixed rate Turnpike Subordinate Revenue Refunding Bonds and/or Motor License Fund-Enhanced Turnpike Subordinate Special Revenue Refunding Bonds, in an aggregate principal amount not to exceed \$650,000,000, in one or more series or sub-series, taxable or tax-exempt, for the purpose of financing (1) the costs of refunding all or a portion of certain outstanding fixed rate and/or variable rate Turnpike Subordinate Revenue Bonds or notes and/or Motor License Fund-Enhanced Turnpike Subordinate Special Revenue Bonds or notes, as designated by the Commission, including the modification and/or termination of related swap agreements, (2) the funding of necessary reserves, and (3) the funding of the costs of issuance and insuring of such bonds.

On September 4, 2025, the Commission issued \$122,550,000 of the 2025 Series A Oil Franchise Tax Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2053. The 2025 Series A Oil Franchise Tax Senior Revenue Bonds were issued primarily to finance the 2025 Construction Project and paying the cost of issuing the 2025 Series A Oil Franchise Tax Senior Revenue Bonds.

On September 4, 2025, the Commission issued \$60,955,000 of the 2025 Series B Oil Franchise Tax Subordinate Revenue Bonds at a fixed rate with a maturity of December 1, 2053. The 2025 Series B Oil Franchise Tax Subordinate Revenue Bonds were issued primarily to finance the 2025 Construction Project and paying the cost of issuing the 2025 Series B Oil Franchise Tax Subordinate Revenue Bonds.

On September 11, 2025, the Commission issued \$343,740,000 of 2025 Series B Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2055. The 2025 Series B Senior Revenue Bonds were primarily issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges and for paying the costs of issuing the 2025 Series B Senior Revenue Bonds.

On September 11, 2025, the Commission issued \$256,260,000 of 2025 Third Series Senior Revenue Refunding Bonds at a fixed rate with a maturity of December 1, 2045. The 2025 Third Series Senior Revenue Refunding Bonds were primarily issued to finance the cost of refunding a portion of the 2015 Series B Senior Revenue Bonds (\$281,085,000) and for paying the costs of issuing the 2025 Third Series Senior Revenue Refunding Bonds.

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REQUIRED SUPPLEMENTARY INFORMATION

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Schedule of Commission's Proportionate Share of the Net Pension Liability –
Pennsylvania State Employees' Retirement System – Pension Fund (Unaudited)

Last 10 Fiscal Years*
(Dollar Amounts in Thousands)

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Commission's proportion of the net pension liability | 1.40815502% | 1.40316068% | 1.45120227% | 1.50512333% | 1.57665712% | 1.81091910% | 1.85214667% | 1.90329134% | 1.96867410% | 1.90799267% |
| Commission's proportionate share of the net pension liability | \$ 283,823 | \$ 296,572 | \$ 331,574 | \$ 219,303 | \$ 288,472 | \$ 329,189 | \$ 385,821 | \$ 329,112 | \$ 379,173 | \$ 346,946 |
| Commission's covered payroll | 109,487 | 102,236 | 99,939 | 102,582 | 108,555 | 121,643 | 121,127 | 120,641 | 123,365 | 121,085 |
| Commission's proportionate share of the net pension liability as a percentage of its covered payroll | 259.23% | 290.09% | 331.78% | 213.78% | 265.74% | 270.62% | 318.53% | 272.80% | 307.36% | 286.53% |
| Plan fiduciary net position as a percentage of the total pension liability | 67.7% | 65.3% | 61.5% | 76.0% | 67.0% | 63.1% | 56.4% | 63.0% | 57.8% | 58.9% |

* The amounts presented for each fiscal year were determined as of the measurement date (12/31) that occurred within the Commission's fiscal year.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania

Schedule of Commission's Contributions –
 Pennsylvania State Employees' Retirement System – Pension Fund (Unaudited)

Last 10 Fiscal Years*
(Dollar Amounts in Thousands)

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Contractually required contribution | \$ 35,416 | \$ 34,826 | \$ 32,654 | \$ 31,250 | \$ 30,785 | \$ 37,699 | \$ 37,771 | \$ 38,073 | \$ 33,303 | \$ 27,864 |
| Contributions in relation to the contractually required contribution | <u>(35,416)</u> | <u>(34,826)</u> | <u>(32,654)</u> | <u>(31,250)</u> | <u>(30,785)</u> | <u>(37,699)</u> | <u>(37,771)</u> | <u>(38,073)</u> | <u>(33,303)</u> | <u>(27,864)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| Commission's covered payroll^ | \$ 114,075 | \$ 109,388 | \$ 101,311 | \$ 96,882 | \$ 97,446 | \$ 120,107 | \$ 122,145 | \$ 122,654 | \$ 121,778 | \$ 121,060 |
| Contributions as a percentage of covered payroll | 31.05% | 31.84% | 32.23% | 32.26% | 31.59% | 31.39% | 30.92% | 31.04% | 27.35% | 23.02% |

* The amounts presented for each fiscal year were determined as of the measurement date (12/31) that occurred within the Commission's fiscal year.

^ Classes A5 and A6 became effective on January 1, 2020 and are now included in covered payroll due to the Hybrid plan including a pension fund contribution component.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Schedule of Changes in the Commission's Net OPEB (Asset) Liability and Related Ratios (Unaudited)

Last 10 Fiscal Years*

(*Dollar Amounts in Thousands*)

| | <i>Fiscal Year Ended</i> <i>Measurement Date</i> | 5/31/2025 5/31/2024 | 5/31/2024 5/31/2023 | 5/31/2023 5/31/2022 | 5/31/2022 5/31/2021 | 5/31/2021 5/31/2020 | 5/31/2020 5/31/2019 | 5/31/2019 5/31/2018 |
|--|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Total OPEB liability | | | | | | | | |
| Service cost | | \$ 7,684 | \$ 8,850 | \$ 8,583 | \$ 11,492 | \$ 11,141 | \$ 11,254 | \$ 10,926 |
| Interest on total OPEB liability | | 20,946 | 25,311 | 24,645 | 28,834 | 27,723 | 26,371 | 25,431 |
| Changes of benefit terms | | - | - | - | (3,563) | - | - | - |
| Differences between expected and actual experience | | - | 72,694 | - | (86,127) | - | 8,487 | (2,671) |
| Changes of assumptions | | 3,644 | (162,169) | - | 40,809 | - | (4,358) | - |
| Benefit payments | | (24,113) | (21,431) | (21,344) | (20,582) | (20,848) | (17,032) | (17,984) |
| Net change in total OPEB liability | | 8,161 | (76,745) | 11,884 | (29,137) | 18,016 | 24,722 | 15,702 |
| Total OPEB liability, beginning | | 386,217 | 462,962 | 451,078 | 480,215 | 462,199 | 437,477 | 421,775 |
| Total OPEB liability, ending (a) | | 394,378 | 386,217 | 462,962 | 451,078 | 480,215 | 462,199 | 437,477 |
| Plan fiduciary net position | | | | | | | | |
| Employer contributions | | 13,419 | 14,652 | 13,746 | 47,250 | 11,730 | 46,056 | 28,171 |
| Net investment income | | 48,114 | (6,146) | (21,089) | 109,214 | 14,196 | 6,789 | 34,322 |
| Benefit payments | | (24,113) | (21,431) | (21,344) | (20,582) | (20,848) | (17,032) | (17,984) |
| Administrative expenses | | (23) | (14) | (2) | (4) | (8) | (2) | (11) |
| Net change in plan fiduciary net position | | 37,397 | (12,939) | (28,689) | 135,878 | 5,070 | 35,811 | 44,498 |
| Plan fiduciary net position, beginning | | 559,674 | 572,613 | 601,302 | 465,424 | 460,354 | 424,543 | 380,045 |
| Plan fiduciary net position, ending (b) | | 597,071 | 559,674 | 572,613 | 601,302 | 465,424 | 460,354 | 424,543 |
| Commission's net OPEB (asset) liability, ending = (a) - (b) | | | | | | | | |
| | | \$ (202,693) | \$ (173,457) | \$ (109,651) | \$ (150,224) | \$ 14,791 | \$ 1,845 | \$ 12,934 |
| Plan fiduciary net position as a % of total OPEB liability | | 151.4% | 144.9% | 123.7% | 133.3% | 96.9% | 99.6% | 97.0% |
| Covered-employee payroll | | \$ 106,651 | \$ 102,207 | \$ 97,486 | \$ 100,154 | \$ 118,560 | \$ 119,730 | \$ 119,391 |
| Commission's net OPEB (asset) liability as a % of covered payroll | | -190.1% | -169.7% | -112.5% | -150.0% | 12.5% | 1.5% | 10.8% |

* The Commission adopted GASB Statement No. 75 in fiscal year 2019; therefore, only the available years are presented in the above schedule.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Schedule of Commission Contributions to the Other Postemployment Welfare Plan Program (Unaudited)

Last 10 Fiscal Years

(Dollar Amounts in Thousands)

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|-------------------|--------------------|--------------------|--------------------|--------------------|---------------|--------------------|--------------------|--------------------|--------------------|
| Actuarially determined contribution | \$ - | \$ - | \$ - | \$ - | \$ 14,012 | \$ 11,729 | \$ 13,970 | \$ 8,384 | \$ 11,121 | \$ 11,368 |
| Contributions in relation to the actuarially determined contribution | 9,042 | 13,419 | 14,652 | 13,746 | 47,250 | 11,730 | 46,056 | 28,171 | 28,176 | 28,143 |
| Contribution (excess) deficiency | <u>\$ (9,042)</u> | <u>\$ (13,419)</u> | <u>\$ (14,652)</u> | <u>\$ (13,746)</u> | <u>\$ (33,238)</u> | <u>\$ (1)</u> | <u>\$ (32,086)</u> | <u>\$ (19,787)</u> | <u>\$ (17,055)</u> | <u>\$ (16,775)</u> |
| Covered-employee payroll | \$ 114,729 | \$ 106,651 | \$ 102,207 | \$ 97,486 | \$ 100,154 | \$ 118,560 | \$ 119,730 | \$ 119,391 | \$ 117,818 | \$ 117,391 |
| Contributions as a % of covered-employee payroll | 7.9% | 12.6% | 14.3% | 14.1% | 47.2% | 9.9% | 38.5% | 23.6% | 23.9% | 24.0% |

Notes to Schedule

Full actuarial valuations are performed every other year.

The Actuarially Determined Contribution for the fiscal year ended May 31, 2025 was calculated based on a May 31, 2023 full valuation and then projected forward to the May 31, 2024 measurement date. See Note 13 to the financial statements for more information.

The Actuarially Determined Contribution for the fiscal year ended May 31, 2024 was calculated based on a May 31, 2023 full valuation. See Note 13 to the financial statements for more information.

The Actuarially Determined Contribution for the fiscal year ended May 31, 2023 was calculated based on a May 31, 2021 full valuation and then projected forward to the May 31, 2022 measurement date.

The Actuarially Determined Contribution for the fiscal year ended May 31, 2022 was calculated based on a May 31, 2021 full valuation.

The Actuarially Determined Contribution for the fiscal year ended May 31, 2021 was calculated based on a May 31, 2019 full valuation and then projected forward to the May 31, 2020 measurement date.

The Actuarially Determined Contribution for the fiscal year ended May 31, 2020 was calculated based on a May 31, 2019 full valuation.

The Actuarially Determined Contribution for the fiscal year ended May 31, 2019 was calculated based on a June 1, 2017 full valuation and then projected forward to the May 31, 2018 measurement date.

The Actuarially Determined Contribution (formerly Annual Required Contribution) for the fiscal year ended May 31, 2018 was calculated based on a January 1, 2017 interim valuation that was rolled forward from the January 1, 2016 full valuation.

The Actuarially Determined Contribution (formerly Annual Required Contribution) for the fiscal year ended May 31, 2017 was calculated based on a January 1, 2016 full valuation.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Schedule of Commission Contributions to the Other Postemployment Welfare Plan Program (Unaudited) (continued)

Notes to Schedule (continued)

A summary of the actuarial methods and assumptions used in the full valuations are as follows:

| | May 31, 2023 Full Valuation | May 31, 2021 Full Valuation | May 31, 2019 Full Valuation | June 1, 2017 Full Valuation | January 1, 2016 Full Valuation |
|------------------------------|--|--|--|--|---|
| Actuarial cost method | Entry Age Normal | Entry Age Normal | Entry Age Normal | Entry Age Normal | Projected-unit credit |
| Discount rate | 5.5% | 5.5% | 6.0% | 6.0% | 6.5% |
| Rate of return on assets | 5.5% | 5.5% | 6.0% | 6.0% | 6.5% |
| Inflation rate | 2.5% | 2.5% | 2.5% | 2.3% | 2.5% |
| Amortization method | Level dollar amortization over a period of 10 years | Level dollar amortization over a period of 10 years | Level dollar amortization over a period of 10 years | Level dollar amortization over a period of 10 years | Level dollar |
| <i>Amortization period</i> | | | | | |
| ■ - UAAL as of March 1, 2012 | N/A | N/A | N/A | N/A | 10 years (closed) |
| ■ - Subsequent changes | N/A | N/A | N/A | N/A | 10 years (open) |
| Asset valuation method | Fair value plus receivable contributions made attributable to a prior fiscal year | Fair value plus receivable contributions made attributable to a prior fiscal year | Fair value plus receivable contributions made attributable to a prior fiscal year | Fair value plus receivable contributions made attributable to a prior fiscal year | Fair value |
| Health cost trend rates | Varying rates between 4.1% and 7.0% for Plan benefits. | Varying rates between 4.0% and 5.5% for Plan benefits. | Varying rates between 4.3% and 5.6% for Plan benefits. | Varying rates between 4.3% and 6.3% for medical and pharmacy benefits. 4.0% for dental and vision benefits. | Varying rates between 4.6% and 6.2% for medical and pharmacy benefits. 4.0% for dental and vision benefits. |
| Salary increases | 2.8% plus 0.5 - 4.15% merit | Union – 3.0%, Management – 3.3% | Union – 3.0%, Management – 3.3% | Union – 3.0%, Management – 3.3% | Not considered as OPEB benefits are not based upon pay. |
| Mortality | PubG-2010 mortality table adjusted to reflect Mortality Improvement Scale MP-2021 and projected forward on a generational basis, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement, and reflecting mortality improvements both before and after the valuation date. | PubG-2010 mortality table adjusted to reflect Mortality Improvement Scale MP-2020 and projected forward on a generational basis, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement, and reflecting mortality improvements both before and after the valuation date. | RPH-2014 total Dataset Mortality Tables adjusted to reflect Mortality Improvement Scale MP-2018 and projected forward on a generational basis, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement, and reflecting mortality improvements both before and after the valuation date. | RPH-2014 total Dataset Mortality Tables adjusted to reflect Mortality Improvement Scale MP-2017 from 2006 base year and projected forward on a generational basis, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement, and reflecting mortality improvements both before and after the valuation date. | RP-2000 Healthy Annuitant Mortality Table projected on a generational basis using Scale AA to allow for past and future improvements in mortality. The Employee table is used for pre-retirement. Rates vary by age and gender. |

OTHER SUPPLEMENTARY INFORMATION

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Section Information

For accounting purposes, the 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 Turnpike System. In addition, all bonds pledged against this revenue source are included in this section.

The Oil 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 Franchise Tax Debt as listed in Note 9 to the financial statements.

