NEW ISSUE – BOOK-ENTRY-ONLY **Ratings: See "RATINGS" herein.**

In the opinion of Squire Patton Boggs (US) LLP and Eckert Seamans Cherin & Mellott, LLC, Co-Bond Counsel, under existing law, (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the 2023 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 2023 Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. Interest on the 2023 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.

$231,425,000
PENNSYLVANIA TURNPIKE COMMISSION
REGISTRATION FEE REVENUE REFUNDING BONDS
(FLOATING RATE NOTES),
SERIES OF 2023

Dated: Date of Delivery **Due: July 15, 2041**

The Pennsylvania Turnpike Commission Registration Fee Revenue Refunding Bonds (Floating Rate Notes), Series of 2023 (the ***"2023 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. 6 dated as of September 1, 2023 (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 2023 Bonds are being issued for the purposes of financing, together with other available moneys, (i) the purchase and refunding of the Refunded Variable Rate Bonds (as defined herein) being tendered by the Holders thereof; and (ii) the costs of issuing the 2023 Bonds. See "REFUNDING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The 2023 Bonds will be dated the date of initial issuance and delivery thereof. The 2023 Bonds will bear interest from their date of delivery at a variable rate equal to the SIFMA Index Rate, as further described herein. The SIFMA Index Rate shall adjust on each SIFMA Rate Reset Date, based upon the applicable SIFMA Index published for such week, with the effective date for each adjustment of the SIFMA Index Rate to be each Thursday. Interest on the 2023 Bonds will be computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be. See "DESCRIPTION OF THE 2023 BONDS – Determination of the Interest Rate for the 2023 Bonds" herein. Interest on the 2023 Bonds will be payable monthly on the fifteenth day of each calendar month, commencing September 15, 2023. See "DESCRIPTION OF THE 2023 BONDS" herein.

The 2023 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 2023 Bonds. Beneficial ownership interests in the 2023 Bonds will be recorded in book-entry only form. The 2023 Bonds will be issued in denominations of $5,000 or any multiple thereof. Purchasers of the 2023 Bonds will not receive bonds representing their beneficial ownership in the 2023 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 2023 Bonds, principal of and interest on the 2023 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 2023 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 2023 Bonds, payments of principal and interest on the 2023 Bonds will be made directly by the Trustee under the Registration Fee Revenue Indenture, as described herein. See "DESCRIPTION OF THE 2023 Bonds – Book-Entry Only System" herein.

The 2023 Bonds will be subject to mandatory purchase on the Mandatory Purchase Date as described herein. See "DESCRIPTION OF THE 2023 BONDS – Mandatory Purchase of 2023 Bonds" herein.

The 2023 Bonds will be subject to optional redemption, and sinking fund redemption prior to maturity as described herein. See "DESCRIPTION OF THE 2023 BONDS – Redemption of 2023 Bonds" herein.

The 2023 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 2023 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 2023 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 2023 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 EXCEPT THAT 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 2023 Bonds are being offered by the Underwriters as described herein. The 2023 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 Squire Patton Boggs (US) LLP, Washington, D.C., and Eckert Seamans Cherin & Mellott, LLC, Philadelphia, Pennsylvania, Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Underwriters by Obermayer Rebmann Maxwell & Hippel LLP, Philadelphia, Pennsylvania, Counsel for the Underwriters. Certain legal matters will be passed upon for the Commission by its Chief Counsel, Doreen A. McCall, Esquire, and by Virtus LLP, Philadelphia, Pennsylvania, Disclosure Counsel to the Commission. It is anticipated that delivery of the 2023 Bonds in book-entry form will be made through the facilities of DTC in New York, New York on or about September 6, 2023.

STIFEL NICOLAUS & COMPANY, INCORPORATED | BACKSTROM MCCARLEY BERRY & CO., LLC

Raymond James **RBC Capital Markets**

American Veterans Group PBC **R. Seelaus & Co., LLC** **WauBank Securities LLC**

This Official Statement is dated August 24, 2023.

$231,425,000
PENNSYLVANIA TURNPIKE COMMISSION
REGISTRATION FEE REVENUE REFUNDING BONDS
(FLOATING RATE NOTES),
SERIES OF 2023

$231,425,000 Series of 2023; SIFMA Index; Applicable Spread: 0.85% (*);
Mandatory Purchase Date: July 15, 2026; Maturity Date: July 15, 2041;
Price: 100.00; CUSIP No. (†) 709222DS9

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* See "DESCRIPTION OF THE 2023 BONDS – Determination of Interest Rate on the 2023 Bonds" in the Official Statement for a description of SIFMA Index Rate and the determination thereof, as well as a description of the Step Up Rate which interest on the 2023 Bonds may be adjusted to.

PENNSYLVANIA TURNPIKE COMMISSION

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 2023 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 2023 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 2023 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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TABLE OF CONTENTS

	Page
INTRODUCTION	1
Pennsylvania Turnpike Commission	2
Registration Fee Revenue Indenture, Enabling Acts and Act 3	2
Refunding Plan	3
Sources of Payment and Security for the 2023 Bonds	3
DESCRIPTION OF THE 2023 BONDS	4
General	4
Determination of Interest Rate on the 2023 Bonds	5
Mandatory Purchase of 2023 Bonds	6
Redemption of 2023 Bonds	7
Registration, Transfer and Exchange	9
Book-Entry Only System	10
REFUNDING PLAN	13
ESTIMATED SOURCES AND USES OF FUNDS	13
SOURCES OF PAYMENT AND SECURITY FOR THE 2023 BONDS	13
Sources of Payment; Limited Obligation	13
Security for the 2023 Bonds	14
Registration Fees	14
No Debt Service Reserve Fund	14
Self-Liquidity Fund	14
Additional Bonds	15
Additional Bonds for Refunding Purposes	15
Consent of the 2005 Bond Insurer and Counterparties	15
PARITY OBLIGATIONS	16
General	16
The Swaps	17
REGISTRATION FEES	17
General	17
Excess Act 3 Revenues	19
Factors Affecting Collection of Registration Fees	19
Motor License Fund	19

INVESTMENT CONSIDERATIONS 20
TAX MATTERS 23
CONTINUING DISCLOSURE 25
RATINGS 26
AUDITED FINANCIAL STATEMENTS 26
LITIGATION 27
General 27
Certain Litigation 27
LEGAL MATTERS 27
UNDERWRITING 28
CO-FINANCIAL ADVISORS 29
TRUSTEE, PAYING AGENT, BOND REGISTRAR, CALCULATION AGENT AND AUTHENTICATING AGENT 29
MISCELLANEOUS 30

APPENDIX A	THE PENNSYLVANIA TURNPIKE COMMISSION
APPENDIX B	SELECTED INFORMATION CONCERNING THE COMMONWEALTH OF PENNSYLVANIA
APPENDIX C	SUMMARY OF CERTAIN PROVISIONS OF AND DEFINED TERMS IN THE REGISTRATION FEE REVENUE INDENTURE
APPENDIX D	FORM OF OPINIONS OF CO-BOND COUNSEL
APPENDIX E	AUDITED FINANCIAL STATEMENTS OF THE COMMISSION FOR FISCAL YEARS ENDED MAY 31, 2022 AND 2021
APPENDIX F	DEBT SERVICE REQUIREMENTS OF OUTSTANDING REGISTRATION FEE REVENUE BONDS
APPENDIX G	FORM OF CONTINUING DISCLOSURE AGREEMENT

OFFICIAL STATEMENT

$231,425,000
PENNSYLVANIA TURNPIKE COMMISSION
REGISTRATION FEE REVENUE REFUNDING BONDS
(FLOATING RATE NOTES),
SERIES OF 2023

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 $231,425,000 Pennsylvania Turnpike Commission Turnpike Registration Fee Revenue Refunding Bonds (Floating Rate Notes), Series of 2023 (the "***2023 Bonds***"). The 2023 Bonds are being issued for the purposes of financing, together with other available moneys, (i) the purchase and refunding of the Refunded Variable Rate Bonds (as defined herein) being tendered by the Holders thereof; and (ii) the costs of issuing the 2023 Bonds. See "REFUNDING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

THE COMMISSION'S ALLOCATION (AS DEFINED HEREIN) OF ACT 3 REVENUES IS THE ONLY REVENUE SOURCE FOR THE 2023 BONDS. THE COMMISSION RECEIVES TOLLS REVENUES, AS WELL AS OTHER REVENUE SOURCES NOT DERIVED FROM TOLLING, ALL OF WHICH ARE EXCLUDED FROM THE TRUST ESTATE PLEDGED FOR THE 2023 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 2023 Bonds are payable solely from the Commission Allocation of Act 3 Revenues. The general credit and assets of the Commission are not available to pay the 2023 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2023 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 (as defined herein) 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 2023 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 2023 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 2023 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 2023 Bonds.

Registration Fee Revenue Indenture, Enabling Acts and Act 3

The 2023 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. 6 dated as of September 1, 2023 (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 16, 1997, P.L. 3 ("***Act 3***"), and the Resolutions adopted by the Commission on April 18, 2023 (collectively, the "***Bond Resolution***").

Refunding Plan

The 2023 Bonds are being issued for the purposes of financing, together with other available moneys, (i) the purchase and refunding of the Refunded Variable Rate Bonds (as defined herein) being tendered by the Holders thereof; and (ii) the costs of issuing the 2023 Bonds. See "REFUNDING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Sources of Payment and Security for the 2023 Bonds

The Commonwealth imposes annual registration fees on owners or lessees of passenger cars, recreational motor vehicles, motorcycles, trucks, farm vehicles and other vehicles pursuant to Title 75 of the Pennsylvania Consolidated Statutes, Section 1911 et seq. (together with certain related charges, the "***Registration Fees***"). 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 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 generally referred to as the "***Commission Allocation***").

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, Series B of 2005, Series C of 2005, and Series D of 2005 (collectively, the "***Refunded Variable Rate 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.

The Series A of 2005 Bonds will remain outstanding after the issuance of the 2023 Bonds and the purchase and refunding of the Refunded Variable Rate 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. See "SOURCES OF PAYMENT AND SECURITY FOR THE 2023 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 2023 Bonds are collectively referred to herein as the "***Outstanding Registration Fee Revenue Bonds***." Upon the issuance of the 2023 Bonds and the refunding of the Refunded Variable Rate Bonds, there will be $318,535,000 in aggregate principal amount of Outstanding Registration Fee Revenue Bonds.

The Outstanding Registration Fee Revenue Bonds and any Additional Bonds, the Swaps 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 (as defined herein); 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 Outstanding Registration Fee Revenue Bonds, any Additional Bonds, the Swaps and any other Parity Obligations.

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 2023 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 2023 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 EXCEPT THAT 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.

The 2023 Bonds are additionally secured by the Self-Liquidity Fund. There is no Debt Service Reserve Fund for the 2023 Bonds. See "SOURCES OF PAYMENT AND SECURITY FOR THE 2023 BONDS" herein.

DESCRIPTION OF THE 2023 BONDS

General

The 2023 Bonds are being issued by the Commission pursuant to the Enabling Acts, the Bond Resolution, and the Registration Fee Revenue Indenture and will be dated the date of their issuance and delivery.

The 2023 Bonds will mature on July 15, 2041. The 2023 Bonds will bear interest from their date of delivery at a variable rate equal to the SIFMA Index Rate, as further described herein. See " – Determination of the Interest Rate for the 2023 Bonds" below. Interest on the 2023 Bonds will be payable monthly on the fifteenth day of each calendar month, commencing September 15, 2023 (each an "***Interest Payment Date***" with respect to the 2023 Bonds).

The 2023 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 2023 Bonds is payable at the designated trust office of the Trustee (initially its corporate trust office located in Philadelphia, Pennsylvania). Interest on the 2023 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 2023 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 2023 Bonds, submitted to the Trustee no later than one Business Days 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 2023 Bonds will be registered in the name of and held by Cede & Co., as registered holder, and nominee for DTC. The 2023 Bonds initially will be issued as one fully registered certificate. Purchases of the 2023 Bonds will initially be made in book-entry form. See " – Book-Entry Only System" below. As long as the 2023 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 2023 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 2023 Bonds will be effected through DTC's book-entry system.

DTC may determine to discontinue providing its service with respect to the 2023 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, 2023 Bonds will be authenticated and delivered as provided in the Registration Fee Revenue Indenture to the Beneficial Owners of the 2023 Bonds, who shall then become the registered owners thereof.

Determination of Interest Rate on the 2023 Bonds

The 2023 Bonds shall bear interest from and including the date of delivery thereof at the SIFMA Index Rate. Except for the initial SIFMA Index Rate applicable to the 2023 Bonds upon their issuance, which shall be determined by the Representative (as such term is defined herein) on or prior to the date of issuance of the 2023 Bonds, the SIFMA Index Rate will be determined by the Calculation Agent and the authority to so determine such rate has been delegated by the Commission to the Calculation Agent; provided, however, the SIFMA Index Rate shall not exceed the Maximum Rate. The SIFMA Index Rate shall adjust on each SIFMA Rate Reset Date, based upon the SIFMA Index published for such week, with the effective date for each adjustment of the applicable SIFMA Index Rate to be each Thursday. Upon determining the SIFMA Index Rate for a given week, the Calculation Agent shall notify the Commission of such rate by electronic mail (e-mail) or by telephone or in such other manner as may be appropriate on the date of such determination, which notice, if provided by telephone, shall be promptly confirmed in writing. Such notice shall be provided by not later than 3:00 p.m. eastern standard time on the SIFMA Rate Reset Date.

Interest on the 2023 Bonds will be computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be. The determination of the SIFMA Index Rate (absent manifest error) shall be conclusive and binding upon the Commission and the respective owners of the 2023 Bonds. If for any reason the SIFMA Index Rate shall not be established, the 2023 Bonds shall bear interest at the SIFMA Index Rate last in effect until such time as a new SIFMA Index Rate shall be established for the 2023 Bonds pursuant to the terms of the Supplemental Indenture.

The Trustee is acting as the initial Calculation Agent with respect to the 2023 Bonds.