The Motor License section consists of an annual income of \$28.0 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 9 to the financial statements.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Section Information (continued)
Schedule of Net Position – Business-type activities

| | May 31, 2025 | | | |
|--|----------------------|--------------------------|--------------------------|----------------------|
| | Mainline | Oil Franchise | Motor License | Total |
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | | | |
| <i>Current assets</i> | | | | |
| Cash and cash equivalents | \$ 354,547 | \$ - | \$ - | \$ 354,547 |
| Investments | 285,760 | - | - | 285,760 |
| Accounts receivable | 181,765 | - | - | 181,765 |
| Accrued interest receivable | 4,204 | - | - | 4,204 |
| Inventories | 27,261 | - | - | 27,261 |
| <i>Restricted current assets</i> | | | | |
| Cash and cash equivalents | 776,070 | 156,400 | 18,422 | 950,892 |
| Investments | 428,657 | 74,339 | 14,668 | 517,664 |
| Accounts receivable | 1,079 | 10,096 | - | 11,175 |
| Accrued interest receivable | 7,983 | 1,866 | (44) | 9,805 |
| Total current assets | 2,067,326 | 242,701 | 33,046 | 2,343,073 |
| <i>Noncurrent assets</i> | | | | |
| <i>Investments</i> | | | | |
| Investments (unrestricted) | 334,186 | - | - | 334,186 |
| Investments restricted | 571,195 | 23,628 | 10,086 | 604,909 |
| Total noncurrent investments | 905,381 | 23,628 | 10,086 | 939,095 |
| <i>Capital assets not being depreciated/amortized</i> | | | | |
| Land and intangibles | 492,466 | - | - | 492,466 |
| Assets under construction | 2,374,207 | - | - | 2,374,207 |
| <i>Capital assets being depreciated/amortized</i> | | | | |
| Buildings | 1,244,617 | - | - | 1,244,617 |
| Improvements other than buildings | 227,457 | - | - | 227,457 |
| Equipment | 765,855 | - | - | 765,855 |
| Infrastructure | 11,201,211 | - | - | 11,201,211 |
| Right-to-use - subscriptions | 22,224 | - | - | 22,224 |
| Total capital assets before accumulated depreciation/amortization | 16,328,037 | - | - | 16,328,037 |
| Less: Accumulated depreciation/amortization | 7,924,644 | - | - | 7,924,644 |
| Total capital assets after accumulated depreciation/amortization | 8,403,393 | - | - | 8,403,393 |
| <i>Other assets</i> | | | | |
| Prepaid bond insurance costs | 3,057 | - | 179 | 3,236 |
| Net OPEB asset | 202,693 | - | - | 202,693 |
| Other assets | 68,726 | - | - | 68,726 |
| Total other assets | 274,476 | - | 179 | 274,655 |
| Total noncurrent assets | 9,583,250 | 23,628 | 10,265 | 9,617,143 |
| Total assets | 11,650,576 | 266,329 | 43,311 | 11,960,216 |
| Deferred outflows of resources from hedging derivatives | 1,173 | - | - | 1,173 |
| Deferred outflows of resources from refunding bonds | 168,035 | 6,199 | 23,763 | 197,997 |
| Deferred outflows of resources from pensions | 44,731 | - | - | 44,731 |
| Deferred outflows of resources from OPEB | 77,589 | - | - | 77,589 |
| Total deferred outflows of resources | 291,528 | 6,199 | 23,763 | 321,490 |
| Total assets and deferred outflows of resources | \$ 11,942,104 | \$ 272,528 | \$ 67,074 | \$ 12,281,706 |

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information (*continued*)

Schedule of Net Position – Business-type activities (*continued*)

| | May 31, 2025 | | | |
|--|------------------------------|------------------------------|----------------------------|------------------------------|
| | Mainline | Oil Franchise | Motor License | Total |
| | <i>(In thousands)</i> | | | |
| LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | | | | |
| <i>Current liabilities</i> | | | | |
| Accounts payable and accrued liabilities | \$ 633,552 | \$ 52,282 | \$ 1,876 | \$ 687,710 |
| Current portion of debt | 296,099 | 30,490 | 12,330 | 338,919 |
| Unearned income | 133,003 | - | - | 133,003 |
| Total current liabilities | <u>1,062,654</u> | <u>82,772</u> | <u>14,206</u> | <u>1,159,632</u> |
| <i>Noncurrent liabilities</i> | | | | |
| Debt, less current portion, net of unamortized premium | 15,421,061 | 1,578,805 | 299,513 | 17,299,379 |
| Net pension liability | 283,823 | - | - | 283,823 |
| Other noncurrent liabilities | 38,033 | 8,279 | 19,090 | 65,402 |
| Total noncurrent liabilities | <u>15,742,917</u> | <u>1,587,084</u> | <u>318,603</u> | <u>17,648,604</u> |
| Total liabilities | <u>16,805,571</u> | <u>1,669,856</u> | <u>332,809</u> | <u>18,808,236</u> |
| Deferred inflows of resources from hedging derivatives | 101,648 | - | 934 | 102,582 |
| Deferred inflows of resources from service concession arrangements | 75,801 | - | - | 75,801 |
| Deferred inflows of resources from refunding bonds | 104,775 | 55 | - | 104,830 |
| Deferred inflows of resources from pensions | 14,260 | - | - | 14,260 |
| Deferred inflows of resources from OPEB | 114,527 | - | - | 114,527 |
| Deferred inflows of resources from leases | 46,150 | - | - | 46,150 |
| Total deferred inflows of resources | <u>457,161</u> | <u>55</u> | <u>934</u> | <u>458,150</u> |
| Total liabilities and deferred inflows of resources | <u>17,262,732</u> | <u>1,669,911</u> | <u>333,743</u> | <u>19,266,386</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 583,010 | (1,549,593) | (307,795) | (1,274,378) |
| Restricted for construction purposes | - | 142,478 | 41,126 | 183,604 |
| Restricted for debt service | 75,519 | 9,732 | - | 85,251 |
| Restricted for OPEB | 202,693 | - | - | 202,693 |
| Unrestricted | (6,181,850) | - | - | (6,181,850) |
| Total net position | <u>\$ (5,320,628)</u> | <u>\$ (1,397,383)</u> | <u>\$ (266,669)</u> | <u>\$ (6,984,680)</u> |

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information (*continued*)

Schedule of Revenues, Expenses, and Changes in Net Position – Business-type activities

| | May 31, 2025 | | | |
|--|-----------------------|--------------------------|--------------------------|-----------------------|
| | Mainline | Oil Franchise | Motor License | Total |
| | <i>(In thousands)</i> | | | |
| <i>Operating revenue</i> | | | | |
| Net fares | \$ 1,720,694 | \$ - | \$ - | \$ 1,720,694 |
| Other | 59,318 | - | - | 59,318 |
| Total operating revenue | 1,780,012 | - | - | 1,780,012 |
| <i>Operating expenses</i> | | | | |
| Cost of services | 565,115 | 1,654 | - | 566,769 |
| Depreciation/amortization | 432,767 | - | - | 432,767 |
| Total operating expenses | 997,882 | 1,654 | - | 999,536 |
| Operating income (loss) | 782,130 | (1,654) | - | 780,476 |
| <i>Nonoperating revenue (expenses)</i> | | | | |
| Investment earnings | 120,042 | 18,076 | 1,989 | 140,107 |
| Other nonoperating revenue | 12,358 | 4,603 | - | 16,961 |
| Act 44 and Act 89 payments to PennDOT | (50,000) | - | - | (50,000) |
| Interest and bond expense | (626,067) | (63,439) | (15,747) | (705,253) |
| Nonoperating expenses, net | (543,667) | (40,760) | (13,758) | (598,185) |
| Income (loss) before capital contributions | 238,463 | (42,414) | (13,758) | 182,291 |
| Capital contributions | 4,806 | 129,854 | 28,000 | 162,660 |
| Increase in net position | 243,269 | 87,440 | 14,242 | 344,951 |
| Net position, at beginning of year | (5,861,433) | (1,187,287) | (280,911) | (7,329,631) |
| Intersection transfers | 297,536 | (297,536) | - | - |
| Net position, at end of year | \$ (5,320,628) | \$ (1,397,383) | \$ (266,669) | \$ (6,984,680) |

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Section Information (*continued*)
Schedule of Cash Flows – Business-type activities

| | May 31, 2025 | | | |
|---|----------------------------|--------------------------|--------------------------|----------------------------|
| | Mainline | Oil Franchise | Motor License | Total |
| | (In thousands) | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from customer tolls and deposits | \$ 1,740,184 | \$ - | \$ - | \$ 1,740,184 |
| Cash payments for goods and services | (452,649) | (908) | - | (453,557) |
| Cash payments to employees | (160,921) | (741) | - | (161,662) |
| Cash received from other operating activities | 14,483 | - | - | 14,483 |
| Net cash provided by (used in) operating activities | <u>1,141,097</u> | <u>(1,649)</u> | <u>-</u> | <u>1,139,448</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Proceeds from sales and maturities of investments | 3,473,848 | 649,169 | 1,439 | 4,124,456 |
| Interest received on investments | 46,297 | 8,718 | 1,268 | 56,283 |
| Purchases of investments | <u>(3,686,648)</u> | <u>(366,187)</u> | <u>-</u> | <u>(4,052,835)</u> |
| Net cash (used in) provided by investing activities | <u>(166,503)</u> | <u>291,700</u> | <u>2,707</u> | <u>127,904</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Proceeds from Motor License Registration fees | - | - | 28,000 | 28,000 |
| Proceeds from Oil Company Franchise Tax | - | 128,997 | - | 128,997 |
| Construction and acquisition of capital assets | (690,341) | (296,583) | - | (986,924) |
| Proceeds from sale of capital assets | 1,850 | - | - | 1,850 |
| Payments for bond and swap expenses | (9,952) | (40) | - | (9,992) |
| Payments for debt refundings | (1,026,671) | - | - | (1,026,671) |
| Payments for bond maturities | (141,205) | (29,020) | (11,715) | (181,940) |
| Interest paid on debt | (328,875) | (71,553) | (15,947) | (416,375) |
| Interest subsidy from Build America Bonds | 16,498 | 3,376 | - | 19,874 |
| Proceeds from debt issuances | <u>1,719,969</u> | <u>-</u> | <u>-</u> | <u>1,719,969</u> |
| Net cash (used in) provided by capital and related financing activities | <u>(458,727)</u> | <u>(264,823)</u> | <u>338</u> | <u>(723,212)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Cash payments to PennDOT | (50,000) | - | - | (50,000) |
| Payments for bond and swap expenses | (4,234) | - | - | (4,234) |
| Payments for debt refundings | (687,462) | - | - | (687,462) |
| Payments for debt maturities | (140,645) | - | - | (140,645) |
| Interest paid on debt | (302,190) | - | - | (302,190) |
| Proceeds from debt issuances | <u>672,408</u> | <u>-</u> | <u>-</u> | <u>672,408</u> |
| Net cash used in noncapital financing activities | <u>(512,123)</u> | <u>-</u> | <u>-</u> | <u>(512,123)</u> |
| | | | | |
| Increase in cash and cash equivalents | 3,744 | 25,228 | 3,045 | 32,017 |
| Cash and cash equivalents at beginning of year | <u>1,126,873</u> | <u>131,172</u> | <u>15,377</u> | <u>1,273,422</u> |
| Cash and cash equivalents at end of year | <u>\$ 1,130,617</u> | <u>\$ 156,400</u> | <u>\$ 18,422</u> | <u>\$ 1,305,439</u> |

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information (*continued*)

Schedule of Cash Flows – Business-type activities (*continued*)

| | May 31, 2025 | | | |
|---|---------------------|--------------------------|--------------------------|---------------------|
| | Mainline | Oil Franchise | Motor License | Total |
| | (In thousands) | | | |
| <i>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</i> | | | | |
| Operating income (loss) | \$ 782,130 | \$ (1,654) | \$ - | \$ 780,476 |
| <i>Adjustments to reconcile operating income to net cash provided by operating activities</i> | | | | |
| Depreciation/amortization | 432,767 | - | - | 432,767 |
| <i>Change in operating assets and liabilities</i> | | | | |
| Accounts receivable | (23,245) | - | - | (23,245) |
| Inventories | (2,236) | - | - | (2,236) |
| Other assets | 11 | - | - | 11 |
| Net OPEB asset | (29,236) | - | - | (29,236) |
| Deferred outflows of resources from pensions | 17,072 | - | - | 17,072 |
| Deferred outflows of resources from OPEB | 44,491 | - | - | 44,491 |
| Accounts payable and accrued liabilities | (1,691) | 5 | - | (1,686) |
| Net pension liability | (12,749) | - | - | (12,749) |
| Other noncurrent liabilities | 630 | - | - | 630 |
| Deferred inflows of resources from pensions | (15,534) | - | - | (15,534) |
| Deferred inflows of resources from OPEB | (50,471) | - | - | (50,471) |
| Deferred inflows of resources from leases | (842) | - | - | (842) |
| Net cash provided by (used in) operating activities | \$ 1,141,097 | \$ (1,649) | \$ - | \$ 1,139,448 |
| <i>Reconciliation of cash and cash equivalents to the statements of net position</i> | | | | |
| Cash and cash equivalents | \$ 354,547 | \$ - | \$ - | \$ 354,547 |
| Restricted cash and cash equivalents | 776,070 | 156,400 | 18,422 | 950,892 |
| Total cash and cash equivalents | \$ 1,130,617 | \$ 156,400 | \$ 18,422 | \$ 1,305,439 |

Noncash Investing, Capital and Related Financing and Noncapital Financing Activities

The Commission recorded a net increase of \$73.2 million in the fair value of its investments not reported as cash equivalents for the year ended May 31, 2025. Increases by section were: Mainline, \$61.8 million; Oil Franchise, \$10.7 million; and Motor License, \$0.7 million.

The Commission recorded \$81.1 million for the amortization of bond premium for the year ended May 31, 2025. Amortization by section was: Mainline, \$69.3 million; Oil Franchise, \$10.8 million; and Motor License, \$1.0 million.

As indicated in Note 9, the Commission refunded various bonds in fiscal year 2025. The fiscal year 2025 refundings resulted in a \$11.6 million reclassification from Mainline bond premiums (discounts) to deferred outflows of resources from refundings and a \$105.5 million reclassification from Mainline bond premiums (discounts) to deferred inflows of resources from refundings. Additionally, the Commission recorded \$17.1 million for the amortization of deferred outflows/inflows of resources from refunding bonds for the year ended May 31, 2025. Amortization by section was: Mainline, \$14.5 million; Oil Franchise, \$0.8 million; and Motor License, \$1.8 million.

The Commission recorded \$0.3 million for the amortization of prepaid bond insurance costs for the year ended May 31, 2025. Amortization by section was: Mainline, \$0.2 million; and Motor License, \$0.1 million.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information (*continued*)

Schedule of Cash Flows – Business-type activities (*continued*)

Noncash Investing, Capital and Related Financing and Noncapital Financing Activities
(continued)

The Commission recorded an interest expense reduction of \$6.3 million in the Mainline section and \$0.9 million in the Motor License section for the year ended May 31, 2025 related to terminated derivative instruments.

The Commission recognized total capital contributions of \$162.7 million for fiscal year ended May 31, 2025. Cash received of \$157.0 million for fiscal year ended May 31, 2025 is reported in the capital and related financing activities of this schedule. The \$5.7 million difference between capital contributions and cash received is primarily the result of a \$0.9 million increase in Oil Franchise receivables related to these capital contributions in addition to a \$4.8 million Mainline noncash capital contribution related to capital assets provided by service plaza operators. The Commission entered into agreements with a food and fuel provider to totally reconstruct the service plazas; the service plaza operators provided the capital for the reconstruction in exchange for lower rental rates. See Note 2 to the financial statements for further discussion on capital contributions and Note 6 to the financial statements for further discussion on the service plazas.