As used herein, the following terms shall have the following meanings. Also see APPENDIX C attached hereto.

"Applicable Spread" shall mean the number of basis points assigned to the 2023 Bonds.

"***Maximum Rate***" shall mean the lesser of (i) 12% per annum, and (ii) the maximum rate permitted by applicable law.

"***SIFMA Index***" shall mean for any day the level of the most recently effective index rate which is compiled from the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet specific criteria established from time to time by the Securities Industry and Financial Markets Association (SIFMA). If such index is no longer published or otherwise not available, the SIFMA Index for any day will mean the level of the "S&P Municipal Bond 7 Day High Grade Rate Index" maintained by S&P for a 7-day maturity as published on the applicable SIFMA Rate Reset Date or most recently published prior to such SIFMA Rate Reset Date. If at any time neither such index is available, the SIFMA Index will be the prevailing rate on a SIFMA Rate Reset Date determined by the Calculation Agent, in consultation with the Commission, for tax-exempt state and local government bonds.

"***SIFMA Index Rate***" shall mean a per annum rate of interest equal to the lesser of (A) the sum of (i) the Applicable Spread plus (ii) the SIFMA Index, and (B) the Maximum Rate.

"***SIFMA Rate Reset Date***" shall mean each Thursday of each week.

Mandatory Purchase of 2023 Bonds

The 2023 Bonds shall be subject to mandatory purchase on July 15, 2026 (the "***Mandatory Purchase Date***") for an amount equal to 100% of the principal amount thereof plus accrued unpaid interest to the Mandatory Purchase Date. Anything in the Registration Fee Revenue Indenture to the contrary notwithstanding, if funds available for the mandatory purchase of the 2023 Bonds on the Mandatory Purchase Date are insufficient for payment of the amount due on the 2023 Bonds on said Mandatory Purchase Date, then the 2023 Bonds shall bear interest at the Step Up Rate until such time as sufficient funds to pay such purchase amount are delivered by the Commission to the Bondholders and the failure to pay such amount on such Mandatory Purchase Date shall not constitute a default on the part of the Commission.

As used herein, "***Step Up Rate***" shall mean the fixed rate of interest per annum of 8.0% for the period from and including the Mandatory Purchase Date.

Redemption of 2023 Bonds

Optional Redemption of 2023 Bonds

The 2023 Bonds 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, 2025 at a redemption price of 100% of the principal amount thereof to be redeemed plus, in each case, accrued interest on the 2023 Bonds to be redeemed to the redemption date.

Mandatory Redemption of 2023 Bonds

The 2023 Bonds shall be subject to mandatory sinking fund redemption prior to maturity by the Commission on July 15 of the respective years and in the principal amounts each year as set forth below, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the redemption date (provided that if July 15 of any year is not a Business Day, the redemption date shall be the first Business Day following such July 15).

Date (July 15)	Amount	Date (July 15)	Amount
2031	$16,760,000	2037	$21,765,000
2032	17,505,000	2038	22,740,000
2033	18,285,000	2039	23,755,000
2034	19,100,000	2040	24,810,000
2035	19,950,000	2041	25,915,000
2036	20,840,000		

If any 2023 Bond which is subject to mandatory redemption is at any time redeemed in part pursuant to an optional redemption, the principal amount of 2023 Bonds of each maturity so redeemed may be applied as a credit against the principal amount of 2023 Bonds of such maturity or the mandatory sinking fund installments of such 2023 Bonds in such order and amounts as the Commission shall direct.

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 2023 Bonds or portions of 2023 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 2023 Bonds of any series then outstanding shall be called for redemption, the CUSIP numbers, if any, of such 2023 Bonds to be redeemed and, in the case of 2023 Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In case any 2023 Bond is to be redeemed in part only, the notice of redemption which relates to such 2023 Bond shall also state that on or after the redemption date, upon surrender of such 2023 Bond, a new 2023 Bond or 2023 Bonds in principal amount equal to the unredeemed portion of such 2023 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 2023 Bonds or portion of 2023 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 2023 Bonds and portions of 2023 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 2023 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 2023 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 2023 Bonds or portions of 2023 Bonds so called for redemption shall cease to accrue, such 2023 Bonds and portions of 2023 Bonds shall cease to be entitled to any lien, benefit or security under the Registration Fee Revenue Indenture, and the registered owners of such 2023 Bonds or portions of 2023 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 2023 Bonds for any unredeemed portions of 2023 Bonds.

Selection of 2023 Bonds to be Redeemed

If less than all of the 2023 Bonds which are stated to mature on the same date shall be called for redemption, the particular 2023 Bonds or portions of 2023 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 2023 Bond to be redeemed shall be in an Authorized Denomination, and that, in selecting portions of 2023 Bonds for redemption, the Trustee shall treat each 2023 Bond as representing that number of 2023 Bonds which is obtained by dividing the principal amount of such 2023 Bond by the Authorized Denomination. Any unredeemed portion of 2023 Bonds must be in Authorized Denominations.

Partial Redemption of 2023 Bonds

In case part but not all of an outstanding 2023 Bond shall be selected for redemption, the registered owner thereof shall present and surrender such 2023 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 2023 Bond for the unredeemed balance of the principal amount of the 2023 Bond so surrendered.

Registration, Transfer and Exchange

The Commission shall cause books for the registration and for the transfer and exchange of the 2023 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 2023 Bond shall be payable only to or upon the order of the registered owner or his legal representative.

Any 2023 Bond may be transferred only upon the books kept for the registration and transfer of 2023 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 2023 Bond, the Commission shall execute in the name of the transferee, the Trustee shall authenticate and the Bond Registrar shall deliver, a new 2023 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 2023 Bond, or the unredeemed portion thereof, of the same series and maturity and bearing interest at the same rate.

2023 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 2023 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 2023 Bonds, or the unredeemed portion thereof, and bearing interest at the same rate.

In all cases in which 2023 Bonds shall be exchanged or transferred under the Registration Fee Revenue Indenture, the Commission shall execute and authenticate and deliver 2023 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 2023 Bond for each new 2023 Bond delivered upon such exchange or transfer, and such charge or charges shall be paid before any such new 2023 Bond shall be delivered. Neither the Commission nor the Bond Registrar shall be required to make any such exchange or transfer of 2023 Bonds during the period beginning on and after a Record Date and preceding an Interest Payment Date on the 2023

Bonds or, in the case of any proposed redemption of 2023 Bonds, after such 2023 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 2023 Bonds. The 2023 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 2023 Bond certificate will be issued in the aggregate principal amount of the 2023 Bonds, 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 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2023 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2023 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 2023 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 2023 Bonds, except in the event that use of the book-entry system for the 2023 Bonds is discontinued.

To facilitate subsequent transfers, all 2023 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 2023 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 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2023 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 2023 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2023 Bonds, such as redemptions, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of 2023 Bonds may wish to ascertain that the nominee holding the 2023 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 2023 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 2023 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 2023 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 2023 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 2023 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, 2023 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, 2023 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 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 2023 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 2023 BONDS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF BOOK-ENTRY 2023 BONDS; OR (6) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF BOOK-ENTRY 2023 BONDS.

In the event that the Book-Entry Only System is discontinued, and the Beneficial Owners become registered owners of the 2023 Bonds, the 2023 Bonds will be transferable in accordance with the provisions of the Registration Fee Revenue Indenture.

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REFUNDING PLAN

The 2023 Bonds are being issued for the purposes of financing, together with other available moneys, (i) the purchase and refunding of the Refunded Variable Rate Bonds being tendered by the Holders thereof; and (ii) the costs of issuing the 2023 Bonds (collectively, the "***2023 Refunding Project***"). See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Upon the issuance of the 2023 Bonds, the purchase and refunding of the Refunded Variable Rate Bonds and the cancellation thereof by the Trustee, (i) the Refunded Variable Rate Bonds shall no longer be outstanding under the Registration Fee Revenue Indenture, and (ii) funds in the Commission Registration Fee Bonds Account shall be released as provided in the Registration Fee Revenue Indenture. Additionally, the Commission will designate the 2023 Bonds to be associated with the Swaps.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds in connection with the 2023 Bonds.

SOURCES OF FUNDS	
Par Amount of 2023 Bonds	$231,425,000.00
Available Monies (1)	3,020,856.30
TOTAL SOURCES	$234,445,856.30
USES OF FUNDS	
Purchase of Refunded Variable Rate Bonds and payment of accrued interest	$232,093,561.11
Costs of Issuance (2)	2,352,295.19
TOTAL USES	$234,445,856.30

(1) Represents monies released under the Registration Fee Revenue Indenture relating to the Variable Rate 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 2023 BONDS

Sources of Payment; Limited Obligation

Upon the issuance of the 2023 Bonds and the refunding of the Refunded Variable Rate Bonds, the 2023 Bonds and the Series A of 2005 Bonds will be the only Outstanding Registration Fee Revenue Bonds. The Outstanding Registration Fee Revenue Bonds, any Additional Bonds, the Swaps, and other Parity Obligations 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 generally referred to as the "***Commission Allocation***").

Security for the 2023 Bonds

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, any Additional Bonds, the Swaps, and any other Parity Obligations outstanding under the Registration Fee Revenue Indenture, 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".

No Debt Service Reserve Fund

There will be no Debt Service Reserve Fund for the 2023 Bonds, but one may be included for Additional Bonds by a Supplemental Indenture. See "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF AND DEFINED TERMS IN THE REGISTRATION FEE REVENUE INDENTURE" attached hereto.

Self-Liquidity Fund

The 2023 Bonds are additionally secured by funds on deposit in the Self-Liquidity Fund. The Registration Fee Revenue Indenture requires the Commission to maintain a balance of $22,500,000 in the Self-Liquidity Fund while the 2023 Bonds bear interest at the SIFMA Index Rate, and upon the conversion of the 2023 Bonds to bear interest at any interest rate mode other than at the SIFMA Index Rate, and so long as the Commission is not in default under the Registration Fee Revenue Indenture the funds on deposit in the Self-Liquidity Fund may be transferred to the Commission pursuant to the written direction of the Commission. Notwithstanding the foregoing, in connection with any conversion of the 2023 Bonds to an interest rate mode that requires a liquidity facility or a remarketing agent during its term, the Self-Liquidity Fund shall remain in place and maintain a balance of $7,000,000.

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. To the extent that there remains a deficiency in the Debt Service Fund on any payment date after the transfers required under the Registration Fee Revenue Indenture, 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. The Trustee shall provide notice to the Commission, the 2005 Bond Insurer and the holders of the 2023 Bonds of such draw.

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***").

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. 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

When the Commission issued the Refunded Variable Rate Bonds, it entered into the Swaps, which are Parity Obligations under the Registration Fee Revenue Indenture. Upon the issuance of the 2023 Bonds and the purchase and refunding of the Refunded Variable Rate Bonds, the Commission will (i) cause the 2023 Bonds to be associated with the Swaps, and (ii) simultaneously the insurance policies with three of the four Swaps will terminate by their terms; leaving none of the Swaps insured. 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 9. Commitments and Contingencies – Interest Rate Swaps" in the Basic Financial Statements APPENDIX E – "AUDITED FINANCIAL STATEMENTS FOR FISCAL YEARS ENDED MAY 31, 2022 AND 2021" attached hereto.

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 availability of the Commission Allocation (for Outstanding Registration Fee Revenue Bonds, any Additional Bonds, the Swaps or other Parity Obligations) described above.

<u>Registration Fees</u>
(in thousands)

Fiscal Year (ended June 30)	Base Fees	Act 3 Revenues [1]	Act 3 Revenue Coverage	Total
2018	$465,321	$213,980	7.68x	$679,300
2019	448,881	206,420	7.41x	655,300
2020	444,428	240,372	7.34x	648,800
2021	476,897	219,303	7.87x	696,200
2022	480,939	221,162	7.94x	702,100

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

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

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 2023 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 2023 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 2023 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 2023 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.

Lack of Market Access

Any obligation of the Commission to purchase the 2023 Bonds on the Mandatory Purchase Date is subject to the availability of funds which may be derived by the Commission through the issuance of refunding bonds or provided from other sources. The Commission regularly monitors its ability to access the market. If the 2023 Bonds are not purchased on the Mandatory Purchase Date and the Commission is obligated to pay interest at the Step Up Rate, there can be no assurance that the Trust Estate will have sufficient moneys to pay the full amount of the Step Up Rate when due. Notwithstanding the foregoing, the Act 3 Revenues will continue to be deposited with the Trustee as part of the Trust Estate as long as Registration Fee Revenue Bonds remain outstanding.

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.

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 2023 Bonds. See APPENDIX A – "THE PENNSYLVANIA TURNPIKE COMMISSION – THE COMMISSION" attached hereto.

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 2023 Bonds

Current and future legislative proposals, if enacted into law, could cause interest on the 2023 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 2023 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 2023 Bonds. Prospective purchasers of the 2023 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 2023 Bonds may be repaid early due to the exercise of the redemption option. If this happens, 2023 Bond Bondholders will bear reinvestment risk which could be at lower yields than the yields on the 2023 Bonds

The 2023 Bonds may be redeemed prior to their final maturity if the Commission exercises its option to redeem the 2023 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 2023 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 2023 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.

For more information about the Commission's cybersecurity risks and resources see "CERTAIN OTHER INFORMATION – Environmental, Social and Governance Factors" in APPENDIX A attached hereto.

TAX MATTERS

In the opinion of Squire Patton Boggs (US) LLP and Eckert Seamans Cherin & Mellott, LLC, Co-Bond Counsel, under existing law: (i) interest on the 2023 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; and (ii) interest on the 2023 Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax.

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.

Purchasers of the 2023 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 2023 Bonds, and that are intended to evidence and assure that the 2023 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.

The opinion of Co-Bond Counsel is based on the laws and legal authority existing on the date of the issuance of the 2023 Bonds. It represents Co-Bond Counsel's legal judgment as to exclusion of interest on the 2023 Bonds from gross income for federal income tax purposes but 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.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the Commission may and result in the interest on the 2023 Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the 2023 Bonds. The Commission has covenanted to take the actions required of it for the interest on the 2023 Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the 2023 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 matters coming to Co-Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the 2023 Bonds.

Interest on the 2023 Bonds may be subject: (1) to a federal branch profits tax imposed on certain foreign corporations doing business in the United States; (2) to a federal tax imposed on excess net passive income of certain S corporations; and (3) 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 2023 Bonds. Co-Bond Counsel expresses no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the 2023 Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a 2023 Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not presently affect the exclusion of such interest from gross income for federal income tax purposes.

Co-Bond Counsel's engagement with respect to the 2023 Bonds ends with the issuance of the 2023 Bonds, and, unless separately engaged, Co-Bond Counsel is not obligated to defend the Commission or the owners of the 2023 Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the 2023 Bonds, under current IRS procedures, the IRS will treat the Commission as the taxpayer and the beneficial owners of the 2023 Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit.

Prospective purchasers of the 2023 Bonds upon their original issuance at prices other than the price indicated on the inside cover of this Official Statement, and prospective purchasers of the 2023 Bonds at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Co-Bond Counsel expresses no opinion.

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 2023 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 2023 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 not initially linked to all relevant CUSIP numbers, and (ii) with respect to the Commission's outstanding Registration Fee Revenue Bonds the quarterly reporting of liquidity fund balances was not reported on a timely basis on two occasions. 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.

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 2023 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 2023 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 2023 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, 2022 and May 31, 2021 are set forth in APPENDIX E – "AUDITED FINANCIAL STATEMENTS FOR FISCAL YEARS ENDED MAY 31, 2022 AND 2021." The financial statements for the fiscal years ended May 31, 2022 and May 31, 2021 were audited by SB & Company, LLC, and Mitchell Titus, LLP, respectively, in their respective capacities as the Commission's current and former Independent Auditor. Neither SB & Company, LLC nor Mitchell Titus, LLP have been engaged to perform or have performed, since the date of their respective auditor's report, any procedures on the financial statements addressed in the reports. Additionally, neither SB & Company, LLC nor Mitchell Titus, LLP have 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 2023 Bonds are payable solely from the Commission Allocation. The general credit and assets of the Commission are not available to pay the 2023 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 2023 Bonds, or in any way contesting or affecting the validity of the 2023 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 2023 Bonds, the existence or powers of the Commission, or the authority for the Commission to undertake the 2023 Refunding Project.

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

The Commission is subject to claims for personal injury and/or property damage pending against the Commission pertaining to matters normally incidental to routine operations. Currently, none of 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 APPENDIX A – "THE PENNSYLVANIA TURNPIKE COMMISSION – THE COMMISSION – Recent Developments and Legislation – *Julie E. Thomas v. TransCore, LP & Pennsylvania Turnpike Commission*."

LEGAL MATTERS

Certain legal matters with respect to the 2023 Bonds will be passed upon by Squire Patton Boggs (US) LLP, Washington, D.C., and Eckert Seamans Cherin & Mellott, LLC, Philadelphia, 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 2023 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, Obermayer Rebmann Maxwell & Hippel LLP, Philadelphia, Pennsylvania, and for the Commission by its Chief Counsel, Doreen A. McCall, Esquire, and Virtus LLP, Philadelphia, Pennsylvania, as Disclosure Counsel to the Commission.

The various legal opinions to be delivered concurrently with the delivery of the 2023 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***"), Stifel, Nicolaus & Company, Incorporated (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 2023 Bonds from the Commission at a purchase price equal to $230,642,704.81 (representing the par amount of the 2023 Bonds, less an underwriters' discount of $782,295.19). Pursuant to the Purchase Agreement, the Underwriters will be obligated to purchase all of the 2023 Bonds if any of such 2023 Bonds are purchased.

The 2023 Bonds may be offered and sold to certain dealers (including the Underwriters and other dealers depositing such 2023 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 2023 Bonds at the initial offering price.

The obligation of the Underwriters to accept delivery of the 2023 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.

American Veterans Group, PBC ("***AVG***"), one of the Underwriters of the 2023 Bonds, has entered into a negotiated dealer agreement ("***Dealer Agreement***") with Charles Schwab & Co., Inc. ("***CS&Co.***"), for the retail distribution of certain fixed income securities offerings at the original issue prices. Pursuant to the Dealer Agreement (if applicable to this transaction), CS&Co. will purchase 2023 Bonds from AVG at the original issue price less a negotiated portion of selling concession applicable to any 2023 Bonds that such firm sells.

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 2023 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, CALCULATION AGENT AND AUTHENTICATING AGENT

U.S. Bank Trust Company, National Association (the "***Bank***"), Philadelphia, Pennsylvania, is the Trustee, Paying Agent, Bond Registrar, Calculation Agent and Authenticating Agent under the Registration Fee Revenue Indenture, the obligations, and duties of which are as described in the Registration Fee Revenue Indenture. The Bank has not evaluated the risks, benefits or propriety of any investment in the 2023 Bonds, makes no representation, and has reached no conclusions, regarding the validity of the 2023 Bonds, the investment quality of the 2023 Bonds, the security therefor, the adequacy of the provisions for payment thereof or the treatment of the 2023 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 2023 Bonds and status of the interest on the 2023 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 2023 Bonds authenticated or delivered pursuant to the Registration Fee Revenue Indenture or for the use or application of the proceeds of such 2023 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.

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 2023 Bonds, the Registration Fee Revenue Indenture, the Continuing Disclosure 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 2023 Bonds is to be construed as a contract with the holders of the 2023 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

Richard Dreher

By: */s/ Richard C. Dreher*
Richard C. Dreher
Chief Financial Officer

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Final Audit Report 2023-08-30

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APPENDIX A

THE PENNSYLVANIA TURNPIKE COMMISSION

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TABLE OF CONTENTS

THE COMMISSION 1
General 1
Commission Members 1
Executive Personnel 3
Enabling Acts 4
Transition to All Electronic Tolling 6
Recent Developments and Legislation 7
Long Term and Strategic Planning 12

THE TURNPIKE SYSTEM 13
General 13
Interchanges and Service Plazas 15
Additional Services 15
Toll Collection 17

2023 TRAFFIC STUDY 21

CAPITAL IMPROVEMENTS 22
Ten-Year Capital Plan 22
I-95 Interchange 26
Mon/Fayette Expressway and Southern Beltway 26
Condition of the Turnpike System 28

FINANCIAL PLAN 31
General 31
Fiscal Year 2024 Financial Plan 31

CERTAIN FINANCIAL INFORMATION 32
Revenue Sources of the Commission 32
Toll Schedule and Rates 33
Five-Year Financial History 35

COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS 38
Commission Indebtedness 38
Direct Purchase Obligations 43
Letter of Credit Agreements 45
Interest Rate Exchange Agreements 45
Other Obligations 46
Future Financing Considerations 48

CERTAIN OTHER INFORMATION 50
General Reserve Fund; Supplemental Capital Fund 50
Budget Process 52
Financial Policies and Guidelines 52
Personnel and Labor Relations 54
Retirement Plan 55

Other Post-Employment Benefit Liabilities 58
Insurance 60
Performance Audit by the Auditor General 61
Commission Compliance 62
Labor Relations Investigative Unit 63
Environmental, Social and Governance Factors 63

APPENDIX A

THE PENNSYLVANIA TURNPIKE COMMISSION

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 do not apply to members of the Commission who were appointed for the first time prior to Act 89's effective date.

The present members of the Commission and the expiration dates of their respective terms (which, in the case of all of the members of the Commission except Commissioner Leaphart, 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.

William K. Lieberman is the current Vice Chair of the Commission, and was first appointed to serve as a Commissioner in July 2010. Mr. Lieberman previously served as Chair of the Commission from January 2011 until January 2015. Mr. Lieberman has been President of The Lieberman Companies, an insurance and pension provider, since 2003. He serves on the board of AMPCO Pittsburgh. A graduate of The Pennsylvania State University, he is a University of Pittsburgh Trustee and former Chair of the Manchester-Bidwell Corp., Pittsburgh, Pennsylvania. Mr. Lieberman 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 unanimously confirmed by the Pennsylvania State Senate in November 2019. His term expires in November 2023.

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.

Pasquale T. Deon, Sr., an established businessman, has served as a Commissioner since 2002. Mr. Deon is Chair of the Board of Directors of the Southeastern Pennsylvania Transportation Authority (SEPTA). He is also a service-industry entrepreneur involved in real-estate development, beverage distribution and construction services. He is the owner of WBCB-1490AM Radio, Levittown, Pennsylvania. 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 expires in October 2026.

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 expires in July 2026.

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 Taylor, P.E., PTOE was named the Chief Technology Officer in February 2017. He focuses on the use of technology and innovation to improve customer safety and mobility as well as to enable and modernize business operations. Mr. Taylor oversees a $50 million technology program that includes enterprise business systems, geoanalytics, technology infrastructure and cybersecurity. Prior to that, Mr. Taylor served as Manager of Traffic Operations where he managed the traffic incident management program, work zone operations, intelligent transportation systems and connected and automated vehicle technologies. Mr. Taylor worked at Gannett Fleming for over 20 years where he was responsible for the planning and deployment of transportation and security systems. He also served on the board of directors of Avant IMC which provided management consulting, planning, and engineering services for organizations that own and maintain large infrastructure systems.

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, 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 is now 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 use of the Commission's annual Act 44/Act 89 Payments. Effective July 1, 2014, none of the Commission's Act 44/Act 89 Payments may be used to support the Commonwealth's road and bridge projects. Instead, during Fiscal Years 2015 through 2022, $420 million of the scheduled annual Act 44/Act 89 Payments was required to be used to support mass transit capital and operating needs and other transportation programs of statewide significance, and $30 million was required be used to support multi-modal projects, which may include: aviation projects; rail freight projects; port projects; bicycle projects and pedestrian projects. Act 89 further provides that 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.

Transition to All Electronic Tolling

On March 16, 2020, in response to the public health concerns resulting from the COVID-19 pandemic, the Commission accelerated its planned conversion to all electronic tolling ("***AET***") toll collection, removed toll collectors from toll booths and transitioned to only utilizing Toll-By-Plate 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. Toll-By-Plate 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 tolling point. The registered owner of the vehicle is then invoiced for the assessed tolls. Commencing January 3, 2021, the Commission began imposing an additional toll charge on Toll-By-Plate transactions equal to 45% of the toll that would otherwise be due to cover the anticipated costs of non-payment associated with Toll-By-Plate.

The Commission plans to fully convert the System to an open road tolling ("***ORT***") collection operations where transponder readers capture a vehicle's transponder signal supplemented by cameras on overhead gantries to capture a vehicle's license plate at highway speed, and a toll invoice is mailed to the vehicle's registered owner. The Commission anticipates ORT conversion from Reading east to the Delaware River Bridge and the Northeast Extension in

2025. The Commission currently anticipates ORT conversion for the balance of the Mainline to be completed in 2027. See "THE TURNPIKE SYSTEM – Toll Collection" herein for more information about the AET toll collection, the anticipated transition to ORT collection operations, and the Commission's efforts regarding toll violation enforcement.

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.

TROC Report

On March 12, 2021, Governor Wolf signed Executive Order No. 2021-02 which established the Governor's Transportation Revenue Options Commission ("***TROC***"), an official advisory commission comprised of key stakeholders, including experts from the transportation industry, environmental community, business community, energy community, multimodal community and local government representatives. TROC was charged with developing a comprehensive, strategic proposal for addressing the transportation funding needs of the Commonwealth. TROC delivered its final report to the Governor on July 30, 2021 (the "***TROC Report***"). The TROC Report is available online at: https://www.penndot.gov/about-us/funding/Documents/TROC-Final-Report.pdf.[1]

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

The TROC Report estimates that the Commonwealth's state-level annual unmet transportation funding needs will reach $14.5 billion over the next ten years and attributes the funding gap to several factors: (i) over-reliance on shrinking gas tax revenues; (ii) Act 44 and Act 89 providing insufficient funding to address transportation funding statewide; (iii) dramatic increases in emergency repair needs; (iv) rigorous and costly interstate pavement standards; (v) federal transportation gas tax funding remaining static for almost 30 years; (vi) the increased costs created by deferred maintenance; and (vii) reduction in purchase power caused by inflation.

The TROC Report presents a strategic funding proposal, intended to effectively address all modes of transportation, that contemplates three phases of funding to close the gap over time. Notably, with respect to the Commission's outstanding Oil Franchise Tax Revenue Bonds, the TROC Report identifies the gas tax (which includes the Oil Franchise Tax) as an eroding revenue source that needs to be eliminated and replaced by various proposed revenue sources. Further, the TROC Report acknowledges that (i) the Commission's outstanding Oil Franchise Tax Revenue Bonds are secured by the Commission Allocation portion of Oil Franchise Tax revenues, and (ii) that portion of the Oil Franchise Tax would need to remain in place until the Commission's outstanding Oil Franchise Tax Revenue Bonds are retired or defeased.

To date, no action has been taken by the Governor or the General Assembly with respect to the TROC Report. The Commission cannot predict what resulting actions the Governor and/or the General Assembly may take as a result of the TROC Report, if any.

Julie E. Thomas v. TransCore, LP & Pennsylvania Turnpike Commission.

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 Commission and TransCore were served with the complaint on May 24, 2021. The complaint centers mostly on video tolls ("***V-Tolls***"). A V-Toll is an E-ZPass charge that is 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.

The Plaintiff asserts claims for conversion and unjust enrichment against the Commission, as well as additional claims against TransCore. The Plaintiff principally alleges that (i) the V-Tolls charged to her account are excessive and amount to disproportionate fines and penalties, (ii) refunds should be made to the customer's bank accounts, not the E-ZPass account, and (iii) the Commission and TransCore failed to notify E-ZPass customers that newly installed tolling equipment is incompatible with older E-ZPass transponders; resulting in more V-Tolls and overall higher tolls. Based on these allegations, the Plaintiff seeks, among other things, compensatory and punitive damages, as well as attorney's fees and costs, and asked the court to certify a class action.