The Commission records intersection activity related to revenue, expense, asset and liability transfers 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, 2025 were: to Mainline, \$297.5 million; and from Oil Franchise, \$297.5 million.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Section Information (continued)
Schedule of Net Position – Business-type activities

| | May 31, 2024 | | | |
|--|-----------------------------|--------------------------|--------------------------|-----------------------------|
| | Mainline | Oil Franchise | Motor License | Total |
| <i>(In thousands)</i> | | | | |
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | | | |
| <i>Current assets</i> | | | | |
| Cash and cash equivalents | \$ 355,987 | \$ - | \$ - | \$ 355,987 |
| Investments | 224,582 | - | - | 224,582 |
| Accounts receivable | 158,966 | - | - | 158,966 |
| Accrued interest receivable | 2,181 | - | - | 2,181 |
| Inventories | 25,025 | - | - | 25,025 |
| <i>Restricted current assets</i> | | | | |
| Cash and cash equivalents | 770,886 | 131,172 | 15,377 | 917,435 |
| Investments | 391,268 | 286,839 | 1,382 | 679,489 |
| Accounts receivable | 367 | 9,240 | - | 9,607 |
| Accrued interest receivable | 14,618 | 3,213 | 36 | 17,867 |
| Total current assets | <u>1,943,880</u> | <u>430,464</u> | <u>16,795</u> | <u>2,391,139</u> |
| <i>Noncurrent assets</i> | | | | |
| <i>Investments</i> | | | | |
| Investments | 262,669 | - | - | 262,669 |
| Investments restricted | 456,450 | 81,140 | 24,097 | 561,687 |
| Total noncurrent investments | <u>719,119</u> | <u>81,140</u> | <u>24,097</u> | <u>824,356</u> |
| <i>Capital assets not being depreciated/amortized</i> | | | | |
| Land and intangibles | 485,043 | - | - | 485,043 |
| Assets under construction | 2,096,118 | - | - | 2,096,118 |
| <i>Capital assets being depreciated/amortized</i> | | | | |
| Buildings | 1,176,281 | - | - | 1,176,281 |
| Improvements other than buildings | 196,423 | - | - | 196,423 |
| Equipment | 664,015 | - | - | 664,015 |
| Infrastructure | 10,864,934 | - | - | 10,864,934 |
| Right-to-use - subscriptions | 12,930 | - | - | 12,930 |
| Total capital assets before accumulated depreciation/amortization | 15,495,744 | - | - | 15,495,744 |
| Less: Accumulated depreciation/amortization | <u>7,630,043</u> | <u>-</u> | <u>-</u> | <u>7,630,043</u> |
| Total capital assets after accumulated depreciation/amortization | <u>7,865,701</u> | <u>-</u> | <u>-</u> | <u>7,865,701</u> |
| <i>Other assets</i> | | | | |
| Prepaid bond insurance costs | 3,510 | - | 214 | 3,724 |
| Net OPEB Asset | 173,457 | - | - | 173,457 |
| Other assets | 70,329 | - | - | 70,329 |
| Total other assets | <u>247,296</u> | <u>-</u> | <u>214</u> | <u>247,510</u> |
| Total noncurrent assets | <u>8,832,116</u> | <u>81,140</u> | <u>24,311</u> | <u>8,937,567</u> |
| Total assets | <u>10,775,996</u> | <u>511,604</u> | <u>41,106</u> | <u>11,328,706</u> |
| Deferred outflows of resources from hedging derivatives | 296 | - | 293 | 589 |
| Deferred outflows of resources from refunding bonds | 199,985 | 7,057 | 25,601 | 232,643 |
| Deferred outflows of resources from pensions | 61,803 | - | - | 61,803 |
| Deferred outflows of resources from OPEB | 122,080 | - | - | 122,080 |
| Total deferred outflows of resources | <u>384,164</u> | <u>7,057</u> | <u>25,894</u> | <u>417,115</u> |
| Total assets and deferred outflows of resources | <u>\$ 11,160,160</u> | <u>\$ 518,661</u> | <u>\$ 67,000</u> | <u>\$ 11,745,821</u> |

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information (*continued*)

Schedule of Net Position – Business-type activities (*continued*)

| | May 31, 2024 | | | |
|--|-----------------------|--------------------------|--------------------------|-----------------------|
| | Mainline | Oil Franchise | Motor License | Total |
| | <i>(In thousands)</i> | | | |
| LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | | | | |
| <i>Current liabilities</i> | | | | |
| Accounts payable and accrued liabilities | \$ 654,365 | \$ 52,080 | \$ 2,206 | \$ 708,651 |
| Current portion of debt | 370,350 | 29,020 | 11,715 | 411,085 |
| Unearned income | 127,894 | - | - | 127,894 |
| Total current liabilities | 1,152,609 | 81,100 | 13,921 | 1,247,630 |
| <i>Noncurrent liabilities</i> | | | | |
| Debt, less current portion, net of unamortized premium | 15,087,008 | 1,618,319 | 312,815 | 17,018,142 |
| Net pension liability | 296,572 | - | - | 296,572 |
| Other noncurrent liabilities | 29,988 | 6,379 | 21,175 | 57,542 |
| Total noncurrent liabilities | 15,413,568 | 1,624,698 | 333,990 | 17,372,256 |
| Total liabilities | 16,566,177 | 1,705,798 | 347,911 | 18,619,886 |
| Deferred inflows of resources from hedging derivatives | | | | |
| Deferred inflows of resources from service concession arrangements | 110,313 | - | - | 110,313 |
| Deferred inflows of resources from refunding bonds | 82,600 | - | - | 82,600 |
| Deferred inflows of resources from pensions | 20,719 | 150 | - | 20,869 |
| Deferred inflows of resources from OPEB | 29,794 | - | - | 29,794 |
| Deferred inflows of resources from leases | 164,998 | - | - | 164,998 |
| Total deferred inflows of resources | 46,992 | - | - | 46,992 |
| Total deferred inflows of resources | 455,416 | 150 | - | 455,566 |
| Total liabilities and deferred inflows of resources | 17,021,593 | 1,705,948 | 347,911 | 19,075,452 |
| NET POSITION | | | | |
| Net investment in capital assets | 430,108 | (1,439,070) | (319,522) | (1,328,484) |
| Restricted for construction purposes | - | 240,710 | 38,611 | 279,321 |
| Restricted for debt service | 80,202 | 11,073 | - | 91,275 |
| Restricted for OPEB | 173,457 | - | - | 173,457 |
| Unrestricted | (6,545,200) | - | - | (6,545,200) |
| Total net position | \$ (5,861,433) | \$ (1,187,287) | \$ (280,911) | \$ (7,329,631) |

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information (*continued*)

Schedule of Revenues, Expenses, and Changes in Net Position – Business-type activities

| | May 31, 2024 | | | |
|--|-----------------------|--------------------------|--------------------------|-----------------------|
| | Mainline | Oil Franchise | Motor License | Total |
| Operating revenue | | | | |
| Net fares | \$ 1,608,793 | \$ - | \$ - | \$ 1,608,793 |
| Other | 58,078 | - | - | 58,078 |
| Total operating revenue | 1,666,871 | - | - | 1,666,871 |
| Operating expenses | | | | |
| Cost of services | 553,873 | 2,364 | - | 556,237 |
| Depreciation/amortization | 417,032 | - | - | 417,032 |
| Total operating expenses | 970,905 | 2,364 | - | 973,269 |
| Operating income (loss) | 695,966 | (2,364) | - | 693,602 |
| Nonoperating revenue (expenses) | | | | |
| Investment earnings | 102,484 | 25,761 | 3,490 | 131,735 |
| Other nonoperating revenue | 3,516 | 4,612 | - | 8,128 |
| Act 44 and Act 89 payments to PennDOT | (50,000) | - | - | (50,000) |
| Interest and bond expense | (609,428) | (68,785) | (18,847) | (697,060) |
| Nonoperating expenses, net | (553,428) | (38,412) | (15,357) | (607,197) |
| Income (loss) before capital contributions | 142,538 | (40,776) | (15,357) | 86,405 |
| Capital contributions | 4,806 | 135,248 | 28,000 | 168,054 |
| Increase in net position | 147,344 | 94,472 | 12,643 | 254,459 |
| Net position, at beginning of year | (6,258,501) | (1,055,890) | (269,699) | (7,584,090) |
| Intersection transfers | 249,724 | (225,869) | (23,855) | - |
| Net position, at end of year | \$ (5,861,433) | \$ (1,187,287) | \$ (280,911) | \$ (7,329,631) |

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Section Information (*continued*)
Schedule of Cash Flows – Business-type activities

| | May 31, 2024 | | | |
|---|----------------------------|--------------------------|-------------------------|----------------------------|
| | Mainline | Oil Franchise | Motor License | Total |
| | (In Thousands) | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from customer tolls and deposits | \$ 1,663,003 | \$ - | \$ - | \$ 1,663,003 |
| Cash payments for goods and services | (434,403) | (1,583) | - | (435,986) |
| Cash payments to employees | (161,448) | (728) | - | (162,176) |
| Cash received from other operating activities | 6,623 | - | - | 6,623 |
| Net cash provided by (used in) operating activities | <u>1,073,775</u> | <u>(2,311)</u> | <u>-</u> | <u>1,071,464</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Proceeds from sales and maturities of investments | 4,079,533 | 1,340,860 | 21,647 | 5,442,040 |
| Interest received on investments | 39,979 | 9,957 | 896 | 50,832 |
| Purchases of investments | (3,881,704) | (1,290,526) | (33,810) | (5,206,040) |
| Net cash provided by (used in) investing activities | <u>237,808</u> | <u>60,291</u> | <u>(11,267)</u> | <u>286,832</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Capital grants received from other governments | 641 | - | - | 641 |
| Proceeds from Motor License Registration fees | - | - | 28,000 | 28,000 |
| Proceeds from Oil Company Franchise Tax | - | 137,513 | - | 137,513 |
| Intersection cash transfer for debt related activity | - | (2,261) | 2,261 | - |
| Construction and acquisition of capital assets | (822,922) | (245,462) | - | (1,068,384) |
| Proceeds from sale of capital assets | 1,646 | - | - | 1,646 |
| Payments for bond and swap expenses | (9,090) | (40) | (2,350) | (11,480) |
| Payments for debt refundings | (249,993) | - | (231,425) | (481,418) |
| Payments for bond maturities | (130,840) | (27,640) | (11,125) | (169,605) |
| Interest paid on debt | (315,029) | (73,496) | (16,619) | (405,144) |
| Interest subsidy from Build America Bonds | 16,498 | 4,613 | - | 21,111 |
| Proceeds from debt issuances | 941,729 | - | 231,425 | 1,173,154 |
| Net cash (used in) provided by capital and related financing activities | <u>(567,360)</u> | <u>(206,773)</u> | <u>167</u> | <u>(773,966)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Cash payments to PennDOT | (50,000) | - | - | (50,000) |
| Payments for debt maturities | (124,350) | - | - | (124,350) |
| Interest paid on debt | (314,259) | - | - | (314,259) |
| Net cash used in noncapital financing activities | <u>(488,609)</u> | <u>-</u> | <u>-</u> | <u>(488,609)</u> |
| Increase (decrease) in cash and cash equivalents | 255,614 | (148,793) | (11,100) | 95,721 |
| Cash and cash equivalents at beginning of year | 871,259 | 279,965 | 26,477 | 1,177,701 |
| Cash and cash equivalents at end of year | <u>\$ 1,126,873</u> | <u>\$ 131,172</u> | <u>\$ 15,377</u> | <u>\$ 1,273,422</u> |

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information (*continued*)

Schedule of Cash Flows – Business-type activities (*continued*)

| | May 31, 2024 | | | |
|---|----------------------------|--------------------------|--------------------------|----------------------------|
| | Mainline | Oil Franchise | Motor License | Total |
| <i>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</i> | | | | |
| Operating income (loss) | \$ 695,966 | \$ (2,364) | \$ - | \$ 693,602 |
| <i>Adjustments to reconcile operating income to net cash provided by (used in) operating activities</i> | | | | |
| Depreciation/amortization | 417,032 | - | - | 417,032 |
| <i>Change in operating assets and liabilities</i> | | | | |
| Accounts receivable | (19,696) | - | - | (19,696) |
| Inventories | (1,878) | - | - | (1,878) |
| Other assets | (2) | - | - | (2) |
| Net OPEB asset | (63,806) | - | - | (63,806) |
| Deferred outflows of resources from pensions | 26,139 | - | - | 26,139 |
| Deferred outflows of resources from OPEB | (76,074) | - | - | (76,074) |
| Accounts payable and accrued liabilities | 22,788 | 53 | - | 22,841 |
| Net pension liability | (35,002) | - | - | (35,002) |
| Other noncurrent liabilities | (3,160) | - | - | (3,160) |
| Deferred inflows of resources from pensions | (8,436) | - | - | (8,436) |
| Deferred inflows of resources from OPEB | 111,352 | - | - | 111,352 |
| Deferred inflows of resources from leases | 8,552 | - | - | 8,552 |
| Net cash provided by (used in) operating activities | <u>\$ 1,073,775</u> | <u>\$ (2,311)</u> | <u>\$ -</u> | <u>\$ 1,071,464</u> |
| <i>Reconciliation of cash and cash equivalents to the statements of net position</i> | | | | |
| Cash and cash equivalents | \$ 355,987 | \$ - | \$ - | \$ 355,987 |
| Restricted cash and cash equivalents | 770,886 | 131,172 | 15,377 | 917,435 |
| Total cash and cash equivalents | <u>\$ 1,126,873</u> | <u>\$ 131,172</u> | <u>\$ 15,377</u> | <u>\$ 1,273,422</u> |

Noncash Investing, Capital and Related Financing and Noncapital Financing Activities

The Commission recorded a net increase of \$75.5 million in the fair value of its investments not reported as cash equivalents for the year ended May 31, 2024. Increases by section were: Mainline, \$57.2 million; Oil Franchise, \$17.8 million; and Motor License, \$0.5 million.

The Commission recorded \$77.6 million for the amortization of bond premium for the year ended May 31, 2024. Amortization by section was: Mainline, \$65.6 million; Oil Franchise, \$11.0 million; and Motor License, \$1.0 million.

As indicated in Note 9, the Commission refunded various bonds in fiscal year 2024. The fiscal year 2024 refundings resulted in a \$0.2 million reclassification from Mainline bond premiums (discounts) to deferred outflows of resources from refundings. Additionally, the Commission recorded \$16.5 million for the amortization of deferred outflows/inflows of resources from refunding bonds for the year ended May 31, 2024. Amortization by section was: Mainline, \$14.4 million; Oil Franchise, \$0.5 million; and Motor License, \$1.6 million.

The Commission recorded \$0.3 million for the amortization of prepaid bond insurance costs for the year ended May 31, 2024. Amortization by section was: Mainline, \$0.2 million; and Motor License, \$0.1 million.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information (*continued*)

Schedule of Cash Flows – Business-type activities (*continued*)

Noncash Investing, Capital and Related Financing and Noncapital Financing Activities
(continued)

The Commission recorded an interest expense reduction of \$6.4 million in the Mainline section and \$0.7 million in the Motor License section for the year ended May 31, 2024 related to terminated derivative instruments.

The Commission recognized total capital contributions of \$168.1 million for fiscal year ended May 31, 2024. Cash received of \$166.2 million for fiscal year ended May 31, 2024 is reported in the capital and related financing activities of this schedule. The \$1.9 million difference between capital contributions and cash received is primarily the result of a \$2.3 million decrease in Oil Franchise receivables and a \$0.6 million decrease in Mainline receivables related to these capital contributions offset by a \$4.8 million Mainline noncash capital contribution related to capital assets provided by service plaza operators. The Commission entered into agreements with a food and fuel provider to totally reconstruct the service plazas; the service plaza operators provided the capital for the reconstruction in exchange for lower rental rates. See Note 2 to the financial statements for further discussion on capital contributions and Note 6 to the financial statements for further discussion on the service plazas.

The Commission records intersection activity related to revenue, expense, asset and liability transfers 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, 2024 were: to Mainline, \$249.7 million; from Oil Franchise, \$225.9 million; and from Motor License, \$23.8 million.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Section Information (*continued*)
Schedules of Cost of Services Detail

The following tables provide additional detail for the costs of services reported in the Statements of Revenues, Expenses, and Changes in Net Position.

Fiscal Year Ended May 31, 2025

| | Mainline Operating | Mainline Capital | Total Mainline (in thousands) | Oil Franchise | Motor License | Total |
|--|-----------------------|---------------------|-------------------------------------|------------------|------------------|-------------------|
| General and administrative | \$ 74,865 | \$ 132,821 | \$ 207,686 | \$ 1,093 | \$ - | \$ 208,779 |
| Traffic engineering and operations | 3,898 | 2,915 | 6,813 | - | - | 6,813 |
| Service centers | 80,226 | - | 80,226 | - | - | 80,226 |
| Employee benefits | 35,975 | 12,687 | 48,662 | 561 | - | 49,223 |
| Toll collection | 22,235 | 1,783 | 24,018 | - | - | 24,018 |
| Normal maintenance | 94,809 | 5,611 | 100,420 | - | - | 100,420 |
| Facilities and energy mgmt. operations | 17,501 | 9,653 | 27,154 | - | - | 27,154 |
| Turnpike patrol | 70,136 | - | 70,136 | - | - | 70,136 |
| Total cost of services | \$ 399,645 | \$ 165,470 | \$ 565,115 | \$ 1,654 | \$ - | \$ 566,769 |

Fiscal Year Ended May 31, 2024

| | Mainline Operating | Mainline Capital | Total Mainline (in thousands) | Oil Franchise | Motor License | Total |
|---|-----------------------|---------------------|-------------------------------------|------------------|------------------|-------------------|
| General and administrative* | \$ 68,677 | \$ 146,871 | \$ 215,548 | \$ 1,886 | \$ - | \$ 217,434 |
| Traffic engineering and operations | 3,749 | 4,544 | 8,293 | - | - | 8,293 |
| Service centers | 72,570 | - | 72,570 | - | - | 72,570 |
| Employee benefits | 38,405 | 11,294 | 49,699 | 478 | - | 50,177 |
| Toll collection* | 21,490 | 3,041 | 24,531 | - | - | 24,531 |
| Normal maintenance | 81,528 | 6,820 | 88,348 | - | - | 88,348 |
| Facilities and energy mgmt. operations* | 16,043 | 9,402 | 25,445 | - | - | 25,445 |
| Turnpike patrol | 69,439 | - | 69,439 | - | - | 69,439 |
| Total cost of services | \$ 371,901 | \$ 181,972 | \$ 553,873 | \$ 2,364 | \$ - | \$ 556,237 |

*Certain costs were reclassified among departments in this schedule to be consistent with the current organization structure.