On June 14, 2021, TransCore filed a notice of removal seeking to move this matter from Dauphin County Court of Common Pleas. The matter was removed to the U.S. District Court for the Eastern District of Pennsylvania. On June 21, 2021, both the Commission and TransCore filed motions to dismiss. In response, Plaintiff filed a motion to remand the action to state court, which the Commission and TransCore opposed. On March 30, 2022, the court denied Plaintiff's motion to remand and the motions to dismiss of both the Commission and TransCore without prejudice, and allowed the Plaintiff 45 days to take jurisdictional discovery.

Following jurisdictional discovery, Plaintiff renewed her motion for remand which was denied. Plaintiff subsequently filed an amended complaint on May 19, 2023. On June 30, 2023 the Commission filed a motion to dismiss Plaintiff's amended complaint.

The Commission is evaluating the lawsuit and cannot, at this time, predict the ultimate outcome. However, the Commission continues to assert all available defenses against these allegations in court.

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.

Recently Enacted Legislation

Act 112 was enacted on November 3, 2022, and became effective January 2, 2023, which lowered the threshold for a vehicle registration suspension for unpaid tolls from six to four outstanding toll invoices, and for unpaid tolls from \$500 to \$250. Act 112 also increased the timing for the statute of limitations for enforcing unpaid tolls from three years to five years.

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 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 2023-2024 legislative session began on January 3, 2023, and is scheduled to adjourn on November 30, 2024.

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, 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 2023-24 legislative session, that if enacted could materially affect the Commission, includes the following:

Senate Bill 41, 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 introduced and referred to the Transportation Committee on January 18, 2023.

Senate Bill 473, which if enacted would garnish the Pennsylvania lottery winnings and state tax refunds due to persons with unpaid tolls, for the amount of tolls due to the Commission plus any penalties or associated fees, was introduced and referred to the Transportation Committee on March 15, 2023.

House Bill 516, which if enacted would prohibit the Commission from imposing and collecting a surcharge or other fee for toll collection by registration plate from an operator or owner of a vehicle registered in the Commonwealth, in excess of the rate fixed by the Commission for collection using electronic toll devices issued by the Commission, was introduced and referred to the Transportation Committee on March 17, 2023.

House Bill 317, 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 the Finance Committee on March 13, 2023.

Similar to House Bill 317, House Bill 381 was introduced on March 14, 2023 and was referred to the Transportation Committee. House Bill 381 contemplates ten percent discount on electronic toll collection for vehicles that (i) obtain at least 45 miles per gallon, and (ii) produce 90% fewer emissions than the average gasoline-powered vehicle of the applicable production year.

Senate Bill 419, which if enacted would create the "Commuter and Commerce Toll Tax Credit" offering an annual 50 percent tax credit for tolls paid with a $500-cap per filer, was introduced and referred to the Finance Committee on March 14, 2023. Similar to Senate Bill 419, House Bill 1222 was introduced on May 24, 2023 and was referred to the Finance Committee. House Bill 1222 contemplates an annual credit of 50 percent tax credit for tolls paid with a $1,000-cap per filer.

Senate Bill 748, which if enacted would eliminate the five-year sunset in Act 86 (as defined herein) and extend the authorization for the automated speed enforcement used in work zones, was introduced and referred to the Transportation Committee on May 31, 2023.

House Bill 524, which if enacted would require the approval by the General Assembly in order to authorize the conversion of an existing public roadway to a toll road, either in whole or a portion, not including bridges and tunnels. This proposed legislation was introduced on March 17, 2023 and has been referred to the House Transportation Committee.

House Bill 1327, which if enacted would streamline the Commission's and PennDOT's construction contracts by using the design build best value process, was introduced and referred to the House Transportation Committee on June 6, 2023.

House Bill 1284, which if enacted would eliminate the February 2024 expiration date for the Automated Work Zone Speed Enforcement program, was introduced in the House on May 31, 2023 and approved by the full House on June 26, 2023. House Bill 1284 has been referred to the Senate Transportation Committee as of June 30, 2023.

Senate Bill 818, which if enacted would update Pennsylvania license plates for increased visibility and safety, was introduced and referred to the Senate Transportation Committee on June 23, 2023.

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. A copy of the 2040 Capital & Asset Analysis is available by request.

2020 Strategic Plan. Adopted in January 2020, the Commission's 2019-2024 Strategic Plan (the "***Strategic Plan***") established the Commission's current vision, commitments, and values. The vision is: "Driving the standard for safety, customer service, and mobility." The Commission's organizational commitments are: (1) improve safety – zero fatalities, no work-zone injuries, reduced incidents; (2) achieve accessible, reliable, and uninterrupted travel; (3) manage all assets in a restorative manner; and (4) be the leader in transportation services. The Strategic Plan is available online at: https://www.paturnpike.com/pdfs/about/StrategicPlan.pdf.[2]

2021 Sustainability Report. The Commission recently completed its 2021 Sustainability Report, which focused on the applicable elements of the United Nations Seventeen Sustainable Development Goals. The 2021 Sustainability Report reflects the benefit of the Commission's internal sustainable strategies as well as its continued work with the Commonwealth's GreenGov Council. The 2021 Sustainability Report is available online at: https://www.paturnpike.com/pdfs/about/PTC_Sustainability_Report_2021.pdf.[2]

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

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/investor-relations/additional-resources-and-reports/ptc-extreme-weather-and-climate-resiliency-report-2022.pdf?sfvrsn=f1d4a3a4_4.[2]

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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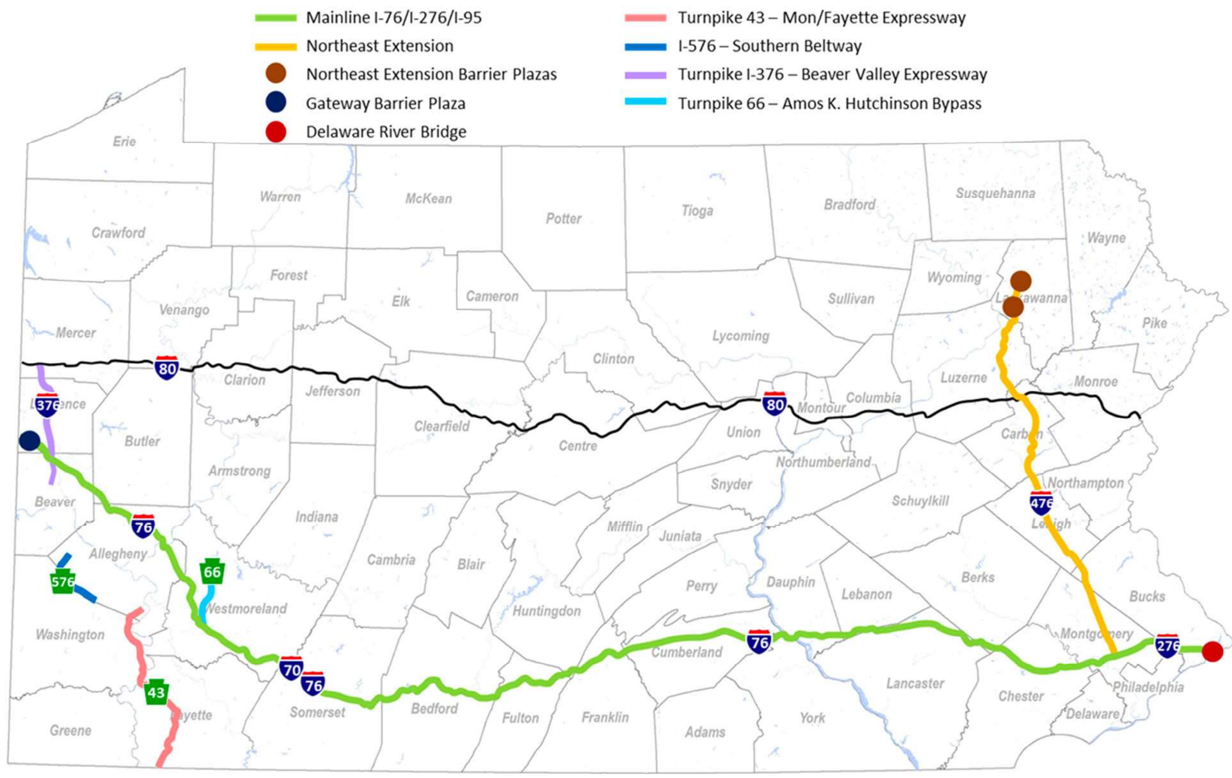
A map of the Turnpike System is provided below.



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 toll 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 has 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.,[3] 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 $5.8 million and $5.5 million, related to these agreements for the Fiscal Years ended May 31, 2021, and 2022, respectively, which is based on the capital assets provided by Applegreen and 7-Eleven.

Additional Services

In addition to the current 773 field personnel in 23 facilities available to keep the roadway open and safe in the event of unfavorable road conditions, the Commission has a 24/7 Traffic Operations Center which monitors conditions on the System and provides emergency dispatch.

In 2019, the Commission discontinued its Turnpike Roadway Information Program, which provided real-time data to drivers, and joined with PennDOT's 511PA travel program. The 511PA

3 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.

travel program 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 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.

As part of this modernization, the Commission discontinued its Highway Advisory Radio alert system, which experienced significant reductions in use as travelers turned to digital sources for travel information. However, the Commission's Customer Assistance Center is still 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 is also working in cooperation with FHWA and PennDOT on the Commonwealth's National Electric Vehicle Infrastructure program. Any charging stations developed pursuant to this program would be installed and operated by a third-party vendor.

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 adoption of ORT will be made easier with the completion of the fiber optic cable project. 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. Notices to proceed for Contracts 1 and 2 were issued in the fall of 2020. Construction has been completed for Contract 1 and this portion of the network is currently undergoing quality assurance testing. Construction work related to Contract 2 is estimated to be completed in 2024. 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), and expects completion of the Western Network in 2026.

Toll Collection

The following information describes the infrastructure of the Commission's AET toll collection system. 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 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 Toll-By-Plate 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.

Toll-By-Plate 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. 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 costs of non-payment associated with Toll-By-Plate.

The Commission plans to fully convert the System to ORT collection operations where cameras on overhead gantries capture a vehicle's license plate at highway speed, and a toll invoice is mailed to the vehicle's registered owner. The overhead gantries will also read the transponder signals for E-ZPass customers to pay tolls at such locations. An initial pilot of the ORT system was installed along the new section of the Southern Beltway which opened in October 2021. The Mainline transition to ORT was initially scheduled to commence on a portion of the System from the Reading Interchange to the New Jersey border as well as the entire length of the Northeast Extension in October 2022. However, as result of reductions in spending under the Fiscal Year 2021 Capital Plan, ORT conversion was deferred to January 2025 on such portion of the System. At present, ORT gantries and support buildings are under construction at various points along the Mainline between the Reading Interchange and the New Jersey border and across the entire length of the Northeast Extension. Conversion to ORT for the balance of the Mainline west of the Reading Interchange is scheduled for completion in January 2027. Existing toll booths will be decommissioned and removed from service at locations in which ORT is implemented.

In addition to implementing the additional 45% charge on all Toll-By-Plate transactions, which was implemented to encourage increased use of E-ZPass 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. 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 Toll-By-Plate customers that pre-register their address and/or credit card for invoicing and has established new cash payment channels 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.

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 2024, 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. See "THE COMMISSION – Recent Developments and Legislation – *Julie E. Thomas v. TransCore, LP & Pennsylvania Turnpike Commission*" herein for information about recent litigation.

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.

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 Toll-By-Plate transactions (collectively, "***ETC***") were approximately $1.1 billion for Fiscal Years 2020 and 2019. The Commission's annual revenues from ticketed drivers (i.e., those not using ETC) 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, utilized electronic tolling exclusively for the full fiscal year. The Mon/Fayette Expressway was converted to all electronic tolling in mid-June 2020.

The following table shows the Commission's ETC penetration rates among passenger, commercial and total users for Fiscal Years 2018 through 2022 and reflects a trend of both categories of System customers increasingly adopting electronic tolling prior to the transition to AET in March 2020.

ETC as a Percentage of Total Volumes

	Electronic Toll Collection				**Non-ETC**				
	Toll-By-Plate*		**E-ZPass**		**Cash**		**Totals**		
Fiscal Year	**Passenger**	**Commercial**	**Passenger**	**Commercial**	**Passenger**	**Commercial**	**Passenger**	**Commercial**	**Grand Total**
2018	1.69%	0.18%	68.21%	12.91%	15.76%	1.25%	85.66%	14.34%	100.00
2019	2.72	0.31	69.24	13.34	13.34	1.05	85.30	14.70	100.00
2020	4.69	0.67	68.79	14.72	10.36	0.77	83.84	16.16	100.00
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

* Incudes 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.

For Fiscal Year 2022, approximately 87.4% of all transactions were E-ZPass or E-ZPass associated transactions which are generally funded by pre-paid accounts. The remaining 13.2% of transactions are Toll-By-Plate transactions which are invoiced to the registered owner of the vehicle.

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 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 six (6) or more violations or incurring unpaid tolls or administrative fees of $500. 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.

Further, as previously mentioned, Act 112 which became effective January 2, 2023, lowers the threshold for a vehicle registration suspension for unpaid tolls from six violations to four violations, and for administrative fines from $500 to $250. Act 112 also extends the statute of limitations for enforcing unpaid toll violations from three years to five years.

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 ("***district justices***") 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.

Signed into law on October 19, 2018, Act 86 of 2018 (formerly Senate Bill 172) ("***Act 86***") authorizes the Commission and PennDOT to conduct speed-enforcement operations inside active work zones ("***Enforcement Zones***") using automated speed-enforcement systems and technology (the "***Automated System***"). 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 do not become revenues of the Commission.

By its own terms the speed-enforcement authorizations set forth in Act 86 expire after five-years, which would occur in February 2024. Legislation has been introduced in the Pennsylvania General Assembly to reauthorize the enforcement program. The Commission cannot predict whether reauthorization legislation will be enacted before the authorizations in Act 86 expire, or if at all. See "THE COMMISSION – Recent Developments and Legislation" herein for more information.

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.

2023 TRAFFIC STUDY

In May 2023, CDM Smith delivered its new Pennsylvania Turnpike 2023 Traffic and Revenue Forecast Study (the ***"2023 Traffic Study"***) which covers Fiscal Years 2023 through 2053 (the "***Forecast Period***). The 2023 Traffic Study is the first investment grade traffic and revenue study delivered since the traffic and revenue forecast developed by CDM Smith in April 2018 (the "***2018 Traffic Study***"). Subsequent to the April 2018 Traffic Study, CDM Smith developed additional bring down letters, to update actual traffic and revenue experience and to adjust short-term forecasts based on then current trends. Because CDM Smith does not conduct detailed economic analyses as part of a bring down letter, the longer-term forecasts set forth in the bring down letters were not adjusted from those originally developed as part of the 2018 Traffic Study. In addition to adjustments in macroeconomic conditions, the 2023 Traffic Study reflects CDM Smith's assessment of the impact of a potential recession, AET user behaviors as well as long-term implications of the COVID-19 pandemic and related socio-economic changes that impact traffic trends.

The 2023 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 2023 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 2023 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 at 5.0% through 2025 before tapering down to 3.0% in 2028 through 2053; (ii) E-ZPass market share is expected to become saturated around 2028, with E-ZPass market shares of 89.8% for passenger cars, 92.9% for commercial vehicles, and 90.3% total, and only fractionally increase during the remainder of the Forecast Period; and (iii) mild recessionary impacts in fiscal years

2024 through 2026; and (iv) 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 2023 represents its peak value in relation to net toll revenue. In Fiscal Year 2023, bad debt expense is forecast to equal 6.6% of net toll revenue. This figure is expected to gradually decline throughout the Forecast Period, reaching 5.9% of net toll revenue by Fiscal Year 2053.

The material information, forecasts, findings, assumptions and conclusions concerning traffic volume and toll revenue on the System set forth in the 2023 Traffic Study differ in a variety of ways from that presented in prior traffic studies and bring down letters. The 2023 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. [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 2, 2023, the Commission adopted its current ten-year capital plan for Fiscal Year 2024 (the "***Fiscal Year 2024 Capital Plan***"). The Fiscal Year 2024 Capital Plan calls for investment of approximately $7.7 billion over the coming decade, and reflects a 6% increase over the ten-year capital plan for Fiscal Year 2023 (the "***Fiscal Year 2023 Capital Plan***") which is primarily attributable to inflation. Like the Fiscal Year 2023 Capital Plan, and the ten-year capital plan for Fiscal Year 2022, which reflected a 20% increase over the ten-year capital plan from the prior fiscal year, the Fiscal Year 2024 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 2024 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 2024 Capital Plan anticipates that approximately $3.5 billion will be funded on a pay-as-you-go basis and the remaining approximately $4.2 billion will be funded with

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

proceeds from Senior Revenue Bonds (as hereinafter defined). 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 2023 Traffic Study assumes annual toll increases ranging between 3.0% to 5.0% in each year of the ten-year capital plan period. See "2023 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 2024 Capital Plan are shown below.

FY 2024 Ten Year Capital Plan (YOE)												
Program	**Category**	**FY2024**	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**	**FY2030**	**FY2031**	**FY2032**	**FY2033**	**Total FINAL PLAN**
Highway	Roadway/Safety	$163,558,000	$145,840,240	$103,847,843	$92,415,022	$97,933,869	$96,990,387	$99,900,099	$102,897,102	$105,984,015	$109,163,535	$1,118,530,112
Highway	Bridge, Tunnels & Misc. Structure	153,213,878	135,293,558	118,800,860	105,586,551	96,799,159	91,403,294	88,008,772	90,017,113	54,540,241	59,076,192	992,739,619
Highway	Total Reconstruction	259,295,443	236,576,962	214,573,257	241,328,297	249,018,913	261,954,762	303,927,439	306,812,132	344,642,228	308,107,563	2,726,236,997
Highway	Interchanges (w/o AET)	27,290,000	56,212,000	56,833,920	26,386,870	82,848,673	66,779,399	108,913,642	102,198,310	49,451,067	84,096,696	661,010,576
Highway	Highway Miscellaneous	49,865,569	44,964,044	40,972,344	35,896,986	32,605,301	33,473,114	36,352,191	35,869,760	37,001,383	36,969,567	383,970,259
Highway	Total (w/o AET)	653,222,890	618,886,805	535,028,224	501,613,725	559,205,915	550,600,956	637,102,143	637,794,418	591,618,935	597,413,553	5,882,487,563
FEMO	Re-capitalization	2,972,000	1,820,000	1,776,060	1,940,211	1,998,417	2,058,370	2,241,271	2,308,509	2,377,764	2,449,097	21,941,699
FEMO	Sustainment	9,572,000	6,058,000	6,377,670	6,679,869	6,994,461	7,263,105	7,602,148	7,954,997	8,322,174	8,704,223	75,528,647
FEMO	Compliance	6,545,000	7,358,000	7,615,530	7,954,865	7,965,121	8,204,074	8,571,346	9,078,055	9,478,924	9,763,292	82,534,207
FEMO	New Energy Initiative	2,201,000	2,022,800	2,093,598	2,156,406	2,221,098	2,287,731	2,356,363	2,427,054	2,499,865	2,574,861	22,840,777
FEMO	Facilities Design	33,228,000	44,002,400	42,636,204	37,141,182	42,309,350	43,461,009	42,947,593	26,766,224	27,569,211	28,396,287	368,457,460
FEMO	Total	54,518,000	61,261,200	60,499,062	55,872,533	61,488,446	63,274,289	63,718,721	48,534,838	50,247,939	51,887,761	571,302,790
Fleet Equipment	Fleet Equipment	20,420,000	20,280,000	21,481,129	22,789,330	22,839,055	23,524,227	20,595,461	21,213,324	21,849,724	22,505,216	217,497,466
Technology	Functional Business Software	52,092,488	40,661,344	31,246,121	29,191,538	29,283,172	28,697,270	29,534,426	30,509,973	16,952,323	17,209,871	305,378,527
Technology	Infrastructure HW/SW	17,631,856	18,284,109	18,942,810	19,530,994	20,138,035	20,764,574	21,411,273	22,078,819	22,767,928	15,886,035	197,436,434
Technology	Toll Collection/Operations	4,996,000	3,120,000	3,229,200	3,326,076	3,425,858	3,528,634	3,634,493	3,743,528	3,855,834	3,971,509	36,831,132
Technology	Total	74,720,344	62,065,453	53,418,131	52,048,608	52,847,066	52,990,478	54,580,193	56,332,320	43,576,085	37,067,414	539,646,092
EN-00115	Cashless Tolling Conversion	92,940,000	75,836,800	129,404,808	82,619,728	61,574,093	22,489,161	0	0	0	0	464,864,590
	Grand Total (PSEXP)	895,821,234	838,330,257	799,831,354	714,943,924	757,954,576	712,879,111	775,996,517	763,874,900	707,292,683	708,873,945	7,675,798,502
	Reimbursed/Supplemental Funds	164,000,000	0	0	0	0	0	20,000,000	20,000,000	0	0	204,000,000
	Grand Total (PSNET)	731,821,234	838,330,257	799,831,354	714,943,924	757,954,576	712,879,111	755,996,517	743,874,900	707,292,683	708,873,945	7,471,798,502

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 152 miles of the Mainline with most of these sections widened to six lanes. Approximately another 13.53 miles are currently in total reconstruction and 86 miles are currently in design.

Based on the Fiscal Year 2024 Capital Plan, the Commission plans to spend approximately $2.7 billion on total reconstruction projects and approximately $1 billion on various bridge and tunnel projects over the next ten years. In total, the Highway Program includes funding of approximately $5.9 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 $540 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 has implemented SAP ERP to provide a set of integrated business processes supported by multi-module application software with a centralized data repository.

Fleet Program

The Fiscal Year 2024 Capital Plan includes approximately $217 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 2024 Capital Plan includes approximately $571 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 eventual conversion to an ORT system. The implementation of and long-term conversion to a cashless tolling system is estimated to require approximately $465 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 Commission completed the first of three phases of its Pennsylvania Turnpike/I-95 Interchange Project (the "***Interchange Project***") in September 2018. 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 third phase will be the construction of a new wider bridge over the Delaware River, replacing the existing bridge. Funding for the initial design costs of the subsequent phases was included in the Fiscal Year 2024 Capital Plan.

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 section (MFE 53A1) of the southern section was bid in December 2022, and a notice to proceed was given in January 2023. Subsequent sections are planned to be bid in 2023, 2024 and 2025. 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 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 Senior Revenue Indenture, the Commission must arrange for the System to be inspected at least once every three years by engaging one or more consultants to conduct inspections and prepare a report. The report must state (a) whether the System has been maintained in good repair, working order and condition since the last inspection report and (b) any recommendations which such consultants may have as to revisions or additions to the Commission's annual capital budget.

The most recent inspection report, the Pennsylvania Turnpike Condition Assessment Report 2020 (submitted to the Commission in February 2021), was prepared by Michael Baker International (the "***Condition Assessment Report***").

Based on reviews performed by others as well as their own observations, the authors of the Condition Assessment Report found that, "the overall condition of the System is good except for specific areas noted in the report."

The following summarizes certain information found in the Condition Assessment Report, including certain of the "specific areas" referred to in the preceding paragraph, and in inspection data gathered in 2020. Two of the four asset groups, Roadway and Facilities, are rated "Good" overall. The remaining two asset groups Structures and Technology are rated to be in "Good to 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 each of the four asset groups.

Roadway

The recent roadway pavement inspection data indicates that the overall condition of the System's pavement meets or exceeds established criteria and is rated in Good condition. Supporting roadway features such as guiderail, attenuators, and concrete median barrier are generally in Good to Fair condition. These assets require regular inspection and prompt repair when damaged for the safety of customers. Stormwater facilities are in Good to Fair condition and are being inspected in accordance with permitting requirements. A continued focus on regular maintenance or repair, however, is needed to keep them functioning as intended. The roadway drainage system seems to be in Good condition based on the qualitative approach used to evaluate this asset. Based on a recent visual inspection of the moderate and high priority slopes and a comparative analysis from the 2018 Systemwide Rock Cut Evaluation and Report, the rock cuts appear to be in Good condition. The overall condition of signs is Good and is being maintained adequately. Recent field evaluations of the System's highly reflective, durable pavement markings and waterborne pavement markings at selected locations indicate that the System's pavement markings are in Good condition.

Structures; Status of Delaware River Bridge

In 2012, the Commission undertook a five-year program of enhanced capital spending to address critical needs of the System including structurally deficient bridges. The Commission's percentage of structurally deficient bridges (by count) decreased from 8.1% in 2012 to 3.8% in 2017.

The System's bridges and culverts are in Good condition with about 3.1% noted in Poor condition (formerly referred to as structurally deficient) in 2020. Notably, 55% of the bridges exceed 50 years in age, including 17% over 70 years in age. The System's sign structures have an overall condition rating of Good. Retaining walls/noise barriers are in Good condition overall. High mast light poles appear to be in Fair condition. High mast light poles are being removed with construction projects that impact them and will ultimately be phased out. The Commission's tunnels are generally in Fair condition with special attention to be given to structural elements (i.e., ceiling slabs, hanger rods) for prompt corrective action, if needed.

In January 2019, PennDOT, through its P3 Office, invited interested teams to respond to a Request for Information (the "***Tunnel RFI***") to provide feedback information and materials for the Commission to consider the development of a bundled tunnel rehabilitation project. The purpose of the Tunnel RFI was to gather feedback and information related to the development, design, construction, finance and maintenance of the Turnpike tunnels and tunnel systems. After review of the Tunnel RFI proposals, the Commission elected not to pursue development of a bundled tunnel rehabilitation project at this time. The rehabilitation of the Commission's tunnels will likely be completed with funding from the current or future capital plans. At present, the Commission is proceeding with a major rehabilitation of the Tuscarora tunnels.

On January 20, 2017, the Delaware River Bridge was closed following the discovery of a fracture in a steel truss. Phase l of the work to stabilize the bridge was completed on January 23, 2017 while structural engineers engaged in a more comprehensive assessment and structural analysis to determine a permanent repair strategy. After the completion of certain repairs and extensive examination and testing of the bridge over several weeks by the Commission, the NJTA and the FHWA and their respective experts and consultants, the bridge was fully reopened to traffic on March 9, 2017. CDM Smith, the Commission's traffic and revenue consultant has projected that the closure of the bridge resulted in the Commission incurring a loss of toll revenue on the Turnpike during the period between January 20, 2017, and March 9, 2017, of approximately $14 million (1.8 million transactions).

The bridge is jointly owned and maintained by the Commission and the NJTA and all costs of operation, maintenance and repair of the bridge are shared equally by the Commission and the NJTA. The Commission estimates that its 50% share of the costs of the repair, examination and testing of the bridge will be approximately $7.5 million, which will be funded by the Commission as part of its Fiscal Year 2024 Capital Plan.

In connection with the foregoing, the Commission concluded with its insurer that the costs associated with the bridge repairs along with lost revenues relating to the bridge closure, were covered under its All-Risk insurance policy (subject to applicable deductibles). The insurer accepted the Commission's claim on February 7, 2018. The Commission met its $5 million deductible and has received $9.9 million in final settlement of the claim. The Commission maintains a $200 million (per occurrence) All Risk insurance policy including loss of business income coverage as further described under "CERTAIN OTHER INFORMATION – Insurance" below.