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STATISTICAL SECTION

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Statistical Section

This part of the Commission's Annual Comprehensive Financial Report presents detailed information as a context for understanding the information in the financial statements, note disclosures, required supplementary information and the Commission's overall financial health.

Financial Trends

Pages 143-144

These schedules contain trend information to help the reader understand how the Commission's financial performance and viability have changed over time.

Debt Capacity

Pages 145-146

These schedules present information to help the reader assess the affordability of the Commission's current levels of outstanding debt and the Commission's ability to issue additional debt.

Revenue Capacity

Pages 147-149

These schedules contain information to help the reader assess the Commission's most significant revenue source, fare revenues.

Demographic and Economic Information

Pages 150-152

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Commission's financial activities take place.

Operating Information

Pages 153-163

These schedules contain service and infrastructure data to help the reader understand how the information in the Commission's financial report relates to the services it provides and the activities it performs.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
 Summary of Revenues and Expenses
 (000s Omitted)
 Fiscal Years Ended May 31

| | 2016 | 2017 | 2018 | 2019 | 2020 * | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <i>Operating revenues</i> | | | | | | | | | | |
| Net fares | \$ 1,030,115 | \$ 1,111,061 | \$ 1,196,606 | \$ 1,327,031 | \$ 1,247,779 | \$ 1,190,419 | \$ 1,459,916 | \$ 1,540,705 | \$ 1,608,793 | \$ 1,720,694 |
| Other | 22,576 | 23,335 | 4,668 | 9,574 | 36,004 | 41,130 | 47,283 | 55,942 | 58,078 | 59,318 |
| Total operating revenues | 1,052,691 | 1,134,396 | 1,201,274 | 1,336,605 | 1,283,783 | 1,231,549 | 1,507,199 | 1,596,647 | 1,666,871 | 1,780,012 |
| <i>Operating expenses</i> | | | | | | | | | | |
| Cost of services | 471,132 | 517,103 | 494,742 | 509,753 | 533,931 | 509,381 | 438,923 | 534,558 | 556,237 | 566,769 |
| Depreciation/amortization | 332,941 | 354,343 | 379,401 | 384,104 | 382,088 | 373,924 | 431,195 | 409,943 | 417,032 | 432,767 |
| Total operating expenses | 804,073 | 871,446 | 874,143 | 893,857 | 916,019 | 883,305 | 870,118 | 944,501 | 973,269 | 999,536 |
| Operating income | 248,618 | 262,950 | 327,131 | 442,748 | 367,764 | 348,244 | 637,081 | 652,146 | 693,602 | 780,476 |
| <i>Nonoperating revenues (expenses)</i> | | | | | | | | | | |
| Investment earnings (loss) | 29,069 | 14,225 | 18,809 | 83,072 | 90,345 | 15,336 | (71,591) | 55,950 | 131,735 | 140,107 |
| Other nonoperating revenues | 21,651 | 21,532 | 22,303 | 22,572 | 22,693 | 12,996 | 21,503 | 12,656 | 8,128 | 16,961 |
| Act 44 and Act 89 payments to PennDOT | (450,000) | (450,000) | (450,000) | (450,000) | (450,000) | (450,000) | (450,000) | (50,000) | (50,000) | (50,000) |
| Capital assets transferred to Commonwealth | (40,937) | (54,724) | - | (162,982) | (294) | (2,769) | (51,908) | (2,852) | - | - |
| Interest and bond expense | (521,021) | (560,660) | (566,137) | (620,584) | (652,901) | (671,774) | (716,212) | (685,346) | (697,060) | (705,253) |
| Nonoperating expenses, net | (961,238) | (1,029,627) | (975,025) | (1,127,922) | (990,157) | (1,096,211) | (1,268,208) | (669,592) | (607,197) | (598,185) |
| Loss (income) before capital contribution | (712,620) | (766,677) | (647,894) | (685,174) | (622,393) | (747,967) | (631,127) | (17,446) | 86,405 | 182,291 |
| Capital contributions | 180,906 | 214,664 | 207,804 | 229,386 | 173,486 | 164,147 | 169,141 | 170,310 | 168,054 | 162,660 |
| (Decrease) increase in net position | \$ (531,714) | \$ (552,013) | \$ (440,090) | \$ (455,788) | \$ (448,907) | \$ (583,820) | \$ (461,986) | \$ 152,864 | \$ 254,459 | \$ 344,951 |

* Approximately \$32.0 million of toll-related bad debt was reclassified from other operating revenues to fare revenues to conform to the fiscal year ended May 31, 2021, financial statement presentation amounts.

Note: The Commission implemented GASB 75 in 2019, GASB 87 in 2023 and GASB 96 in 2024; years prior to the required restated years have not been adjusted to reflect the implementation of the standard.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
 Schedule of Net Position
 (000s Omitted)
 Fiscal Years Ended May 31

| Net Investment in Capital | | | | | Total Net Position |
|--------------------------------------|---------------|-------------------|---------------------|----------------|-------------------------------|
| | Assets | Restricted | Unrestricted | | |
| 2016 | \$ (24,520) | \$ 361,798 | \$ (4,983,937) | \$ (4,646,659) | |
| 2017 | (258,038) | 374,775 | (5,315,409) | (5,198,672) | |
| 2018 | (250,112) | 304,478 | (5,693,128) | (5,638,762) | |
| 2019 | (623,209) | 382,601 | (6,001,633) | (6,242,241) | |
| 2020 | (903,089) | 453,932 | (6,241,991) | (6,691,148) | |
| 2021 | (1,115,845) | 322,760 | (6,481,883) | (7,274,968) | |
| 2022# | (1,422,146) | 526,050 | (6,840,858) | (7,736,954) | |
| 2023# | (1,470,936) | 515,129 | (6,628,283) | (7,584,090) | |
| 2024 | (1,328,484) | 544,053 | (6,545,200) | (7,329,631) | |
| 2025 | (1,274,378) | 471,548 | (6,181,850) | (6,984,680) | |

During fiscal year 2024, balances for fiscal year 2022 and 2023 were updated from their previous presentation to include a reclassification of restricted for OPEB as presented in these financial statements.

Note: The Commission implemented GASB 75 in 2019, GASB 87 in 2023 and GASB 96 in 2024; years prior to the required restated years have not been adjusted to reflect the implementation of the standard.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Debt Coverage – All Sections

(000s Omitted)

Fiscal Years Ended May 31

| | 2016 | 2017 | 2018 * | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|-------------------|-------------------|-------------------|---------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| <i>Revenues and capital contributions</i> | | | | | | | | | | |
| Operating revenues | \$ 1,052,691 | \$ 1,134,396 | \$ 1,201,274 | \$ 1,336,605 | \$ 1,283,783 | \$ 1,231,549 | \$ 1,507,199 | \$ 1,596,647 | \$ 1,666,871 | \$ 1,780,012 |
| Investment earnings** | 24,527 | 23,693 | 25,569 | 39,019 | 39,670 | 25,473 | 28,807 | 42,599 | 56,214 | 66,875 |
| Other nonoperating revenues | 21,651 | 21,532 | 22,303 | 22,572 | 22,693 | 12,996 | 21,503 | 12,656 | 8,128 | 16,961 |
| Capital contributions | 180,906 | 214,664 | 207,804 | 229,386 | 173,486 | 164,147 | 169,141 | 170,310 | 168,054 | 162,660 |
| Total revenues and capital contributions | 1,279,775 | 1,394,285 | 1,456,950 | 1,627,582 | 1,519,632 | 1,434,165 | 1,726,650 | 1,822,212 | 1,899,267 | 2,026,508 |
| <i>Direct expenses</i> | | | | | | | | | | |
| Cost of services | 471,132 | 517,103 | 494,742 | 509,753 | 533,931 | 509,381 | 438,923 | 534,558 | 556,237 | 566,769 |
| Bond and swap expenses | 14,258 | 16,990 | 11,002 | 8,180 | 12,223 | 10,308 | 12,140 | 11,585 | 19,344 | 18,319 |
| Total direct expenses | 485,390 | 534,093 | 505,744 | 517,933 | 546,154 | 519,689 | 451,063 | 546,143 | 575,581 | 585,088 |
| Net revenues available for debt service payments | \$ 794,385 | \$ 860,192 | \$ 951,206 | \$ 1,109,649 | \$ 973,478 | \$ 914,476 | \$ 1,275,587 | \$ 1,276,069 | \$ 1,323,686 | \$ 1,441,420 |
| <i>Debt service payments</i> | | | | | | | | | | |
| Debt maturity payments | \$ 138,630 | \$ 122,630 | \$ 251,375 | \$ 224,365 | \$ 186,055 | \$ 41,775 | \$ 218,105 | \$ 263,740 | \$ 293,955 | \$ 322,585 |
| Interest payments | 436,073 | 494,301 | 519,173 | 591,837 | 616,570 | 629,587 | 669,651 | 717,776 | 719,403 | 718,565 |
| Total debt service payments | \$ 574,703 | \$ 616,931 | \$ 770,548 | \$ 816,202 | \$ 802,625 | \$ 671,362 | \$ 887,756 | \$ 981,516 | \$ 1,013,358 | \$ 1,041,150 |
| Coverage | 1.38 | 1.39 | 1.23 | 1.36 | 1.21 | 1.36 | 1.44 | 1.30 | 1.31 | 1.38 |

Revenues and capital contributions, direct expenses, principal payments and interest payments listed on this schedule include all sections (Mainline, Oil Franchise, and Motor License) of the Pennsylvania Turnpike Commission. Amounts listed for the principal and interest payments are for all sections and include both senior and subordinate debt. BAB Interest Subsidy is included in other nonoperating revenues.

* During FY18, the Commission retired \$100.0 million of the 2013 Series A Senior debt that was scheduled to mature on December 1, 2017. This debt was originally expected to be refunded but the Commission chose to retire this debt due to its cash position. Had the Commission chose to refund this debt as originally planned, total debt service payments for FY18 would have been \$670,548 and the FY18 coverage would have been 1.42.

** Excludes change in fair value of investments.

Note: The Commission implemented GASB 75 in 2019, GASB 87 in 2023 and GASB 96 in 2024; years prior to the required restated years have not been adjusted to reflect the implementation of the standard.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Ratios of Mainline Outstanding Debt* and Debt Service Payments

(000s Omitted)

Fiscal Years Ended May 31

| | | | | | | | | | | | | | | | | Mainline Debt Service Payments Per Vehicle ORT Equivalent Transaction ^ |
|------|----------------------------------|---|-----------------------------|----------------------------------|----------------------------------|-------------------------|--------------------------------|-------------------------------------|-------------------------------------|-----------------------------|---|--|--|---|---|---|
| | Number of Vehicle Transactions # | Number of Vehicle ORT Equivalent Transactions @ | Mainline Outstanding Debt * | Oil Franchise Outstanding Debt * | Motor License Outstanding Debt * | Total Outstanding Debt* | Mainline Debt Service Payments | Oil Franchise Debt Service Payments | Motor License Debt Service Payments | Total Debt Service Payments | Mainline Outstanding Debt Per Vehicle Transaction ^ | Mainline Debt Service Payments Per Vehicle Transaction ^ | Mainline Outstanding Debt Per Vehicle ORT Equivalent Transaction ^ | Mainline Debt Service Payments Per Vehicle ORT Equivalent Transaction ^ | Mainline Debt Service Payments Per Vehicle ORT Equivalent Transaction ^ | |
| 2016 | 204,783 | | \$ 10,540,019 | \$ 733,956 | \$ 420,574 | \$ 11,694,549 | \$ 492,380 | \$ 54,578 | \$ 27,745 | \$ 574,703 | \$ 51.47 | \$ 2.40 | | | | |
| 2017 | 207,142 | | 11,436,677 | 720,245 | 412,080 | 12,569,002 | 534,190 | 54,885 | 27,856 | 616,931 | 55.21 | 2.58 | | | | |
| 2018 | 209,110 | | 12,210,090 | 699,006 | 403,175 | 13,312,271 | 691,471 | 50,624 | 28,453 | 770,548 | 58.39 | 3.31 | | | | |
| 2019 | 213,292 | 457,934 | 12,354,555 | 1,182,302 | 379,752 | 13,916,609 | 725,630 | 61,372 | 29,200 | 816,202 | 57.92 | 3.40 | \$ 26.98 | \$ 1.58 | | |
| 2020 | 189,340 | 404,587 | 13,429,674 | 1,157,517 | 369,709 | 14,956,900 | 700,962 | 73,787 | 27,876 | 802,625 | 70.93 | 3.70 | 33.19 | 1.73 | | |
| 2021 | 169,601 | 360,827 | 14,311,272 | 1,133,066 | 359,192 | 15,803,530 | 572,429 | 71,104 | 27,829 | 671,362 | 84.38 | 3.38 | 39.66 | 1.59 | | |
| 2022 | 200,103 | 422,587 | 15,089,256 | 1,720,097 | 348,175 | 17,157,528 | 786,862 | 73,099 | 27,795 | 887,756 | 75.41 | 3.93 | 35.71 | 1.86 | | |
| 2023 | 206,253 | 430,632 | 15,073,881 | 1,684,284 | 336,628 | 17,094,793 | 854,372 | 99,295 | 27,849 | 981,516 | 73.08 | 4.14 | 35.00 | 1.98 | | |
| 2024 | 209,116 | 435,905 | 15,457,358 | 1,647,339 | 324,530 | 17,429,227 | 884,478 | 101,136 | 27,744 | 1,013,358 | 73.92 | 4.23 | 35.46 | 2.03 | | |
| 2025 | | 436,913 | 15,717,160 | 1,609,295 | 311,843 | 17,638,298 | 912,915 | 100,573 | 27,662 | 1,041,150 | | | 35.97 | 2.09 | | |

* Outstanding debt is reported net of unamortized premium/discount.

^ Oil Franchise and Motor License debt outstanding and debt service payments are not included in the ratios as the related debt service payments are not associated with traffic volumes.

The number of vehicle transactions presented for fiscal years 2016 through 2020 are slightly less than originally presented. The slight decrease is the result of a change in methodology for reporting transactions that could not be correlated due to a missing entry or exit record for the transaction. The Commission implemented this change as part of a reporting enhancement project in fiscal year 2021. Prior years were restated; therefore, counts are consistent with the current methodology.