In collaboration with the NJTA, a Request for Information ("***RFI***") regarding the Delaware River Bridge was released via PennDOT's P3 Office on November 18, 2019. The RFI provided an opportunity for respondents to offer feedback on project scope, project delivery options and financing. Twenty-three (23) responses were received by January 10, 2020. Respondent team members include P3 concessionaires (12 of 23), contractors (6 of 23) and designers (5 of 23) with experience in developing and/or financing large transportation infrastructure projects. Evaluation of the responses was completed, and in conjunction with NJTA, the Commission issued a Request for Proposals on February 8, 2021, with six Statements of Interests received on March 4, 2021, for a consultant to complete an alternative analysis for the new structure and upon completion and agreement by both agencies the consultant will advance the selected alternative to 20% design completion. On June 15, 2021, the Commission selected HDR Engineering, Inc., as the firm to provide the alternative analysis and initial design services. It is anticipated that the 20% design will be completed in late 2023, at which time the Commission and NJTA expect to further collaborate on project delivery via design-bid-build or design-build.

Facilities

The service plazas are rated Good overall with the exception of one facility where the deficiency is being addressed with an additional water source to the Cumberland Valley facility. Facility condition reports are being shared with Applegreen and 7-Eleven to assist with their maintenance responsibilities and provide the necessary information for capital planning needs and allocations. Maintenance buildings are rated in Good condition overall. The Commission has adopted a Strategic Facilities Replacement Plan for maintenance facilities and funding has been provided within the Fiscal Year 2024 Capital Plan to replace designated maintenance facilities in the next 10 years. The interchange buildings are rated in Fair condition as many of the facilities' electrical and mechanical systems are approaching their expected life cycle. All but one of the Poor-rated interchange buildings are scheduled to be replaced by ORT facilities with future deployment of ORT throughout the System. The overall condition for the following facility types is rated Good: administration buildings, district fare collection buildings, state police station facilities, and stockpiles. Warehouse and training facilities are rated Fair. Overall, the communication towers are rated as Good.

Since taking responsibility for inspection and maintenance of the communication towers in 2013, the Commission has advanced a tower-climbing and structural analysis review program to assess the condition of communications towers. Climbing inspections have been completed on all of the towers except for two old state forest fire towers that have no PTC systems installed on them and are scheduled to be demolished. All towers have been inspected in accordance with PTC policy and all are satisfactory, except four that are scheduled to be reinforced.

Technology

Technology is comprised of the Intelligent Transportation System ("***ITS***") devices, access gates, and AET equipment. The overall condition of ITS devices is rated Good to Fair. The

Commission's information technology staff continually monitors the virtual network and provides support for troubleshooting issues as needed. The Commission's ITS contractor maintains the ITS equipment through preventative and response maintenance plans. Access gates are rated Good condition and are in the process of upgrading to add remote operation capabilities. AET assets are in Good condition.

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 2024 on June 1, 2023 (the "***Fiscal Year 2024 Financial Plan***").

Fiscal Year 2024 Financial Plan

The Fiscal Year 2024 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 2024 Capital Plan. The Fiscal Year 2024 Financial Plan indicates that in Fiscal Year 2023, 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 2024 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-plan---2024.pdf?sfvrsn=f3bd05a8_4.[5]

[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 Senior Revenue Indenture (as hereinafter defined). 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 (diesel fuel and all other special fuels except dyed diesel fuel, liquid fuels and alternative fuels). 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 May 31, 2023, the balance in the Oil Franchise Tax General Fund was approximately $223 million. Funds in the Oil Franchise Tax General Fund represent excess oil franchise tax revenues not required for debt service and such funds may be used by the Commission for any of its 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)]
2019	$1,004,534	$141,594
2020	929,683	141,665
2021	906,855	114,176
2022	950,192	136,522
2023 [(4)]	956,800	130,812

(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 31 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.
(4) Unaudited.

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.

Toll Schedule and Rates

The current System generally employs a closed or ticket system method for toll collection. Tolls are determined based on the length of the trip and vehicle class. There are nine vehicle classes determined either by axles or, in the case of commercial vehicles, by axles and weight. Historically, all drivers were issued a ticket upon entering the System and were required to surrender the ticket and pay the appropriate toll upon exiting. The System permanently transitioned to AET collection methods in March 2020. See "THE TURNPIKE SYSTEM – Toll Collection" herein.

The Turnpike is the only remaining road in the United States that still establishes tolls based on vehicle weight. As part of its efforts to continue to modernize its operations, the Commission is using an upgraded vehicle classification system at two tolling locations. In Spring 2018, the Commission began utilizing an "axle/height" system that calculates tolls based on the vehicle's height plus the number of axles. The axle/height classification system is currently utilized in eastern Pennsylvania at the Clarks Summit and Keyser Avenue tolling points on the Northeastern Extension and also in western Pennsylvania on the Southern Beltway, and will be phased in over time as it is expected to be the most accurate, predictable and efficient system for customers. It is also expected to be less expensive for the Commission to maintain and will be consistent with systems currently being operated in neighboring states.

The following Table I illustrates the tolls and per mile rates applicable to each vehicle class for a trip on the Turnpike Mainline from Interchange 1 through Interchange 353 following the toll increase effective January 2023:

TABLE I
Current Tolls and Per Mile Rates for Mainline Roadway East – West Complete Trip (Neshaminy Falls – Warrendale) (1)(2)

Vehicle Toll Class	Gross Vehicle Weight (Thousand Pound)	Toll Rate Toll-By-Plate Effective 1/2023	Per Mile Rate Toll-By-Plate	Toll Rate E-ZPass Effective 1/2023	Per Mile Rate E-ZPass
1	1-7	$90.90	$0.281	$45.00	$0.139
2	7-15	133.40	0.413	65.90	0.204
3	15-19	160.90	0.498	79.40	0.246
4	19-30	193.00	0.598	95.50	0.296
5	30-45	270.40	0.837	133.90	0.415
6	45-62	339.00	1.050	168.00	0.520
7	62-80	485.00	1.502	240.40	0.744
8	80-100	635.90	1.969	315.20	0.976
9	Over 100	635.90	1.969	315.20	0.976

(1) The toll rates presented above reflect an "East West" trip on the toll system between the Neshaminy Falls (#353) interchange and Warrendale (#30). For purposes of the Senior Indenture, the Mainline is the entire length of the roadway between Ohio and the Delaware River Bridge. Additional toll rate information can be found at https://www.paturnpike.com/toll-calculator/toll-schedules.[6]

(2) On July 18, 2023, the Commissioners approved a 5% increase in tolls to become effective in January 2024.

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. The most recent toll increase took effect in January 2023, and consists of a 5% increase. On July 18, 2023, the Commissioners approved a 5% increase in tolls to become effective in January 2024. The 2023 Traffic Study assumes that the Commission will continue to increase tolls annually throughout the forecast period, which ends in 2053.

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

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

Recent Toll Rate Increase History [(1)]

	Percent Increase	
Effective Date	**Toll-By-Plate[(2)]**	**E-ZPass**
1/5/2014	12%	2%
1/4/2015	5	5
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) On July 18, 2023, the Commissioners approved a 5% increase in tolls to become effective in January 2024.

(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. 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 costs of non-payment associated with Toll-By-Plate. Non-E-ZPass users that pre-register their vehicle receive a discount.

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 2019 to 2023. 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 of this 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 E – AUDITED 2022 AND 2021 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				
	2019	**2020** [(1)]	**2021**	**2022**	**2023** [(2)]
Number of Vehicle Transactions: [(3)]					
Passenger	181,946	158,738	137,714	165,128	170,355
Commercial	31,346	30,602	31,887	34,976	35,898
Total [(4)]	213,292	189,340	169,601	200,104	206,253
Toll Revenue:					
Passenger	$740,205	$683,511	$610,353	$819,784	$868,352
Commercial	595,180	606,050	648,458	749,243	793,355
Total	$1,335,385	$1,289,561	$1,258,811	$1,569,027	1,661,707
Net Discounts, Adjustments and Toll Bad Debt	-8,354	-41,782	-68,392	-109,111	-121,002
Net Toll Revenues	$1,327,031	$1,247,779	$1,190,419	$1,459,916	$1,540,705

(1) Fiscal Year 2020 Net Fare Revenues are approximately $32.0 million less than presented in previous official statements. This is because of a reclassification of toll related bad debt from Miscellaneous to Discounts, Adjustments and Toll Bad Debt. Also, see note 2 on Table III.

(2) Preliminary, unaudited

(3) Number of vehicle transactions is unaudited.

(4) The number of vehicle transactions presented in Table II for fiscal years 2019 and 2020 are slightly less than numbers presented in previous official statements. The slight 0.6% decrease is the result of a change in methodology for reporting orphan transactions. Orphan transactions are transactions that can't be correlated because of a missing entry or exit record for the transaction. This change was implemented as part of a reporting enhancement project. Prior years were restated so counts are consistent with the Commission's current methodology.

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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,				
	2019	**2020[2]**	**2021**	**2022**	**2023 [3]**
Revenues					
Net Fare Revenues	$1,327,031	$1,247,779	$1,190,419	$1,459,916	$1,540,705
Concession Revenues	4,737	4,426	3,652	5,008	4,819
Senior Interest Income	17,155	20,605	13,391	12,534	22,873
Subordinate Interest Income	5,638	6,758	5,514	5,142	7,193
MLF Enhanced Interest Income	526	638	462	441	510
Miscellaneous	4,837	31,578	36,101	38,654	45,959
Total Revenues	$1,359,924	$1,311,784	$1,249,539	$1,521,695	$1,622,059
Operating Expenditures					
General & Administrative	$45,281	$52,122	$50,860	$63,196	$67,969
Traffic Engineering and Operations	3,262	3,162	3,396	3,471	3,454
Service Centers	38,703	41,972	48,334	59,688	70,033
Employee Benefits[4]	96,993	91,161	86,087	16,100	47,092
Toll Collection	58,200	58,129	31,261	26,237	26,453
Normal Maintenance	73,110	64,636	74,891	78,065	78,379
Facilities and Energy Mgmt. Operations	11,522	11,344	11,400	11,763	12,402
Turnpike Patrol	49,432	53,638	55,593	53,738	60,504
Total Operating Expenditures[4]	$376,503	$376,164	$361,822	$312,258	$366,286
Revenues less Operating Expenditures	$983,421	$935,620	$887,717	$1,209,437	$1,255,773
Senior Annual Debt Service Requirement	$303,781	$306,338	$234,905	$311,234	$372,520
Coverage Ratio[5]	3.22	3.03	3.75	3.87	3.35
Annual Subordinate Debt Service Requirement	$355,247	$320,707	$261,311	$331,983	$334,737
Coverage Ratio[6]	1.49	1.49	1.79	1.88	1.77
Annual MLF Enhanced Debt Servic Requirement	$43,175	$42,057	$48,818	$49,385	$53,427
Coverage Ratio[7]	1.40	1.40	1.63	1.75	1.65

(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.

(Notes Continue on Following Page)

(2) Certain previously reported Fiscal Year 2020 revenues have been reclassified to conform to the Fiscal Year 2021 financial statement presentation. Approximately $32.0 million of toll-related bad debt, was reclassified from Miscellaneous to Net Fare Revenues. The reclassifications between these two categories did not change Total Revenues previously presented.
(3) Preliminary, unaudited.
(4) 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 have been $371 million.
(5) Calculated using Senior Interest Income.
(6) Calculated using Senior and Subordinate Interest Income.
(7) Calculated using Senior, Subordinate and MLF Enhanced Interest Income.

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 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	Accreted thru 6/1/2023	Total Outstanding
Turnpike Senior Revenue Bonds	$6,497,630,000	-	$6,497,630,000
Turnpike Subordinate Revenue Bonds	6,150,539,922	51,377,873	6,201,917,795
Special Revenue Bonds	932,205,728	47,953,832	980,159,560
Oil Franchise Tax Revenue Bonds	1,470.196,246	16,085,021	1,486,281,267
Registration Fee Revenue Bonds	318,535,000	-	318,535,000

After the issuance of the 2023 Bonds, and the refunding of the 2005 Registration Fee Revenue Bonds (as defined herein), $318,535,000 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. Also see " – Future Financing Considerations" below for information about the Forward Delivery Bonds (as defined herein) and the Commission's anticipated 2023A Senior Bonds (as defined herein).

As of the date of this Official Statement, approximately 92.4% of the Commission's outstanding debt is fixed rate, 6.9% is synthetic fixed, and 0.6% 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 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 $6,497,630,000 in aggregate principal amount of Turnpike Senior Revenue Bonds outstanding under the Turnpike Senior Revenue Indenture. The foregoing amount includes certain notes evidencing and securing $133,500,000 in loans through the Immigrant Investor Program (known as the EB-5 visa program) administered by the U.S. Citizenship and Immigration Services, the proceeds of which are being used to fund a portion of the projects identified in the Commission's 2016-2017 Ten-Year Capital Plan (the "***EB-5 Loans***"). See "COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Direct Purchase Obligations – *EB-5 Loans (Senior)*" and "– Future Financing Considerations" below for more information regarding the Turnpike Senior Revenue Bonds. 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 $650,500,000 aggregate principal amount of variable rate 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 total current notional amount of $661,642,500 as of May 31, 2023. See "COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Future Financing Considerations" below for information about the Forward Delivery Bonds and the 2023 Variable Rate Senior Bonds.

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 $6,201,917,795 in aggregate principal amount of Turnpike Subordinate Revenue Bonds outstanding under the Turnpike Subordinate Revenue Indenture (including compounded amounts as of June 1, 2023, 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 May 31, 2023.

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 defined in §9511.2 of Act 44, and as issued as such under the Turnpike Subordinate Revenue Indenture, the "***Special Revenue Bonds***") 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 $980,159,560 in aggregate principal amount of Special Revenue Bonds outstanding under the Turnpike Subordinate Revenue Indenture (including compounded amounts as of June 1, 2023, 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 (i) $875,631,267 in aggregate principal amount of Oil Franchise Tax Senior Revenue Bonds, including accreted interest through June 1, 2023, and (ii) $610,650,000 in aggregate principal amount of Oil Franchise Tax Subordinated Revenue Bonds, outstanding under that certain trust indenture relating to such bonds. 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 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 be used by the Commission for any purposes as authorized by the Enabling Acts. 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, $318,535,000 in aggregate principal amount of the Commission's Registration Fee Revenue Bonds (the "***Registration Fee Revenue Bonds***"), is outstanding, which includes the 2005 Registration Fee Revenue Bonds (as defined herein), a direct purchased obligation in the aggregate principal amount of $231,425,000. After the issuance of the 2023 Bonds, and the refunding of the 2005 Registration Fee Revenue Bonds, $318,535,000 in aggregate principal amount of Registration Fee Revenue Bonds will be outstanding. See "REFUNDING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS" in the forepart of this Official Statement for more information. Registration Fee Revenue Bonds are issued under a separate indenture, as subsequently amended and supplemented, securing Registration Fee Revenue Bonds. 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 "CERTAIN FINANCIAL INFORMATION – Revenue Sources of the Commission – Registration Fee Revenues" and "COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Direct Purchase Obligations" herein.

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 Senior Revenue Indenture, Subordinate Revenue Indenture, and/or the Registration Fee Indenture.

Copies of certain agreements relating to these transactions may be viewed on the Municipal Securities Rulemaking Board – Electronic Municipal Market Access system ("***EMMA***").

EB-5 Loans

As of the date of this Official Statement, there is an aggregate of $133,500,00 in EB-5 Loans that are outstanding as Senior Revenue Indenture Obligations. The Commission previously obtained an up to $800 million draw-down loan under the EB-5 visa program available to be drawn in separate tranches, of which $183,500,000 has been drawn to date, leaving $616,500,000 of EB-5 Loans currently not drawn. The EB-5 Loans issued to date under this facility have been issued in four tranches: one on February 21, 2018, a second tranche on November 13, 2018, a third tranche on November 6, 2019, and a fourth tranche on January 22, 2020. Each tranche of the EB-5 Loans has a five-year term and is secured as parity obligations with Turnpike Senior Revenue Bonds and other parity obligations issued under the Senior Revenue Indenture.[7] The Commission expects to repay a portion of the second tranche of the EB-5 Loans in connection with the issuance of the Commission's anticipated 2023A Senior Bonds. See " – Future Financing Considerations" below for more information.

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 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.[8]

2005 Registration Fee Revenue Bonds

Registration Fee Revenue Bonds, Series B, C, and D of 2005 (the "***2005 Registration Fee Revenue Bonds***"), outstanding in the aggregate principal amount of $231,425,000 as of the date of this Official Statement, were converted to a direct purchase transaction in October 2015. The 2005 Registration Fee Revenue Bonds are expected to be refunded with the proceeds of the 2023 Bonds. See "REFUNDING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS" in the forepart of this Official Statement for more information. Additional information regarding the 2005 Registration Fee Revenue Bonds can be found at:

https://emma.msrb.org/EP1026791-EP795538-EP1197062.pdf [8]
https://emma.msrb.org/ES1188445-ES928832-ES1329795.pdf [8]
https://emma.msrb.org/MarketActivity/ContinuingDisclosureDetails/ES965483 [8]

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

[7] See the Fiscal Year 2023 Financial Plan at https://www.paturnpike.com/about-us/investor-relations/act-44-plan for additional information regarding the EB-5 Loans.

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

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, which the Commission utilized to pay a prior EB-5 Loan. The Commission renewed the Line of Credit, in June 2021, June 2022, and June 2023, 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 Senior Revenue Indenture. To date, no draws have been made on the current Line of Credit.

Forward Delivery Bonds

See "COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Future Financing Considerations" below for information about the Forward Delivery Bonds.

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
Second Series of 2019	$139,815,000	TD Bank, N.A.	06/04/2024
Series of 2020	225,820,000	TD Bank, N.A.	06/24/2025
Series A of 2020	95,920,000	Barclays Bank PLC	06/12/2026

Interest Rate Exchange Agreements

The Commission has interest rate exchange agreements with respect to certain portions of its Turnpike Senior Revenue Bonds, Series 2009A, 2018A, 2018B, Second Series of 2019, Series of 2020, and 2020A. In addition, the Commission has interest rate exchange agreements with respect to its Turnpike Subordinate Revenue Refunding Bonds, First Series of 2022, 2005 Registration Fee Revenue Bonds, and Oil Franchise Tax Revenue Bonds, Series 2009B and 2016A.

Interest Rate Exchange Agreements
(as of July 31, 2023)

Lien	Current Notional	Mark to Market Valuation
Turnpike Senior Revenue Bonds	$657,322,500	($34,930,413)
Turnpike Subordinate Revenue Bonds	291,850,000	40,567,524
Motor Vehicle Registration*	231,425,000	(26,143,978)
Oil Franchise Tax Revenue Bonds	320,000,000	(6,143,714)

Upon the issuance of the 2023 Bonds and the refunding of the 2005 Registration Fee Revenue Bonds, the 2023 Bonds will be the hedged bonds with respect to these interest rate exchange agreements. See "REFUNDING PLAN" in the forepart of this Official Statement for more information. See Note 4, Note 7 and Note 9 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 IBOR 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 is 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.

As reflected in the following table, as of the date of this Official Statement, the Commission has paid a total amount of $7,962,500,000 under the Amended Funding Agreement (dollar amounts in millions).

Act 44/Act 89 Payments
(in millions)

Fiscal Year Ended May 31	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
Totals	**$2,250.0**	**$5,750.0**	**$8,000.0**

* On July 31, 2023, the Commission paid the initial $12.5 million quarterly payment for the Fiscal Year 2024 Act 44/Act 89 Payment obligation.

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 has paid the entire Fiscal Year 2023 Act 44/Act 89 Payment obligation.

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 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 2024 Financial Plan anticipates that the estimated $7.7 billion in net costs associated with the Fiscal Year 2024 Capital Plan will be funded with approximately $3.5 billion on a pay-as-you-go basis, with the remaining approximately $4.2 billion funded with proceeds from Senior Revenue Bonds. See "CAPITAL IMPROVEMENTS – Ten-Year Capital Plan" and "FINANCIAL PLAN – Fiscal Year 2024 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 2023. Further, on July 18, 2023, the Commissioners approved a 5% increase in tolls to become effective in January 2024. 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.

2023A Senior Bonds

The Commission currently anticipates issuing a new series of Turnpike Revenue Senior Bonds (the "***2023A Senior Bonds***") for the purposes of financing, together with other available moneys, (a) the costs of the payment at maturity or earlier defeasance of a portion of the Commission's outstanding EB-5 Loans; (b) the costs of various capital expenditures in the Commission's current ten year capital plan, ; (c) the costs of the current refunding and redemption of a portion of the Commission's outstanding Turnpike Revenue Senior Bonds: (d) a required deposit to the Debt Service Reserve Fund and (e) the payment of the costs of issuing the 2023A Senior Bonds. The 2023A Senior Bonds are anticipated to be issued in September 2023.

Refunding of Variable Rate Turnpike Revenue Bonds

The Commission currently anticipates issuing a new series of variable rate Turnpike Revenue Senior Bonds (the "***2023 Variable Rate Senior Bonds***") for the purposes of financing, together with other available moneys, the current refunding of the December 1, 2023 maturities of the Commission's Variable Rate Turnpike Revenue Bonds, Series A-1 of 2018, and Series B of 2018; and to pay the costs of issuing the 2023 Variable Rate Senior Bonds. The 2023 Variable Rate Senior Bonds are anticipated to be issued on or before December 1, 2023.

Forward Delivery Direct Purchase Transaction

Pursuant to the authority granted in a resolution adopted by the Commission on November 1, 2022, the Commission has determined to issue in October 2024 its Turnpike Revenue Bonds, Series of 2024 (Forward Delivery) (the "***Forward Delivery Bonds***") for the purpose of providing funds to redeem certain maturities or sinking fund maturities of its Turnpike Revenue Bonds, Series A of 2014, (ii) Turnpike Revenue Refunding Bonds, Series of 2014, and (iii) Turnpike Revenue Bonds, Series C of 2014.

The Forward Delivery Bonds are being 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 will be issued pursuant to the Indenture, as supplemented by a certain Supplemental Trust Indenture No. [TBD] to be executed and delivered at the time of issuance of the Forward Delivery Bonds. Additionally, pursuant to that certain Supplemental Trust Indenture No. 67 between the Commission and the Trustee dated as of December 28, 2022 and as required by the Continuing Covenant Agreement, the Commission has issued to the Purchaser a Turnpike Revenue Bond as an Additional Bond pursuant to the Turnpike Senior Revenue Indenture (the "***Additional Bond (Breakage)***") which secures the payment of certain breakage fees and cost of capital fees due to the Purchaser, in the event the Commission does not issue the Forward Delivery Bonds subject to certain terms and conditions set forth in the Continuing Covenant Agreement. Additional information regarding the Forward Delivery Bonds and the Additional Bond (Breakage) can be found at: https://emma.msrb.org/P21644096-P21265428-P21691905.pdf.[9]

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 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;

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

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 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 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

2023*	**2022**	**2021**	**2020**	**2019**
$386,315,789	$437,513,657	$452,045,842	$404,330,774	$391,569,248

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* Preliminary, unaudited.

As of May 31, 2023, the Commission had an estimated $386.3 million on deposit in the General Reserve Fund. This amount is approximately 11.7% less than the General Reserve Fund's Fiscal Year 2022 end balance, but also reflects substantial deposits to the Supplemental Capital Fund (defined below). 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 2023, the Commission utilized $1,114.5 million in General Reserve Fund balances to: (a) fund a portion of its Act 44/Act 89 Payment obligations in the amount of $432.5 million; (b) make contributions to the Retiree Medical Trust of $167.4 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 $130 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. As of May 31, 2023, the Commission had approximately $159.7 million on deposit in the Supplemental Capital Fund, which reflects an approximately 68.7% increase over the Fiscal Year 2022 end balance.

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 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 Senior Revenue Indenture, the Commission's Debt Management Policy requires the Commission's management to maintain 2.00 debt service coverage on the Turnpike Revenue Bonds, 1.30 debt service coverage on the Subordinate Revenue Bonds and 1.20 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 on-going 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's Assistant Chief Financial Officer for Financial Management, 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/pdfs/about/Policy_Letters.pdf.[10]

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 August 1, 2023, the Pennsylvania Turnpike Commission employed a total of 1,358 persons, consisting of 468 management and supervisory union employees and 890 full-time non-supervisory union employees. Approximately sixty percent (59.6%) of all employees are engaged in maintenance operations and fare collection. There are 773 field personnel located across 23 facilities, which is comprised of employees in the maintenance and facilities operations departments. The Commission currently employs 1,192, or 46.7% fewer employees than it did at the peak employment year of 2002.

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

The Commission is a party to three collective bargaining agreements and one memorandum of understanding with Teamsters' Local Unions covering central office, field, professional and first level supervisory personnel. The three collective bargaining agreements became effective on May 1, 2020 and expire on September 30, 2023. The memorandum of understanding was agreed to on December 8, 2020 and has no termination date.

Retirement Plan

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

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

Article II of the Pennsylvania Constitution provides the General Assembly the authority to establish or amend benefit provisions. Act 2001-9, signed into law on May 17, 2001, established Class AA ("***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 http://sers.pa.gov/Newsroom.html[11], http://sers.pa.gov/About-Legislation.html[11], and the disclosure beginning on page 44 of the Official Statement for the Commonwealth's General

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

Obligation Bonds, First Series of 2022, dated September 7, 2022, which may be found at the EMMA website at https://emma.msrb.org/P11619029-P11248114-P11672409.pdf.[11] See also Note 8 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.

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
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
2020	28.84	36.04	24.92	24.92	19.18	19.18	19.12
2019	27.71	34.63	23.94	23.94	18.42	18.42	18.39
2018	27.55	34.44	23.80	23.80	N/A	N/A	N/A

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
2022	$31.4	100%
2021	31.7	100
2020	37.8	100
2019	37.8	100
2018	38.1	100

The Commission has budgeted $48 million for pension expense for Fiscal Year 2023. The SERS required contributions are expected to be approximately $34.3 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.state.pa.us.[12]

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.

At Fiscal Year ended May 31, 2022, the Commission reported a liability of $219.3 million for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. See Note 8 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 a 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:

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

- 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 Postemployment 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 liability was $14.8 million as of May 31, 2022. This liability was determined by an actuarial valuation as of May 31, 2021. Based on this valuation, the Plan's total OPEB liability was $480 million; the Plan's Fiduciary Net Position was $465 million resulting in a 96.9% funded status (Plan fiduciary net position as a percent of total OPEB liability) at the measurement date.

The Commission's Net OPEB asset was $150.2 million as of May 31, 2022. This asset was determined by an actuarial valuation as of May 31, 2021. Based on this valuation, the Plan's total OPEB liability was $451 million; the Plan's Fiduciary Net Position was $601 million resulting in a 133.3% 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. In accordance with the Funding Policy, the Commission anticipates approving an annual contribution to the Trust in the amount of the Annual Required Contribution ("***ARC***") as determined by the Commission's actuary in accordance with GASB Statement No. 45, during the approval of its annual operating budget. With the implementation of GASB Statement No. 75, the Commission will now refer to the Actuarially Determined Contribution ("***ADC***") instead of the ARC.

The ADC for Fiscal Year 2021 was $14.0 million which the Commission fully funded. The ADC for Fiscal Year 2022 was $0 due to the funded status of the Plan. The Commission's Fiscal Year 2022 OPEB contributions were $13.7 million. 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 11 to the Commission's Financial Statements.

Insurance

The Commission maintains All-Risk Property, Builder's Risk, 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 Toll-By-Plate, determine both the amount of tolls collected and the amount not collected, and examine possible enforcement mechanisms for uncollected tolls; and (3) evaluate the Commissions 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/Act89 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 .[13]

Commission Compliance

The Commission's activities regarding compliance are centered in the offices of Internal Audit Services, Advisory Services and Diversity and Inclusion. Together these offices provide

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

Code of Conduct and Business Conduct Guidelines training 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.

Environmental, Social and Governance Factors

The following information contained in this section describes certain elements of the Commission's operations relating to environmental, social and governance factors. 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 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. 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.

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.