@ See Traffic Statistics pages for further discussion on the transition to Open Road Tolling and the new Vehicle ORT Equivalent Transactions used for Traffic Statistics.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Traffic Statistics
(000s Omitted)
Fiscal Years Ended May 31

| | Number of Vehicle Transactions* | Number of Vehicle ORT Equivalent Transactions# | Gross Fare Revenue^ | Gross Fare Revenue Per Vehicle Transaction | Gross Fare Revenue Per ORT Equivalent Transaction# |
|-------------------|---------------------------------------|---|------------------------|---|---|
| Passenger | | | | | |
| 2016 | 176,369 | | \$ 608,910 | \$ 3.34 | |
| 2017 | 178,244 | | 660,930 | 3.58 | |
| 2018 | 179,125 | | 703,082 | 3.79 | |
| 2019 | 181,946 | 387,670 | 767,558 | 4.07 | \$ 1.98 |
| 2020 | 158,738 | 336,507 | 711,320 | 4.31 | 2.11 |
| 2021 | 137,714 | 290,510 | 640,111 | 4.43 | 2.20 |
| 2022 | 165,128 | 345,914 | 854,081 | 4.96 | 2.47 |
| 2023 | 170,355 | 353,106 | 904,550 | 5.10 | 2.56 |
| 2024 | 173,231 | 358,432 | 963,560 | 5.34 | 2.69 |
| 2025 | | 357,975 | 1,003,712 | | 2.80 |
| Commercial | | | | | |
| 2016 | 28,414 | | \$ 422,710 | \$ 15.60 | |
| 2017 | 28,898 | | 454,045 | 16.48 | |
| 2018 | 29,985 | | 500,076 | 17.49 | |
| 2019 | 31,346 | 70,264 | 567,827 | 18.99 | \$ 8.08 |
| 2020 | 30,602 | 68,080 | 578,241 | 19.80 | 8.49 |
| 2021 | 31,887 | 70,317 | 618,701 | 20.34 | 8.80 |
| 2022 | 34,975 | 76,673 | 714,946 | 21.42 | 9.32 |
| 2023 | 35,898 | 77,526 | 757,157 | 22.10 | 9.77 |
| 2024 | 35,885 | 77,473 | 791,449 | 23.11 | 10.22 |
| 2025 | | 78,938 | 874,971 | | 11.08 |
| Total | | | | | |
| 2016 | 204,783 | | \$ 1,031,620 | \$ 5.04 | |
| 2017 | 207,142 | | 1,114,975 | 5.38 | |
| 2018 | 209,110 | | 1,203,158 | 5.75 | |
| 2019 | 213,292 | 457,934 | 1,335,385 | 6.26 | \$ 2.92 |
| 2020 | 189,340 | 404,587 | 1,289,561 | 6.81 | 3.19 |
| 2021 | 169,601 | 360,827 | 1,258,812 | 7.42 | 3.49 |
| 2022 | 200,103 | 422,587 | 1,569,027 | 7.84 | 3.71 |
| 2023 | 206,253 | 430,632 | 1,661,707 | 8.06 | 3.86 |
| 2024 | 209,116 | 435,905 | 1,755,009 | 8.39 | 4.03 |
| 2025 | | 436,913 | 1,878,683 | | 4.30 |

Traffic volumes and revenues prior to January 5, 2025 have been restated because on January 5, 2025, the Commission transitioned its toll collection to Open Road Tolling (ORT) on trips east of Reading and along the entire Northeast Extension. In an ORT system, tolls are charged electronically as customers drive at highway speeds passing beneath overhead structures, called gantries. The gantries are located between interchanges and contain the cameras and electronic readers required for toll collection. In addition to the transition to Open Road Tolling, the Commission converted its weight-based Vehicle Classification System to an Axle/Height Vehicle Classification System ("A/H") across the entire System.

(continued on next page)

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Traffic Statistics
(000s Omitted)
Fiscal Years Ended May 31

(continued from previous page):

Although implementation of the ORT system, along with the conversion to an A/H system, has significantly altered the way in which relevant tolls are charged, there is expected to be no net revenue impact to the System. Under the segment-based system there is a toll gantry between each interchange, and drivers will be charged a given rate at each gantry they pass through rather than one rate based on entry and exit points. As a result, the number of transactions on the ticket system will increase significantly. Gross revenue is expected to remain unchanged on a system-wide basis. To allow for reasonable comparisons of current traffic volumes and revenues with prior periods, PTC's third-party traffic engineering consulting firm calculated estimated "equivalent volumes" for periods prior to the January 5, 2025 ORT launch and provided an ORT conversion table to reclass revenues from weight-based categories to Axle/Height categories. Traffic volumes and revenues prior to January 5, 2025 have been restated using these equivalent volumes and ORT revenue conversion table.

Additionally, with the conversion from its weight-based vehicle classification system to an A/H system, the Commission reclassified the 3L vehicle class from the commercial category to passenger category. Class 1 (passenger) vehicles under the previous weight-based classification system are now, for the most part, being recorded as class 2L and 3L transactions under the A/H system. The regrouping of class 3L volumes and revenues to the passenger category provides more consistent reporting compared to prior periods.

* The number of vehicle transactions presented for fiscal years 2016 through 2020 are slightly less than originally presented. The slight decrease is the result of a change in methodology for reporting transactions that could not be correlated due to a missing entry or exit record for the transaction. The Commission implemented this change as part of a reporting enhancement project in fiscal year 2021. Prior years were restated; therefore, counts are consistent with the current methodology.

[^] Gross fare revenues for fiscal years 2016 to 2024 have been reclassified to conform to the fiscal year 2025 passenger and commercial vehicle groupings as noted above.

Refer to page 154 for vehicle class definitions.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Traffic Statistics
Fiscal Years Ended May 31

Revenue Composition as a Percentage of Total Revenue

| | Passenger | Commercial | Total | Electronic Toll Collection | | | Total |
|------|-----------|------------|---------|----------------------------|---------------|---------|---------|
| | | | | EZPass/VES | Toll By Plate | Non-ETC | |
| 2016 | 59.02% | 40.98% | 100.00% | 74.28% | 0.26% | 25.46% | 100.00% |
| 2017 | 59.28 | 40.72 | 100.00 | 76.55 | 0.59 | 22.86 | 100.00 |
| 2018 | 58.44 | 41.56 | 100.00 | 78.86 | 0.81 | 20.33 | 100.00 |
| 2019 | 57.48 | 42.52 | 100.00 | 81.38 | 1.10 | 17.52 | 100.00 |
| 2020 | 55.16 | 44.84 | 100.00 | 84.00 | 2.80 | 13.20 | 100.00 |
| 2021 | 50.85 | 49.15 | 100.00 | 84.94 | 15.04 | 0.02 | 100.00 |
| 2022 | 54.43 | 45.57 | 100.00 | 83.47 | 16.53 | 0.00 | 100.00 |
| 2023 | 54.43 | 45.57 | 100.00 | 83.98 | 16.02 | 0.00 | 100.00 |
| 2024 | 54.90 | 45.10 | 100.00 | 83.69 | 16.31 | 0.00 | 100.00 |
| 2025 | 53.43 | 46.57 | 100.00 | 83.06 | 16.94 | 0.00 | 100.00 |

Note: Gross fare revenues for fiscal years 2016 to 2024 have been reclassified to conform to the fiscal year 2025 passenger and commercial vehicle groupings as noted above on the *“Traffic Statics”* schedule.

Traffic Composition as a Percentage of Total Vehicles

| | Passenger | Commercial | Total | Electronic Toll Collection (ETC) | | Non-ETC | Total |
|------|-----------|------------|---------|----------------------------------|---------------|---------|---------|
| | | | | EZPass/VES | Toll By Plate | | |
| 2016 | 86.12% | 13.88% | 100.00% | 76.96% | 0.30% | 22.74% | 100.00% |
| 2017 | 86.05 | 13.95 | 100.00 | 79.00 | 0.76 | 20.24 | 100.00 |
| 2018 | 85.66 | 14.34 | 100.00 | 81.12 | 1.87 | 17.01 | 100.00 |
| 2019 | 84.66 | 15.34 | 100.00 | 82.65 | 17.35 | 0.00 | 100.00 |
| 2020 | 83.17 | 16.83 | 100.00 | 83.90 | 16.10 | 0.00 | 100.00 |
| 2021 | 80.51 | 19.49 | 100.00 | 77.69 | 22.31 | 0.00 | 100.00 |
| 2022 | 81.86 | 18.14 | 100.00 | 77.79 | 22.21 | 0.00 | 100.00 |
| 2023 | 82.00 | 18.00 | 100.00 | 78.13 | 21.87 | 0.00 | 100.00 |
| 2024 | 82.23 | 17.77 | 100.00 | 77.80 | 22.20 | 0.00 | 100.00 |
| 2025 | 81.93 | 18.07 | 100.00 | 75.04 | 24.96 | 0.00 | 100.00 |

Note 1: The number of vehicle transactions presented for fiscal years 2016 through 2018 are slightly less than originally presented. The slight decrease is the result of a change in methodology for reporting transactions that could not be correlated due to a missing entry or exit record for the transaction. The Commission implemented this change as part of a reporting enhancement project in fiscal year 2021. Prior years were restated; therefore, counts are consistent with the current methodology.

Note 2: The number of vehicle transaction counts for fiscal years 2019 through January 4, 2025, have been restated using ORT equivalent volumes as described in the notes to the *“Traffic Statics”* schedule. Percentages for fiscal years 2019 through 2024 have been restated for the ORT equivalent values. Percentages for fiscal years 2016 through 2018 are presented as originally reported due to the unavailability of ORT equivalent transaction data for those years.

Note 3: Non-ETC transactions are included with TBP transactions for estimating equivalency volumes for periods prior to the ORT conversion.

Refer to page 154 for vehicle class definitions.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
 Ten Largest Commercial Customers
 (000s Omitted)
 Fiscal Years Ended May 31

| | 2025 | | 2016 | |
|---|--------------------------|-------------|--------------------------|-------------|
| | Annual Fares | Rank | Annual Fares | Rank |
| Best Pass, Inc. | \$ 252,333 | 1 | \$ 64,916 | 1 |
| Prepass Safety Alliance (Previously HELP) | 199,213 | 2 | 59,834 | 2 |
| Central Transport LLC | 1,728 | 3 | | |
| Food Haulers, Inc. | 1,287 | 4 | | |
| Giant Eagle/OK Grocery | 786 | 5 | | |
| Sheetz Distribution Services LLC | 647 | 6 | | |
| Lindy Paving, Inc. | 590 | 7 | | |
| Air Ground Xpress, Inc. | 451 | 8 | | |
| JA Trucking, Inc. | 433 | 9 | | |
| PECO Energy Co. | 339 | 10 | | |
| FedEx Ground | | | 5,106 | 3 |
| United Parcel Service, Inc. | | | 3,768 | 4 |
| J. B. Hunt Transport, Inc. | | | 3,410 | 5 |
| Pitt-Ohio Express, Inc. | | | 2,770 | 6 |
| Estes Express Lines | | | 2,142 | 7 |
| Con-way Freight System, Inc. | | | 1,933 | 8 |
| ECM Transport LLC | | | 1,516 | 9 |
| ABF Freight System, Inc. | | | 1,451 | 10 |
| | <u>\$ 457,807</u> | | <u>\$ 146,846</u> | |

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
 Percentage of PA Turnpike ETC Traffic by IAG Agency
 Fiscal Years Ended May 31

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Pennsylvania ^ | 71.58% | 71.53% | 71.01% | 71.48% | 71.98% | 75.84% | 75.22% | 75.32% | 75.53% | 73.74% |
| New Jersey Agencies* | 13.49 | 13.33 | 11.87 | 12.95 | 12.75 | 10.93 | 10.97 | 10.27 | 9.97 | 11.44 |
| MTA Bridges & Tunnels | 2.25 | 2.33 | 2.21 | 2.51 | 2.47 | 2.28 | 2.55 | 2.54 | 2.52 | 2.76 |
| New York State Thruway | 2.98 | 2.87 | 2.59 | 2.40 | 2.33 | 1.86 | 1.98 | 2.31 | 2.25 | 2.23 |
| Port Authority NY & NJ | 1.96 | 2.07 | 2.15 | 2.19 | 2.25 | 1.96 | 2.17 | 2.17 | 2.16 | 2.04 |
| Ohio Turnpike | 1.03 | 1.13 | 1.12 | 1.31 | 1.34 | 1.24 | 1.30 | 1.40 | 1.44 | 1.15 |
| Massachusetts Turnpike Authority | 0.48 | 0.49 | 0.56 | 0.50 | 0.58 | 1.27 | 1.03 | 1.29 | 1.44 | 2.25 |
| Maryland Transportation Authority | 1.15 | 1.16 | 1.15 | 1.21 | 1.23 | 1.13 | 1.16 | 1.09 | 1.13 | 1.05 |
| Illinois State Toll Highway Authority | 1.11 | 1.12 | 1.09 | 1.30 | 1.34 | 1.25 | 1.13 | 1.06 | 1.00 | 0.86 |
| Virginia DOT | 0.90 | 0.93 | 0.86 | 0.97 | 0.97 | 0.87 | 0.97 | 0.94 | 0.95 | 0.83 |
| Delaware DOT | 0.98 | 0.97 | 0.85 | 0.89 | 0.88 | 0.79 | 0.80 | 0.77 | 0.77 | 0.79 |
| Florida Turnpike | n/a | n/a | n/a | n/a | n/a | 0.00 | 0.11 | 0.21 | 0.24 | 0.23 |
| Central Florida Expressway Authority | n/a | n/a | n/a | n/a | 0.01 | 0.03 | 0.06 | 0.09 | 0.10 | 0.12 |
| Indiana DOT | 0.11 | 0.11 | 0.14 | 0.10 | 0.09 | 0.08 | 0.08 | 0.07 | 0.07 | 0.07 |
| West Virginia Parkways Authority | 0.17 | 0.17 | 1.23 | 0.16 | 0.17 | 0.15 | 0.13 | 0.17 | 0.03 | 0.14 |
| Rhode Island Toll & Bridge Authority | 0.03 | 0.03 | 0.13 | 0.04 | 0.03 | 0.03 | 0.03 | 0.03 | 0.03 | 0.03 |
| Delaware River Joint Toll Bridge Commission | 0.82 | 0.72 | 0.57 | 0.44 | 0.12 | 0.09 | 0.07 | 0.04 | 0.02 | 0.02 |
| Delaware River Port Authority | 0.03 | 0.01 | 0.20 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other | 0.93 | 1.03 | 2.27 | 1.55 | 1.46 | 0.20 | 0.24 | 0.23 | 0.35 | 0.25 |
| Total | 100.00% |

* Includes: New Jersey Highway Authority, New Jersey Turnpike Authority, South Jersey Transportation Authority, and Burlington County Bridge Commission.

^ In FY21, amounts were updated to include TBP for 2016 and forward.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Employment by Nonfarm Related Industries – Demographic and Economic⁽¹⁾

Fiscal Years Ended May 31⁽²⁾

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <i>Employment by nonfarm related industries</i> | | | | | | | | | | |
| <i>Private sector</i> | | | | | | | | | | |
| <i> Goods producing</i> | | | | | | | | | | |
| Mining and logging | 33,800 | 24,800 | 26,500 | 28,500 | 28,700 | 23,100 | 21,500 | 22,000 | 22,600 | 21,600 |
| Construction | 235,500 | 239,200 | 249,200 | 255,900 | 261,200 | 241,600 | 254,800 | 259,100 | 260,700 | 259,900 |
| Manufacturing | 569,600 | 561,400 | 563,400 | 571,600 | 575,500 | 538,100 | 544,500 | 564,000 | 566,600 | 562,600 |
| Total goods producing | 838,900 | 825,400 | 839,100 | 856,000 | 865,400 | 802,800 | 820,800 | 845,100 | 849,900 | 844,100 |
| <i> Service providing</i> | | | | | | | | | | |
| Trade, transportation and utilities | 1,114,000 | 1,118,500 | 1,117,800 | 1,123,800 | 1,123,400 | 1,059,000 | 1,101,900 | 1,141,700 | 1,143,100 | 1,140,300 |
| Information | 85,500 | 85,000 | 84,800 | 86,700 | 87,900 | 83,900 | 86,400 | 93,200 | 93,200 | 90,800 |
| Financial activities | 317,200 | 319,700 | 323,600 | 328,700 | 333,900 | 329,400 | 331,100 | 336,100 | 340,700 | 339,900 |
| Professional and business services | 782,800 | 795,400 | 800,400 | 804,200 | 812,900 | 768,000 | 800,300 | 841,000 | 839,800 | 834,100 |
| Education and health services | 1,192,400 | 1,218,900 | 1,245,800 | 1,274,800 | 1,295,800 | 1,228,800 | 1,228,900 | 1,262,300 | 1,314,100 | 1,361,300 |
| Leisure and hospitality | 545,400 | 557,500 | 566,800 | 571,900 | 578,000 | 424,400 | 478,400 | 537,300 | 561,300 | 569,100 |
| Other services | 254,600 | 259,300 | 259,700 | 260,800 | 262,400 | 223,800 | 236,000 | 250,900 | 256,900 | 262,000 |
| Total service providing | 4,291,900 | 4,354,300 | 4,398,900 | 4,450,900 | 4,494,300 | 4,117,300 | 4,263,000 | 4,462,500 | 4,549,100 | 4,597,500 |
| Total private sector | 5,130,800 | 5,179,700 | 5,238,000 | 5,306,900 | 5,359,700 | 4,920,100 | 5,083,800 | 5,307,600 | 5,399,000 | 5,441,600 |
| <i> Government</i> | | | | | | | | | | |
| <i>Total employment by nonfarm related industries</i> | 5,835,500 | 5,882,900 | 5,941,200 | 6,009,900 | 6,065,900 | 5,604,900 | 5,760,500 | 5,985,700 | 6,086,600 | 6,141,500 |

Notes: (1) Due to statutory requirements (confidentiality provisions), the Commonwealth of Pennsylvania cannot disclose the number employed by the ten largest employers. As an alternative comparison, this schedule presents the number employed by nonfarm related industries. The ten largest employers are nonfarm related; therefore, the number employed by those employers could be expected to fall within this schedule. Farming related employment is not included on this schedule because most farms are not large enough to be required to provide the necessary data to the Pennsylvania Department of Labor and Industry.

(2) Annual data provided by the Pennsylvania Department of Labor and Industry's Center for Workforce Information & Analysis website is on a calendar year basis. Therefore, the amounts presented for each fiscal year were determined for the calendar year ended (12/31) that occurred within the Commission's fiscal year. In addition, various calendar years may differ from the totals presented in the same table in the May 31, 2024, ACFR because of revised data provided on the website.

Source: Information obtained from the Pennsylvania Department of Labor and Industry's Center for Workforce Information & Analysis website (<https://www.workstats.dli.pa.gov/Research/Pages/default.aspx>).

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Number of Employees

Fiscal Years Ended May 31

Number of Employees - Union and Management

| | <u>Management</u> | <u>Union</u> | <u>Total</u> |
|------|-------------------|--------------|--------------|
| 2016 | 436 | 1,632 | 2,068 |
| 2017 | 440 | 1,589 | 2,029 |
| 2018 | 429 | 1,539 | 1,968 |
| 2019 | 432 | 1,492 | 1,924 |
| 2020 | 424 | 1,453 | 1,877 |
| 2021 | 387 | 967 | 1,354 |
| 2022 | 390 | 979 | 1,369 |
| 2023 | 426 | 959 | 1,385 |
| 2024 | 451 | 962 | 1,413 |
| 2025 | 443 | 959 | 1,402 |

Bargaining Unit Affiliation: International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America

Number of Employees - Functional Area

| | <u>Toll Collection - Fares</u> | <u>Maintenance</u> | <u>Other</u> | <u>Total</u> |
|------|--|--------------------|--------------|--------------|
| 2016 | 747 | 728 | 593 | 2,068 |
| 2017 | 715 | 723 | 591 | 2,029 |
| 2018 | 671 | 714 | 583 | 1,968 |
| 2019 | 637 | 701 | 586 | 1,924 |
| 2020 | 601 | 706 | 570 | 1,877 |
| 2021 | 91 | 723 | 540 | 1,354 |
| 2022 | 94 | 740 | 535 | 1,369 |
| 2023 | 92 | 737 | 556 | 1,385 |
| 2024 | 83 | 760 | 570 | 1,413 |
| 2025 | - | 751 | 651 | 1,402 |

Note 1: In response to the public health concerns resulting from the 2020 COVID-19 pandemic, the Commission moved to AET collection, removed toll collectors from toll booths and transitioned to only utilizing Toll-By-Plate and E-ZPass toll collection across the System.

Note 2: Effective May 30, 2025, the entire Interchange Operations Unit of Toll Collection was moved to the Facilities & Energy Management Operations (FEMO) Department, included in "Other".

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
 Vehicle Class Definitions
 (Class Determines Fare)

Weight Classification ^

| Class | Weight Classification |
|-------|--|
| 1 | Passenger vehicles |
| 2* | 7,001 - 15,000 lbs. |
| 3 | 15,001 - 19,000 lbs. |
| 4 | 19,001 - 30,000 lbs. |
| 5 | 30,001 - 45,000 lbs. |
| 6 | 45,001 - 62,000 lbs. |
| 7 | 62,001 - 80,000 lbs. |
| 8 | 80,001 - 100,000 lbs. |
| 9 | 100,001 lbs. and over or over dimensional |

* Also includes any vehicle combination with more than two axles but weighing less than 7,000 lbs., except motorcycles with sidecar and/or trailer.

[^]Prior to the ORT implementation on January 5, 2025, axle height definitions were used on the Southern Beltway, and at the Clarks Summit and Keyser Ave tolling points. All other TBP/AET In Place tolling points used classes listed above. See note below.

Axle Height Classification ^

| | | L is vehicle height of 7'6" or lower | H is vehicle height of higher than 7'6" |
|----|-----------------------|---|---|
| 2L | 2 axle, low profile |  | |
| 3L | 3 axle, low profile |  | |
| 4L | 4 axle, low profile |  | |
| 5L | 5 axle, low profile |  | |
| 6L | 6+ axle, low profile |  | |
| 2H | 2 axle, high profile |  | |
| 3H | 3 axle, high profile |  | |
| 4H | 4 axle, high profile |  | |
| 5H | 5 axle, high profile |  | |
| 6H | 6 axle, high profile |  | |
| 7H | 7+ axle, high profile |  | |

Note: On January 5, 2025, the Commission fully transitioned away from weight-based toll classification to the axle and height under automated vehicle classification system that calculates tolls based on the vehicle's height plus the number of axles.

Permits may be required. Permits are required if the vehicle exceeds any of the following:

Length: 85 feet

Weight: 100,000 lbs.

Axle weight: 22,400 lbs.

Height: 13 feet 6 inches

Width: Over 10 feet to a maximum of 11 feet 6 inches

Bumper Overhang: Over 5 ft. front or over 15 ft. rear

Note: Some exceptions may apply. For additional information regarding these exceptions, visit our website at www.paturnpike.com or call our Customer Assistance Center.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Miscellaneous Statistics

Fiscal Years Ended May 31

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|--|------|------|------|------|------|------|------|------|------|------|
| <i>LENGTH OF HIGHWAY</i> | | | | | | | | | | |
| Delaware River to Ohio Line | 359 | 359 | 359 | 359 | 359 | 359 | 359 | 359 | 359 | 359 |
| Northeast Extension | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 |
| Southwestern Expansion | 83 | 83 | 83 | 83 | 83 | 83 | 96 | 96 | 96 | 96 |
| <i>NUMBER OF SYSTEM ACCESS/TOLLING POINTS ^{1,2,3}</i> | | | | | | | | | | |
| Mainline | | | | | | | | | | |
| Staffed interchanges/barriers | 28 | 27 | 27 | 25 | - | - | - | - | - | - |
| Cashless Tolling/Ramps | 3 | 5 | 5 | 7 | 32 | 32 | 36 | 36 | 36 | 20 |
| Entry/Exit - No Toll Charged | - | - | - | - | - | - | - | - | - | 16 |
| ORT Toll Points (gantries) | - | - | - | - | - | - | - | - | - | 11 |
| Total | 31 | 32 | 32 | 32 | 32 | 32 | 36 | 36 | 36 | 47 |
| Northeast Extension | | | | | | | | | | |
| Staffed interchanges/barriers | 10 | 10 | 8 | 8 | - | - | - | - | - | - |
| Cashless Tolling/Ramps | 1 | 1 | 3 | 3 | 11 | 11 | 11 | 11 | 11 | - |
| Entry/Exit - No Toll Charged | - | - | - | - | - | - | - | - | - | 11 |
| ORT Toll Points (gantries) | - | - | - | - | - | - | - | - | - | 10 |
| Total | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 21 |
| Western Expansions | | | | | | | | | | |
| Staffed interchanges/barriers | 25 | 20 | - | - | - | - | - | - | - | - |
| Cashless Tolling/Ramps | - | 5 | 25 | 25 | 25 | 25 | 26 | 26 | 26 | 22 |
| Entry/Exit - No Toll Charged | - | - | - | - | - | - | - | - | - | 25 |
| ORT Toll Points (gantries) | - | - | - | - | - | - | - | - | - | 3 |
| Total | 25 | 25 | 25 | 25 | 25 | 25 | 26 | 26 | 26 | 50 |
| NUMBER OF SERVICE PLAZAS | | | | | | | | | | |
| Delaware River to Ohio Line | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| Northeast Extension | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| NUMBER OF MAINTENANCE FACILITIES | | | | | | | | | | |
| | 22 | 22 | 22 | 22 | 22 | 22 | 23 | 23 | 23 | 23 |

¹ Staffed interchanges/barriers include staffed interchanges, staffed barriers and staffed ramp locations. Cashless Tolling/Ramps include slip ramps, barriers and ramp locations that are not staffed. These cashless locations only collect tolls using automated money machines, E-ZPass, Toll-By-Plate or a combination of these methods. 'Entry/Exit - No Toll Charged' are system access points including interchanges and ramps where no toll is charged. ORT Toll Points (gantries) are overhead structures located between interchanges that contain the cameras and electronic readers that allow the Commission to charge tolls electronically as customers drive beneath at highway speeds.

² Effective March 16, 2020, due to the COVID-19 pandemic, the Commission implemented all-electronic tolling across the system.

³ On January 5, 2025, the Commission transitioned its toll collection to Open Road Tolling (ORT) on trips east of Reading and on the entire Northeast Extension. The counts on the Western Expansions were adjusted to match the new format for all sections.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Technical Data

| | | |
|---------------------------|--|--|
| <i>Right-of-way width</i> | Minimum | 200 feet |
| <i>Turnpike width</i> | Delaware River to Ohio Line (4 lanes) Northeastern Extension Junction to Philadelphia Interchange (6 lanes) Northeastern Extension (4 lanes) Southwestern Expansion Totally Reconstructed Areas (various locations) | 78 feet 106 feet 72 feet 132 feet 122 feet |
| <i>Lane width</i> | Standard Northeastern Extension Junction to Philadelphia Interchange Width of double lanes Width of triple lanes | 12 feet 12 feet 24 feet 36 feet |
| <i>Curves</i> | Maximum (approximately 955 feet minimum radius) on Allegheny Mountain climbing lanes only Western Extension (Irwin - Ohio Line) Remainder of Turnpike | 6 degrees 4 degrees 3 degrees |
| <i>Grades</i> | Mainline Ramps Extensions | 3 percent 6 percent 5 percent |
| <i>Tunnels</i> | Allegheny Tuscarora Kittatinny Lehigh Blue Mountain | 6,070 feet 5,326 feet 4,727 feet 4,379 feet 4,339 feet |
| <i>Major bridges</i> | Delaware River Bridge Susquehanna River Bridges (EB/WB)* Monongahela River Bridge Joe Montana Bridges (NB/SB)* Allegheny River Bridges (EB/WB)* Park Avenue Bridges (NB/SB)* Mahoning River Bridges (NB/SB)* SR 51/SR 119 Interchange Bridges* Dunlap Creek Bridges (NB/SB)* Clarks Summit Bridge | 6,571 feet 5,918 feet 3,078 feet 2,516 feet 2,350 feet 1,788 feet 1,700 feet 1,697 feet 1,675 feet 1,627 feet |
| <i>Highest elevation</i> | Milepost 100.45 | 2,603 ft. above sea level |

* When bridges are separated for directional purposes, the longer bridge length is reported.

The technical data presented does not change from year to year; therefore, a ten-year trend schedule is not presented.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Chronology, Turnpike Construction

| Turnpike Section | Length (Miles) | Construction Cost (Millions) | Bill Signed | Ground- breaking | Open to Traffic |
|---------------------------------------|-------------------|------------------------------------|----------------|---------------------|--------------------|
| <i>Original Turnpike</i> | | | | | |
| Carlisle - Irwin | 159 | \$ 76 | May 21, 1937 | Oct. 27, 1938 | Oct. 1, 1940 |
| <i>Philadelphia Extension</i> | | | | | |
| Carlisle - Valley Forge | 100 | 87 | May 16, 1940 | Sept. 28, 1948 | Nov. 20, 1950 |
| <i>Western Extension:</i> | | | | | |
| Irwin - Ohio Line | 67 | 77.5 | June 11, 1941 | Oct. 24, 1949 | Dec. 26, 1951 |
| <i>Delware River Extension:</i> | | | | | |
| Valley Forge - Delaware River | 33 | 65 | May 23, 1951 | Nov. 20, 1952 | Nov. 17, 1954 |
| Delware River Bridge | 1.5 | Not available | May 23, 1951 | June 22, 1954 | May 23, 1956 |
| <i>Northeastern Extension:</i> | | | | | |
| East/West Turnpike to Scranton | 110 | 233 | Sept. 27, 1951 | Mar. 25, 1954 | Nov. 7, 1957 |
| <i>Mon/Fayette Expressway -</i> | | | | | |
| California Interchange | 6 | 7 | Sept. 1985 | June 9, 1988 | Oct. 12, 1990 |
| Beaver Valley Expressway | 16 | 240 | Sept. 1985 | Oct. 20, 1989 | Nov. 20, 1992 |
| Mid-County Interchange | - | 80 | Sept. 1985 | Dec. 20, 1989 | Dec. 15, 1992 |
| Amos K. Hutchinson Bypass | 13 | 271 | Sept. 1985 | Aug. 20, 1990 | Dec. 9, 1993 |
| Keyser Avenue Interchange | - | 47 | Sept. 1985 | Not available | Feb. 1, 1995 |
| <i>Mon/Fayette Expressway -</i> | | | | | |
| Mason-Dixon Link | 8 | 132 | Sept. 1985 | Nov. 1, 1994 | Mar. 1, 2000 |
| <i>Mon/Fayette Expressway - I-70</i> | | | | | |
| to Coyle Curtain Road | 4 | 90 | Sept. 1985 | June 19, 1997 | May 11, 2001 |
| <i>Mon/Fayette Expressway - Coyle</i> | | | | | |
| Curtain Road to SR 51 | 13 | 604 | Sept. 1985 | Sept. 1997 | Apr. 12, 2002 |
| <i>Southern Beltway Findlay</i> | | | | | |
| Connector | 6 | 234 | Aug. 1991 | Nov. 12, 2003 | Oct. 11, 2006 |
| <i>Mon/Fayette Expressway -</i> | | | | | |
| Uniontown to Brownsville | | 859 | Sept. 1985 | | |
| Phase 1 | 8 | | | April 1, 2006 | Oct. 23, 2008 |
| Phase 2 | 9 | | | April 24, 2008 | July 16, 2012 |
| <i>Southern Beltway -</i> | | | | | |
| US 22 to I-79 | 13 | 800 | Aug. 1991 | December 2016 | October 15, 2021 |

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Chronology, Turnpike Improvements

| Date | Improvement |
|-------------------|--|
| September 6, 1962 | Groundbreaking on Laurel Hill Bypass and boring of second Allegheny Tunnel |
| October 30, 1964 | Laurel Hill Bypass (3.1 miles) opened, eliminating two-lane, 4,541-foot-long Laurel Hill tunnel |
| March 15, 1965 | Second Allegheny Tunnel opened; original tunnel closed for refurbishing |
| December 1965 | Median barriers completed on entire east-west turnpike |
| April 1966 | Work begins at second tunnels at Blue, Kittatinny, and Tuscarora Mountains |
| August 25, 1966 | Original Allegheny Tunnel reopened |
| November 26, 1968 | Sideling Hill Bypass (13.3 miles) opened, eliminating two two-lane tunnels: Ray's Hill (3,532 feet) and Sideling Hill (6,782 feet) |
| November 26, 1968 | Second Blue, Kittatinny, and Tuscarora Tunnels opened |
| August 14, 1969 | Median barrier completed on entire Turnpike |
| December 2, 1981 | Completion of three climbing lane projects (Allegheny, Indian Creek, and Jacob's Creek) |
| May 20, 1982 | Computerization and renovation of toll collection system begins |
| March 10, 1986 | Six-lane widening project begins (junction of Northeastern Extension to Bensalem Interchange) |
| July 22, 1987 | Computerized toll collection system placed into service |
| November 27, 1987 | Opening of six-lane section near Philadelphia |
| June 9, 1988 | Groundbreaking on the Mon/Fayette, six-mile link between I-70 and U.S. 40 |
| February 14, 1989 | Groundbreaking for second Lehigh Tunnel |
| October 20, 1989 | Groundbreaking for Mahoning River Bridge |
| December 19, 1989 | Groundbreaking for Mid-County Interchange |
| June 14, 1990 | Groundbreaking for Beaver Valley Expressway |
| August 15, 1990 | Groundbreaking for Amos K. Hutchinson Bypass |
| October 12, 1990 | Opening of the first six-mile section of the Mon-Valley/Fayette Expressway linking I-70 and U.S. 40 in Washington County |
| November 22, 1991 | Complete installation of call boxes along the Turnpike System |
| November 22, 1991 | Opening of the second Lehigh Tunnel |
| November 20, 1992 | Opening of the Beaver Valley Expressway (Toll 60, James E. Ross Highway), the world's first weigh barrier toll system |
| December 15, 1992 | Opening of the new Mid-County Interchange |
| December 9, 1993 | Opening of Amos K. Hutchinson Bypass |
| November 1, 1994 | Groundbreaking on first section of the Mon/Fayette Expressway, at Fairchance |
| February 1, 1995 | Opening of the Keyser Avenue Interchange |
| May 26, 1995 | Opening of the Allentown and Sideling Hill Farmers' Markets |
| June 2, 1995 | Groundbreaking on the Mon/Fayette I-70 to Route 51 Transportation project |
| November 1, 1996 | Northeast Extension designated I-476 |
| March 1, 2000 | Opening of Mon/Fayette Expressway - Mason-Dixon Link |
| August 25, 2000 | Completion of total reconstruction MP 94 - 99 |
| December 2, 2000 | Implementation of E-ZPass (electronic toll collection system) for passenger vehicles in southeastern and south central PA (interchanges 242-359) |

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Chronology, Turnpike Improvements (*continued*)

| Date | Improvement |
|-------------------|--|
| May 7, 2001 | Reopening of the newly renovated and expanded central office administration building in Highspire, PA |
| May 11, 2001 | Opening of I-70 to Coyle Curtain Road section of the Mon/Fayette Expressway |
| May 19, 2001 | Expansion of E-ZPass system to six additional interchanges, 226, 236, and 74 (Mahoning Valley) to 115 (Wyoming Valley) Toll Plaza on the Northeast Extension |
| August 17, 2001 | Completion of total reconstruction MP 186 - 199 |
| November 2001 | Interchange dual-numbering system installation completed |
| December 15, 2001 | E-ZPass lanes for passenger vehicles available at all of the Turnpike's Mainline Interchanges |
| April 12, 2002 | Opening of Coyle Curtain Road to SR 51 section of the Mon/Fayette Expressway |
| June 1, 2002 | Implementation of a Wide Area Network (WAN) |
| August 23, 2002 | Completion of total reconstruction MP 75 - 85 |
| December 15, 2002 | E-ZPass lanes for commercial vehicles available at all of the Turnpike's Mainline Interchanges |
| June 1, 2003 | Opening of the new Warrendale Interchange |
| November 12, 2003 | Groundbreaking for Southern Beltway Findlay Connector (PA-60 to US 22) |
| June 2, 2004 | Opening of the first express E-ZPass lane at Warrendale Interchange (eastbound) |
| June 26, 2004 | Opening of the second express E-ZPass lane at Warrendale Interchange (westbound) |
| November 23, 2004 | Expansion of E-ZPass system to two additional interchanges, 122-Keyser Avenue and 131-Clarks Summit on the Northeast extension |
| December 9, 2004 | Electronic bar code scanners installed at all interchanges |
| January 19, 2005 | Implementation of the Tag Teller program |
| April 1, 2005 | Completion of total reconstruction MP 109 - 121 |
| October 12, 2005 | Express E-ZPass lanes opened at Mid County Interchange |
| November 28, 2005 | Fog warning system between Breezewood Interchange and Sideling Hill Service Plaza installed |
| November 2005 | Total Reconstruction of MP 38 - MP 40 |
| December 2005 | Total Reconstruction of MP 85 - MP 94 |
| January 2, 2006 | One way tolling (eastbound) at Gateway Interchange (free westbound) |
| April 1, 2006 | Groundbreaking for Mon/Fayette Uniontown to Brownsville project |
| June 2, 2006 | Expansion of E-ZPass system to the AKH Mainline interchange |
| June 2006 | Total Reconstruction of MP 331 - MP 333 and addition of third travel lane |
| October 2006 | Opening of Southern Beltway Findlay Connector |
| January 2007 | Reconstruction of Norristown Interchange, MP 333.28 |
| February 2007 | Amos K. Hutchinson and Beaver Valley Expressway completely equipped with E-ZPass |
| May 2007 | Opening of reconstructed Oakmont Service Plaza |
| June 2007 | Opening of newly reconstructed Susquehanna River Bridge |
| June 2007 | Gateway Express E-ZPass opened |
| August 2007 | Reconstruction of Lebanon-Lancaster Interchange, MP 266.45 |
| September 2007 | Reconstruction of Gettysburg Interchange, MP 236.22 |
| October 2007 | Reconstruction of Harrisburg East Interchange, MP 247.38 |

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Chronology, Turnpike Improvements (*continued*)

| Date | Improvement |
|---------------|---|
| May 2008 | Opening of reconstructed Allentown, Sideling Hill and North Somerset Service Plazas |
| June 2008 | Total Reconstruction of MP 245 - MP 247 and addition of third travel lane |
| October 2008 | Completion of Phase I of Uniontown to Brownsville portion of Mon/Fayette |
| November 2008 | Total Reconstruction of MP 326 - MP 331 and addition of third travel lane |
| November 2008 | Total Reconstruction of MP 124 - MP 128 and addition of third lane westbound only |
| May 2009 | Opening of reconstructed New Stanton Service Plaza |
| June 2009 | Total Reconstruction of MP 0 - MP 10, and MP 210 - MP 215 and addition of third travel lane |
| November 2009 | Total Reconstruction of MP 67 - MP 75 and addition of third travel lane |
| May 2010 | Opening of reconstructed King of Prussia Service Plaza |
| October 2010 | Opening of reconstructed Trevose Maintenance Facility |
| November 2010 | Total Reconstruction of MP 48 - MP 50 and addition of third travel lane |
| November 2010 | Opening of reconstructed Hickory Run Service Plaza |
| November 2010 | Opening of newly reconstructed Allegheny River Bridge |
| November 2010 | Opening of all-electronic E-ZPass Only Street Road Interchange, MP 352 |
| May 2011 | Opening of reconstructed Bowmansville and Lawn Service Plazas |
| May 2012 | Opening of newly constructed South Somerset Service Plaza |
| May 2012 | Opening of reconstructed Cumberland Valley and Blue Mountain Service Plazas |
| July 2012 | Completion of Phase 2 of Uniontown to Brownsville portion of Mon/Fayette (including Monongahela River Bridge) |
| November 2012 | Opening of newly constructed Lehigh River & Pohopoco Creek Bridges |
| November 2012 | Total Reconstruction of MP A73 - MP A75 and addition of third travel lane |
| December 2012 | Opening of all-electronic E-ZPass Only SR29 Interchange, MP 320 |
| December 2012 | Total Reconstruction of MP 31 - MP 38, MP 319 - MP 320, MP 215 - MP 220 and addition of third travel lane |
| May 2013 | Opening of reconstructed Highspire and South Midway Service Plazas |
| July 2013 | Groundbreaking for Stage 1 of the Turnpike/I-95 Interchange project |
| August 2013 | Total Reconstruction of MP 199 - MP 202 and addition of third travel lane |
| April 2014 | Electric vehicle charging stations installed at Bowmansville and King of Prussia Service Plazas |
| May 2014 | Opening of reconstructed Peter J. Camiel Service Plaza |
| October 2014 | Total Reconstruction of MP A20-A26 and addition of third travel lane |
| November 2014 | Compressed Natural Gas fueling dispensers installed at the New Stanton Service Plaza |
| December 2014 | Total Reconstruction of MP 206 - 210 and addition of third travel lane |
| February 2015 | Opening of reconstructed Somerset Maintenance and PSP Facilities |
| May 2015 | Opening of reconstructed North Midway Service Plaza |
| June 2015 | Opening of reconstructed Plymouth Meeting Maintenance Facility |
| July 2015 | Opening of E-ZPass Only SR903 Interchange, MP 87 on the Northeast Extension |
| August 2015 | Opening of reconstructed Valley Forge Service Plaza |
| November 2015 | Total Reconstruction of MP 99 - 102 and addition of third travel lane |

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Chronology, Turnpike Improvements (*continued*)

| Date | Improvement |
|----------------|--|
| January 2016 | Neshaminy Falls Toll Plaza, the new eastern-most start and end point of the ticket system opens and the Delaware Valley interchange and the Delaware River Bridge toll plazas are decommissioned |
| January 2016 | Toll By Plate, a new westbound highway speed automatic cashless tolling location, opens near the Delaware River Bridge |
| April 2016 | Total Reconstruction of MP 44 - 48 and addition of third travel lane |
| September 2016 | Pavement Rehabilitation of MP A101 - A104 |
| October 2016 | Opening of newly reconstructed Swatara Creek Bridge |
| October 2016 | Total Reconstruction of MP 250 - 252 |
| December 2016 | Groundbreaking for the US 22 to I-79 Section of the Southern Beltway |
| April 2017 | Total Reconstruction of MP 220 - 227 and addition of third travel lane |
| April 2017 | Opening of Toll By Plate cashless tolling along Beaver Valley Expressway |
| May 2017 | Remediation of New Baltimore Slide, MP 128 |
| November 2017 | Total Reconstruction of MP A26 - A31 and addition of third travel lane |
| April 2018 | Opening of Toll By Plate cashless tolling at Keyser Avenue/Clarks Summit |
| May 2018 | Total Reconstruction of MP 242 - 245 and addition of third travel lane |
| June 2018 | Total Reconstruction of MP 202 - 206 and addition of third travel lane |
| June 2018 | Opening of Toll By Plate cashless tolling at Findlay Connector |
| September 2018 | Opening of Stage 1 of I-95 Interchange Project connecting the Turnpike Mainline with I-95 |
| January 2019 | Conversion of Fort Littleton and Blue Mountain to cashless interchanges |
| July 2019 | Construction starts on first major rehabilitation of the Tuscarora Tunnel |
| October 2019 | Design and Construction starts on the installation of a Fiber Optic Network from MP 247 - H43 and from MP A20 - A131 |
| October 2019 | Total Reconstruction of MP 40 - 44 and addition of third travel lane |
| March 2020 | Emergency conversion to All-Electronic Tolling interchanges systemwide |
| June 2020 | Permanent conversion to All-Electronic Tolling interchanges systemwide |
| October 2021 | Partial opening of Southern Beltway (US 22 to I-79) |
| October 2021 | Greensburg Microgrid goes online at Greensburg Maintenance Facility |
| November 2021 | Total Reconstruction of MP A31 - A-38 and addition of third travel lane |
| October 2022 | Total Reconstruction of MP 28 - 31 and addition of third travel lane |
| April 2023 | Construction complete on the installation of the Fiber Optic Network from MP 247 - H43 |
| November 2023 | Construction complete on the installation of the Fiber Optic Network from MP A20 - A131 |
| December 2023 | Design and Construction starts on the installation of a Fiber Optic Network from MP 0 (Ohio Line) to MP 247 |
| January 2024 | Construction completed on first major rehabilitation of the Tuscarora Tunnel |
| July 2024 | Opening of reconstructed Devault Maintenance Facility |
| August 2024 | Total Reconstruction of MP 102-109 and addition of third travel lane |
| October 2024 | Total Reconstruction of MP 324-326 and addition of third travel lane |
| December 2024 | Construction complete on the installation of the Fiber Optic Network from MP 236-247 |
| January 2025 | Open Road Tolling Conversion from Reading to NJ and on the Northeast Extension |

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Chronology, Speed Limits

| Date | Speed Limit |
|------------------|---|
| October 1, 1940 | No speed limit established by law |
| April 15, 1941 | 70 MPH; various lower commercial speeds depending on vehicle weight |
| December 1941 | Wartime restriction of 35 MPH for all traffic |
| August 1945 | Wartime restriction lifted. Speed limits revert to those of April 15, 1941 |
| July 9, 1951 | 70 MPH for cars, buses, motorcycles |
| | 50 MPH for all other traffic |
| January 15, 1953 | <i>Gateway to Breezewood</i> |
| | 60 MPH for cars, buses |
| | 45 MPH for trucks |
| May 7, 1956 | <i>Breezewood to Valley Forge</i> |
| | 70 MPH for cars, buses |
| | 50 MPH for trucks |
| | <i>Bridges</i> |
| | 45 MPH for all traffic |
| July 24, 1966 | 65 MPH for cars, buses, motorcycles |
| | 55 MPH for commercial vehicles |
| November 1973 | 55 MPH restriction nationwide, enforced on Turnpike beginning December 2, 1973 |
| July 13, 1995 | 65 MPH for cars, buses, motorcycles, and commercial vehicles, except in urban areas where speed limit is 55 MPH |
| April 3, 2001 | 55 MPH from milepost 75 to milepost 130 for all vehicles |
| April 11, 2005 | 65 MPH for all vehicles, except tunnels, MP 122-130, and approaches to mainline toll plazas will remain at 55 MPH |
| July 2014 | 70 MPH for all vehicles between MP 201 - 298 |
| May 2016 | 70 MPH for all vehicles in all areas that were previously 65 MPH |

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Chronology, Toll Rates

| | Statewide Average Rate Increase (All Classes) | | Total Cross-State Toll (Class 1) | | Total Miles (East-West Mainline) | Average Cents Per Mile | |
|----------|--|---------|--|---------|--|---------------------------|---------|
| | Cash / TBP ^ | E-ZPass | Cash / TBP ^ | E-ZPass | Miles | Cash / TBP ^ | E-ZPass |
| 1956* | 0% | 0% | \$ 3.90 | \$ 0.00 | 359 | 1.1¢ | 0.0¢ |
| 1969 | 82 | 0 | 7.10 | 0.00 | 359 | 2.0 | 0.0 |
| 1978 | 23 | 0 | 8.70 | 0.00 | 359 | 2.4 | 0.0 |
| 1987 | 30 | 0 | 11.30 | 0.00 | 359 | 3.1 | 0.0 |
| 1991 | 30 | 0 | 14.70 | 0.00 | 359 | 4.1 | 0.0 |
| 2004 | 42 | 0 | 21.25 | 21.25 | 359 | 5.9 | 5.9 |
| 2009** | 25 | 25 | 28.45 | 28.45 | 359 | 7.9 | 7.9 |
| 2010** | 3 | 3 | 29.35 | 29.35 | 359 | 8.1 | 8.1 |
| 2011** | 10 | 3 | 32.30 | 30.17 | 359 | 9.0 | 8.4 |
| 2012** | 10 | 0 | 35.55 | 30.17 | 359 | 9.9 | 8.4 |
| 2013** | 10 | 2 | 39.15 | 30.77 | 359 | 10.9 | 8.6 |
| 2014** | 12 | 2 | 43.90 | 31.38 | 359 | 12.2 | 8.7 |
| 2015** | 5 | 5 | 46.10 | 32.95 | 359 | 12.8 | 9.2 |
| 2016** | 6 | 6 | 48.90 | 34.93 | 359 | 13.6 | 9.7 |
| 2017** | 6 | 6 | 51.85 | 37.03 | 359 | 14.4 | 10.3 |
| 2018** | 6 | 6 | 55.00 | 39.25 | 359 | 15.3 | 10.9 |
| 2019** | 6 | 6 | 58.30 | 41.70 | 359 | 16.2 | 11.6 |
| 2020** | 6 | 6 | 65.70 | 44.30 | 359 | 18.3 | 12.3 |
| 2021** # | 6 | 6 | 95.30 | 47.00 | 359 | 26.5 | 13.1 |
| 2022** | 5 | 5 | 100.20 | 49.50 | 359 | 27.9 | 13.8 |
| 2023** | 5 | 5 | 105.30 | 52.10 | 359 | 29.3 | 14.5 |
| 2024** | 5 | 5 | 110.70 | 54.80 | 359 | 30.8 | 15.3 |
| 2025** | 5 | 5 | 120.74 | 60.27 | 359 | 33.6 | 16.8 |

Total Cross-State Toll represents Eastbound Mainline Toll for Class 1 (Passenger) from Gateway (Exit #2) to Delaware River Bridge (Exit #43 [old #359]).

- * Cross-State Toll Clarification: Although the PA Turnpike opened to traffic October 1, 1940, at the time it ran just 160 miles from Irwin, PA, to Middlesex, PA; therefore, the 1956 toll rate is used for comparison purposes as it represents the earliest, cross-state Turnpike toll.
- ** Eastbound cross-state motorists pay a “one-way” toll at the Gateway Toll Plaza (Exit #2) near the Ohio border implemented in 2006. Beginning in 2016, westbound cross-state motorists pay a “one-way” toll at the Delaware River Bridge (Exit #43 [old #359]). The closed (formerly ticket) toll system begins at Warrendale (Exit # 30) and ends at gantry T-291 (east of the Reading interchange [Exit #286]).
- ^ Effective March 16, 2020, due to the COVID-19 pandemic, the Commission implemented all-electronic tolling across the system. Tolls are collected via the Toll-By-Plate system at the cash rates.
- # An additional 45% increase over the 2020 cash rate for Toll-By-Plate motorists was implemented at most interchanges which reflects the higher cost of collections for this method.

Source: Pennsylvania Turnpike Commission.



APPENDIX F

DEBT SERVICE REQUIREMENTS OF
OUTSTANDING REGISTRATION FEE REVENUE BONDS

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APPENDIX F - DEBT SERVICE REQUIREMENTS OF OUTSTANDING REGISTRATION FEE REVENUE BONDS

**Registration Fee Revenue Refunding Bonds,
Series of 2025**

| Year Ending (5/31) | Existing Debt Service^{1,2,3} | | Principal³ | | Interest³ | | Total³ | | Total Debt Service^{1,2,3} | |
|-------------------------------|--|-----------|------------------------------|-----------------------|-----------------------------|-----------------------|--------------------------|--|---|--|
| 2026 ⁴ | \$ 2,679,515 | \$ | - | \$ 970,369 | \$ 970,369 | \$ 3,649,885 | | | | |
| 2027 | 17,671,048 | | - | 10,274,500 | 10,274,500 | 27,945,548 | | | | |
| 2028 | 17,343,460 | | - | 10,274,500 | 10,274,500 | 27,617,960 | | | | |
| 2029 | 17,325,279 | | - | 10,274,500 | 10,274,500 | 27,599,779 | | | | |
| 2030 | 17,311,660 | | - | 10,274,500 | 10,274,500 | 27,586,160 | | | | |
| 2031 | 9,846,448 | | 5,490,000 | 10,137,250 | 15,627,250 | 25,473,698 | | | | |
| 2032 | 2,574,326 | | 13,060,000 | 9,673,500 | 22,733,500 | 25,307,826 | | | | |
| 2033 | 2,368,567 | | 13,910,000 | 8,999,250 | 22,909,250 | 25,277,817 | | | | |
| 2034 | 2,153,643 | | 14,810,000 | 8,281,250 | 23,091,250 | 25,244,893 | | | | |
| 2035 | 1,929,141 | | 15,770,000 | 7,516,750 | 23,286,750 | 25,215,891 | | | | |
| 2036 | 1,694,645 | | 16,785,000 | 6,702,875 | 23,487,875 | 25,182,520 | | | | |
| 2037 | 1,449,692 | | 17,860,000 | 5,836,750 | 23,696,750 | 25,146,442 | | | | |
| 2038 | 1,193,857 | | 19,000,000 | 4,915,250 | 23,915,250 | 25,109,107 | | | | |
| 2039 | 926,579 | | 20,205,000 | 3,935,125 | 24,140,125 | 25,066,704 | | | | |
| 2040 | 647,364 | | 21,485,000 | 2,892,875 | 24,377,875 | 25,025,239 | | | | |
| 2041 | 355,739 | | 22,840,000 | 1,784,750 | 24,624,750 | 24,980,489 | | | | |
| 2042 | 51,131 | | 24,275,000 | 606,875 | 24,881,875 | 24,933,006 | | | | |
| TOTAL | \$ 97,522,095 | \$ | 205,490,000 | \$ 113,350,869 | \$ 318,840,869 | \$ 416,362,964 | | | | |

⁽¹⁾ Excludes debt service on the 2023 Bonds, which are to be refinanced by the 2025 Bonds, as well as debt service on a portion of the Series A of 2005 Bonds which is being defeased concurrently with the issuance of the 2025 Bonds. See "REFUNDING PLAN" in this Official Statement.

⁽²⁾ Includes Commission payments of Swaps which have been amended to provide fixed swap payments to the Counterparties through the maturity of the Swaps. See "REFUNDING PLAN" in this Official Statement.

⁽³⁾ Totals may not add due to rounding.

⁽⁴⁾ Fiscal year 2026 debt service amounts exclude prior debt service already paid in the fiscal year through December 15, 2025.

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APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

PENNSYLVANIA TURNPIKE COMMISSION REGISTRATION FEE REVENUE REFUNDING BONDS, SERIES OF 2025

This Continuing Disclosure Agreement ("***Disclosure Agreement***") is executed and delivered this 11th day of December, 2025, by the Pennsylvania Turnpike Commission (the "***Commission***") in connection with the issuance and sale by the Commission of \$205,490,000 aggregate principal amount of its Registration Fee Revenue Refunding Bonds, Series of 2025 (the "***2025 Bonds***").

In consideration of the mutual covenants, promises and agreements contained herein and intending to be legally bound hereby, the Commission agrees as follows:

SECTION 1. DEFINITIONS

In this Disclosure Agreement and any agreement supplemental hereto (except as otherwise expressly provided or unless the context clearly otherwise requires), terms defined in the recitals hereto shall have the meanings set forth therein, and the following terms shall have the meanings specified below:

"Annual Filing Date" means the November 30th immediately following the preceding Fiscal Year ended May 31st, commencing with the Fiscal Year ending May 31, 2026, and each anniversary thereof. If November 30th falls on a day that is not a Business Day, the Annual Filing Date shall be the first Business Day thereafter. The Commission may adjust the Annual Filing Date upon change of its Fiscal Year by providing written notice of such change and the new Annual Filing Date to the Dissemination Agent and the Repository, provided that the period of time between the end of the new Fiscal Year and the new Annual Filing Date does not exceed the period of time between the end of the existing Fiscal Year and the current Annual Filing Date.

"Business Day" means a day other than: (a) a Saturday or a Sunday, (b) a day on which banks are required or authorized to be closed, (c) a day on which the Commission is required or authorized to be closed, or (d) a day on which the New York Stock Exchange is closed.

"Dissemination Agent" means Digital Assurance Certification, L.L.C., acting in its capacity as the initial Dissemination Agent with respect to the continuing disclosure obligations set forth herein, or any successor Dissemination Agent designated in writing by the Commission.

"EMMA" means the Electronic Municipal Market Access system, a service of the MSRB, or any successor thereto.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

"Official Statement" shall mean the Official Statement dated December 3, 2025 with respect to the public offering of the 2025 Bonds.

"Registered Owner" or "Owners" shall mean the person or persons in whose name a 2025 Bond is registered on the books of the Commission kept for that purpose. For so long as the 2025 Bonds are registered in the name of the Securities Depository or its nominee, **"Registered Owner"** shall mean and include the holder of a book-entry credit evidencing an interest in the 2025 Bonds, including holders of book-entry credits who may file their names and addresses with the Commission for the purposes of receiving notices and giving direction under this Disclosure Agreement.

"Repository" means each entity authorized and approved by the SEC from time to time to act as a repository for purposes of complying with the Rule. As of the date hereof, the only Repository recognized by the SEC for such purpose is the MSRB, which currently accepts continuing disclosure filings through the EMMA website at <http://emma.msrb.org>.

"Representative" shall mean, BofA Securities, Inc., as representative of itself and the other Underwriters of the 2025 Bonds.

"Rule" shall mean Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

"SEC" means the United States Securities and Exchange Commission.

"Securities Depository" shall mean The Depository Trust Company, New York, New York, or its nominee, Cede & Co., or any successor thereto.

"Underwriters" shall mean the underwriters of the 2025 Bonds, as set forth in the Official Statement.

SECTION 2. AUTHORIZATION AND PURPOSE OF DISCLOSURE AGREEMENT

This Disclosure Agreement is authorized to be executed and delivered by the Commission in order to enable the Underwriter to comply with the requirements of the Rule. This Disclosure Agreement relates solely to the 2025 Bonds.

SECTION 3. ANNUAL FINANCIAL INFORMATION

The Commission agrees to provide or cause to be provided no later than the Annual Filing Date to the MSRB via EMMA, annual financial information (the **"Annual Financial Information"**), consisting of the following: (a) financial and operating data of the type set forth in the Official Statement in the table entitled "Registration Fees" within the section entitled "REGISTRATION FEES - General", and (b) the Commission's audited financial statements for such fiscal year.

The Commission's audited financial statements shall be prepared in accordance with generally accepted accounting principles consistently applied as in effect from time to time; provided, however, that the Commission reserves the right to change the basis upon which its audited financial statements are prepared at any time and from time to time. Should the Commission exercise its right to change the basis upon which its audited financial statements are

prepared as provided in the immediately preceding sentence, it shall provide notice of any such accounting change to the MSRB via EMMA, which notice shall include a reference to the specific federal or state law or regulation requiring or permitting such accounting change and a description of such change. In the event that audited financial statements are not available by the Annual Filing Date, the Annual Financial Information will contain unaudited financial statements and the audited financial statements will be provided for filing when available.

Any or all of the items listed above may be included by specific reference to documents previously filed with the MSRB via EMMA, or the SEC, including, but not limited to, official statements of debt issues with respect to the Commission. If the document incorporated by reference is a final official statement, it must be available from the Repository. The Commission will clearly identify each such document so incorporated by reference.

SECTION 4. EVENT DISCLOSURE

The Commission agrees that it shall provide, in a timely manner, not to exceed ten business days after occurrence, to the MSRB via EMMA on such form and in such format as shall be required by the MSRB for such filings, notice of any of the following events with respect to the 2025 Bonds within the meaning of the Rule (each a "**Reportable Event**");

- (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 proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2025 Bonds, or other material events affecting the tax status of the 2025 Bonds;
- (7) Modifications to the rights of the holders of the 2025 Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasance of all or any portion of the 2025 Bonds;
- (10) Release, substitution or sale of property securing repayment of the 2025 Bonds, if material;
- (11) Rating changes;

- (12) Bankruptcy, insolvency, receivership or similar event of the Commission¹;
- (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 the trustee, if material;
- (15) Incurrence of a financial obligation of the Commission, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation of the Commission, any of which affects holders of the 2025 Bonds, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation of the Commission, any of which reflect financial difficulties.

The foregoing sixteen Reportable Events are quoted from the Rule. The SEC requires the listing of the Reportable Events set forth in clauses (1) through (16) above although some of such events may not be applicable to the 2025 Bonds.

SECTION 5. NOTICE OF FAILURE TO PROVIDE DISCLOSURE

The Commission covenants to provide in a timely manner to the MSRB notice of a failure (of which the Commission has knowledge) to provide the required Annual Financial Information on or before the Annual Filing Date.

SECTION 6. AMENDMENT; WAIVER

The Commission may amend this Disclosure Agreement and waive any of the provisions hereof, but no such amendment or waiver shall be executed and effective unless (a) 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, (b) this Disclosure Agreement, as modified by the amendment or waiver, would have complied with the requirements of the Rule at the time of original issuance of the 2025 Bonds, taking into account any interpretations of the Rule provided by the SEC, and (c) the amendment or waiver does not materially impair the interests of the Registered Owners of the 2025 Bonds.

¹ This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

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 the MSRB (via EMMA) and shall be sent to the Registered Owners of the 2025 Bonds. The Commission reserves the right to terminate its obligation to provide Annual Financial Information and notices of Reportable Events, as set forth above, if and when the Commission no longer remains an obligated person with respect to the 2025 Bonds within the meaning of the Rule.

SECTION 7. OTHER INFORMATION

Nothing in this Disclosure Agreement shall preclude the Commission from disseminating any other information with respect to the Commission or the 2025 Bonds, using the means of communication provided in this Disclosure Agreement or otherwise. Any election by the Commission to furnish any information not specifically required pursuant to this Disclosure Agreement, or by the means of communication provided for herein, shall not be deemed to be an additional contractual undertaking and the Commission shall have no obligation to furnish such information in any subsequent notice or by the same means of communication.

SECTION 8. BENEFIT; DEFAULT

The Commission acknowledges that its agreement to the disclosure undertaking set forth herein pursuant to the Rule is intended to be for the benefit of the Registered Owners from time to time of the 2025 Bonds, and shall be enforceable by such Registered Owners; provided that the right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Commission's obligations under this Disclosure Agreement and any failure by the Commission to comply with the provisions of this undertaking shall not be an Event of Default under the 2025 Bonds or the Trust Indenture dated as of August 1, 2005, as amended and supplemented through the date hereof, including being supplemented by that certain Supplemental Trust Indenture No. 7 dated as of December 1, 2025, and as it may be further amended and supplemented from time to time, between the Commission and U.S. Bank Trust Company, National Association, as successor trustee. In the event the Commission fails to comply with any provision of this Disclosure Agreement, any Registered Owner of the 2025 Bonds shall have the right, by mandamus, suit, action or proceeding at law or in equity, to compel the Commission to perform each and every term, provision and covenant contained in this Disclosure Agreement.

SECTION 9. FILING WITH EMMA; OTHER FILINGS

All filings required hereby shall be done electronically through EMMA in the form specified by the MSRB and accompanied by identifying information as prescribed by the MSRB or as otherwise specified by the MSRB.

In addition to filings through EMMA, the Commission may file any of the information necessary to be filed hereunder with such other electronic systems and entities as are approved by the SEC by interpretive letter or "no action" letter for receipt of such information in compliance with the requirements of paragraph (b)(5) of the Rule.

SECTION 10. TERM OF DISCLOSURE AGREEMENT

This Disclosure Agreement shall terminate (a) upon payment or provision for payment in full of the 2025 Bonds, or (b) upon repeal or rescission of Section (b)(5) of the Rule, or (c) an opinion of counsel having nationally recognized skill and experience in the issuance of municipal securities and federal securities law to the effect that Section (b)(5) of the Rule is invalid or unenforceable.

SECTION 11. BENEFICIARIES

This Disclosure Agreement shall inure solely to the benefit of the Commission, the Underwriters and the Registered Owners from time to time of the 2025 Bonds, and nothing herein contained shall confer any right upon any other person.

SECTION 12. NO PERSONAL RE COURSE

No personal recourse shall be had for any claim based on this Disclosure Agreement against any member, officer, or employee, past, present or future, of the Commission, or of any successor body.

SECTION 13. ENTIRE AGREEMENT

This Disclosure Agreement sets forth the entire understanding and agreement of the Commission with respect to the matters herein contemplated and no modification or amendment of or supplement to this Disclosure Agreement shall be valid or effective unless the same is in writing and signed by the parties hereto.

SECTION 14. COUNTERPARTS; ELECTRONIC SIGNATURES

This Disclosure Agreement may be executed in counterparts with the same force and effect as if all signatures appeared on a single instrument. The parties to this Disclosure Agreement acknowledge that any party may execute this Disclosure Agreement pursuant to digital or electronic means. Notwithstanding any time stamp accompanying a digital or electronic signature indicating an earlier time, this Disclosure Agreement shall be effective upon the delivery to the respective parties of a fully-executed version of this Disclosure Agreement.

SECTION 15. GOVERNING LAW

The internal laws of the Commonwealth of Pennsylvania shall govern the construction and interpretation of this Disclosure Agreement; provided that, to the extent that the SEC, the MSRB or any other federal or state agency or regulatory body with jurisdiction in connection with the 2025 Bonds shall have promulgated any rule or regulation governing the subject matter hereof (including without limitation the Rule), this Disclosure Agreement shall be interpreted and construed in a manner consistent therewith.

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**SIGNATURE PAGE TO
CONTINUING DISCLOSURE AGREEMENT**

**PENNSYLVANIA TURNPIKE COMMISSION
REGISTRATION FEE REVENUE REFUNDING BONDS,
SERIES OF 2025**

IN WITNESS WHEREOF, this Continuing Disclosure Agreement has been executed and delivered as of the day and year first written above.

PENNSYLVANIA TURNPIKE COMMISSION

By: _____
Name: Richard C. Dreher
Title: Chief Financial Officer

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