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 is actively engaged in efforts to provide additional EV charging opportunities across the entire system. The Commission is also working in cooperation with FHWA and PennDOT on PA's National Electric Vehicle Infrastructure program. Any charging stations developed pursuant to this program would be installed and operated by a third-party vendor.

The Commission is also focused on decreasing greenhouse gas emissions from the Commission's fleet of vehicles. This has been accomplished through 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 are 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 of hours of use and maintaining temperature ranges throughout the facility.

Task Force on Social and Racial Justice. Established in August 2020, the Commission's Task Force on Social and Racial Justice (the "***S&RJ Task Force***") is comprised of over 40 employees from various departments throughout the Commission. The S&RJ Task Force is responsible for evaluating the Commission's fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income, with respect to the development, implementation and enforcement of laws, regulations, and policies. To accomplish its work, the S&RJ Task Force has established five subcommittees: (1) Transportation Equities; (2) Internal Workforce and Hiring Practices; (3) Environmental Justice; (4) Systems, Education, Review and Reform; and (5) Racial and Social Healing Alliances. Each subcommittee is charged with making relevant recommendations on the Commission's practices and policies to ensure that the Commission is not part of the problem, but rather part of the solution in combating systematic racism and inequality.

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.

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 2023-2024 EXECUTIVE BUDGET.[1]

THIS INFORMATION IS INCLUDED ONLY FOR THE PURPOSE OF SUPPLYING GENERAL INFORMATION REGARDING THE COMMONWEALTH. THE 2023 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.

REFERENCES TO WEBSITE ADDRESSES, ARTICLES, OR REPORTS PRESENTED HEREIN 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.

THIS APPENDIX B IS PROVIDED AS BACKGROUND INFORMATION. THE 2023 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.

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[1] Available as of the date of this Official Statement at: https://www.budget.pa.gov/publications%20and%20reports/commonwealthbudget/documents/2023-24%20budget%20documents/budget%20book%202023-24%20web%20v.5.04182023.pdf.

General

The Commonwealth is one of the nation's most populous states, ranking fifth behind California, Texas, Florida, and New York. Pennsylvania stakes claim to a diverse economy and many thriving industries. At different times throughout its history, the Commonwealth has been the nation's principal producer of ships, iron, chemicals, lumber, oil, textiles, glass, coal, and steel. This led Pennsylvania to be identified, historically, as a heavy industrial state. That reputation has changed over the last several decades as the coal, steel, and railroad industries have declined. The Commonwealth's business environment readjusted with a more diversified economic base. Currently, the major sources of growth in Pennsylvania are in the service sector, including health care, leisure-hospitality, transport, and storage.

The combined education and health care industry, the so-called eds and meds sector, is a vital part of Pennsylvania's economy. The state's education providers are a source for jobs and help nurture new businesses. The Pittsburgh region has seen rapid growth in high-tech fields such as software development and robotics. Philadelphia 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 the 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. Employment in the state's manufacturing sector will gradually increase over the next two years but remain below the pre-pandemic level.

Professional, scientific, and technical services will continue to be a bright spot for the state in terms of job growth and economic output gains. High-tech fields such as artificial intelligence, industrial automation, and bio sciences will see the most growth, while more traditional fields such as legal services will see more moderate gains. The state's health care and social service sector will continue to be a reliable source of job gains, but overall growth may be slower than in years past. Burnout among health care workers is often cited as a factor in hospital staffing shortages, while nursing homes and day care centers have trouble competing for workers.

Finally, the state's geographic location makes it a prime corridor for the transportation of goods. From its extensive rail service and ports to its grid of interstate highways, Pennsylvania remains an integral part of the northeast region's economic activity.

Population

The Commonwealth is highly urbanized. The largest Metropolitan Statistical Areas ("***MSAs***") in the Commonwealth are those that include the cities of Philadelphia and Pittsburgh, which together contain the majority of the state's total population. The population of Pennsylvania, 12.9 million people in 2021 according to the U.S. Bureau of the Census, represents a population growing slower than the nation with a higher portion than the nation or the Middle Atlantic region comprised of persons 45 or over. The following tables present the population trend from 2017 to 2021 and the age distribution of the population for 2021.

Population Trends
Pennsylvania, Middle Atlantic Region and the United States
2017-2021

Total Population In Thousands					Total Population as a share of 2017 base		
(as of July 1)	PA	Middle Atlantic Region	US		PA	Middle Atlantic Region	U.S.
2017	12,788	41,263	324,986		100%	100%	100%
2018	12,801	41,217	326,688		100	100	101
2019	12,802	41,138	328,240		100	100	101
2020	12,783	41,002	329,484		100	99	101
2021	12,964	42,067	331,894		101	102	102

[a] Middle Atlantic Region: Pennsylvania, New York, and New Jersey.
Source: U.S. Department of Commerce, Bureau of the Census.

Population By Age Group — 2021
Pennsylvania, Middle Atlantic Region and the United States

Age	Pennsylvania	Middle Atlantic	United States
Under 5 years	5.2%	5.4%	5.2%
5-24 years	24.1	24.1	24.1
25-44 years	25.6	26.4	25.6
45-64 years	26.1	26.3	26.1
65 years and over	19.0	17.8	19.0

[a] Middle Atlantic Region: Pennsylvania, New York, and New Jersey.
Source: U.S. Department of Commerce, Bureau of the Census.

Employment

Non-agricultural employment in Pennsylvania increased in 2021. Non-agricultural employment also increased in 2021 throughout the Middle Atlantic Region, and the entire United States. The following table shows employment trends from 2017 through 2021 in these areas.

Non-Agricultural Establishment Employment Trends
Pennsylvania, Middle Atlantic Region, and the United States
2017-2021

Total Establishment Employment in Thousands				Total Establishment Employment as a share of 2017 base		
Calendar Year	PA	Middle Atlantic Region	US	PA	Middle Atlantic Region	U.S.
2017	5,941	19,623	146,595	100%	100.0	100.0%
2018	6,010	19,855	148,893	101.2	101.2	101.6
2019	6,065	20,058	150,900	102.1	102.2	102.9
2020	5,619	18,287	142,252	94.6	93.2	97
2021	5,751	18,820	146,102	96.8	95.9	99.7

Non-manufacturing employment in Pennsylvania increased in 2021 but still reached 90 percent of total non-agricultural employment. Consequently, manufacturing employment constitutes a diminished share of total employment within the Commonwealth. Manufacturing, contributing 10 percent of 2021 non-agricultural employment, has fallen behind the services sector, the trade sector, and the government sector as the 4th largest single source of employment within the Commonwealth. In 2021, the services sector accounted for 49 percent of all non-agricultural employment while the trade sector accounted for 14 percent.

The following table shows trends in employment by sector for Pennsylvania from 2017 through 2021.

Non-Agricultural Establishment Employment by Sector
Pennsylvania
2017-2021
(*in thousands*)

	Calendar Year									
	2017		**2018**		**2019**		**2020**		**2021**	
	Employees	**%**	**Employees**	**%**	**Employees**	**%**	**Employees**	**%**	**Employees**	**%**
Manufacturing:										
Durable	335.9	6	343.0	6	345.4	6	319.0	6	319.9	6
Non-Durable	227.0	4	227.9	4	229.3	4	218.6	4	222.5	4
Total Manufacturing [d]	562.9	10	570.9	10	574.7	10	537.6	10	542.4	10
Non-Manufacturing:										
Trade [a]	838.7	14	836.2	14	826.7	12	769.2	14	796.4	14
Finance [b]	321.1	5	325.9	5	330.8	5	325.3	6	327.0	6
Services [c]	2,958.0	50	2,998.8	50	3,037.2	50	2,728.3	49	2,823.6	49
Government	703.1	12	703.1	12	706.7	12	685.0	12	675.9	12
Utilities	281.9	5	290.7	5	300.1	5	294.9	5	310.3	5
Construction	249.0	4	255.8	4	261.1	4	241.2	4	253.2	4
Mining	26.7	0	28.7	0	28.9	0	23.0	0	21.8	0
Total Non-Manufacturing	5,378.5	90	5,439.2	90	5,491.5	90	5,066.9	90	5,208.2	90
Total Employees [d]	5,941.4	100	6,010.1	100	6,066.2	100	5,604.5	100	5,750.6	100

[a] Wholesale Trade.
[b] Finance, insurance and real estate.
[c] Includes transportation, communications, electric, gas and sanitary services.
[d] Does not include workers involved in labor-management disputes.
Source: US Bureau of Labor Statistics.

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The following Table presents the percentage of non-agricultural employment in various sectors in Pennsylvania and the United States in 2021.

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

	2021 Calendar Year	
	Pennsylvania	**United States**
Manufacturing	9%	9%
Trade [a]	14	14
Finance [b]	6	6
Services	49	46
Government	12	15
Utilities [c]	5	4
Construction	4	5
Mining	1	1
Total:	100%	100%

[a] Wholesale and retail trade.
[b] Finance, insurance, and real estate.
[c] Includes transportation, communications, electric, gas, and sanitary services.
Source: U.S. Department of Labor, Bureau of Labor Statistics.

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Within the manufacturing sector of Pennsylvania's economy, which now accounts for about one-tenth of total non-agricultural employment in Pennsylvania, the fabricated metals industries employed the largest number of workers. Employment in the fabricated metals industries is 14 percent of Pennsylvania manufacturing employment but only 1.4 percent of total Pennsylvania non-agricultural employment in 2021. The following table shows trends in manufacturing employment by industry for Pennsylvania from 2017 through 2021.

Manufacturing Establishment Employment by Industry
Pennsylvania
2017-2021
(In Thousands)

	2017		2018		2019		2020		2021	
	Employees	**%**	**Employees**	**%**	**Employees**	**%**	**Employees**	**%**	**Employees**	**%**
Durable Goods:										
Primary Metals	35.0	6	35.7	6	35.9	6	32.0	6	30.9	6
Fabricated Metals	80.2	14	82.4	14	82.9	14	76.6	14	76.4	14
Machinery (excluding electrical)	43.7	8	45.7	8	46.2	8	42.8	8	42.4	8
Electrical Equipment	26.3	5	26.9	5	27.2	5	25.7	5	25.4	5
Transportation Equipment	36.6	7	37.5	7	38.7	7	34.6	6	35.4	6
Furniture Related Products	16.4	3	16.3	3	15.8	3	14.2	3	15.0	3
Other Durable Goods	97.7	17	98.5	17	98.7	17	93.2	17	94.5	17
Total Durable Goods	335.9	60	343.0	60	345.4	60	319.0	59	319.9	60
Non-Durable Goods:										
Pharmaceutical/Medicine	18.6	3	18.3	3	19.0	3	19.6	4	20.5	4
Food Products	71.7	13	73.0	13	73.5	13	71.3	13	73.2	14
Chemical Products	41.3	7	41.1	7	42.4	7	42.2	8	43.6	8
Printing & Publishing	23.7	4	23.1	4	22.4	4	19.5	4	18.6	3
Plastics/Rubber Products	40.0	7	40.2	7	40.5	7	38.8	7	39.7	7
Other Non-Durable Goods	31.8	6	32.4	6	31.6	6	27.1	5	26.9	5
Total Non-Durable Goods	227.1	40	227.9	40	229.3	40	218.6	41	222.5	41
Total Manufacturing Employees	563.0	100	570.9	100	574.7	100	537.6	100	542.4	100
Source: U.S. Department of Labor, Bureau of Labor Statistics.										

Unemployment

During 2021, Pennsylvania had an annual unemployment rate of 6.3 percent. This represents an increase since 2017 when the unemployment rate was 4.9 percent. The following table represents the annual unemployment rate in Pennsylvania, the Middle Atlantic Region, and the United States from 2017 through 2021.

Annual Average Unemployment Rate
Pennsylvania, Middle Atlantic Region and the United States
2017-2021

Calendar Year	Pennsylvania	Middle Atlantic Region [a]	United States
2017	4.9	4.7	4.4
2018	4.2	4.2	3.9
2019	4.4	4.0	3.7
2020	9.1	9.7	8.1
2021	6.3	6.6	5.3

[a] Middle Atlantic Region: Pennsylvania, New York, New Jersey.
Source: U.S. Department of Labor, Bureau of Labor Statistics.

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

Commonwealth of Pennsylvania
Thirty Largest
Non-Governmental Employers
1st Quarter, 2022

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

Source: Pennsylvania Department of Labor & Industry.

Personal Income

Personal income in the Commonwealth for 2021 was $830.4 billion, an increase of 5.3 percent over the previous year. During the same period, national personal income increased by 7.3 percent. Based on the 2021 personal income statistics, per capita income was at $64,054 in the Commonwealth compared to per capita income in the United States of $63,444. The following tables represent annual personal income data and per capita income from 2017 through 2021.

Personal Income
Pennsylvania, Mideast Region and the United States
2017-2021

Total Personal Income Dollars in Millions					Total Personal Income As a share of 2017 Base		
Year	**PA**	**Mideast Region [a]**	**U.S. [b]**		**PA**	**Mideast Region (a)**	**U.S. (b)**
2017	$679,731	$3,010,538	$16,870,106		100	100	100
2018	717,255	3,147,619	17,839,255		106	105	106
2019	737,161	3,208,874	18,402,004		108	107	109
2020	788,725	3,402,858	19,607,447		116	113	116
2021	830,397	3,590,523	21,056,622		122	119	125

[a] Mideast Region: Pennsylvania, New York, New Jersey, Maryland, District of Columbia, and Delaware.
[b] Sum of States.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Per Capita Income
Pennsylvania, Mideast Region and the United States
2017-2021

	Per Capita Income			As a share of U.S.	
Calendar Year	**Pennsylvania**	**Mideast Region [a]**	**U.S.**	**Pennsylvania**	**Mideast Region [a]**
2017	53,155	59,410	51,910	102	114
2018	51,500	65,341	54,606	94	120
2019	58,032	67,622	56,490	103	120
2020	61,700	70,459	59,510	104	118
2021	64,054	73,403	63,444	101	116

[a] Mideast Region: Pennsylvania, New York, New Jersey, Maryland, District of Columbia, and Delaware.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

The Commonwealth's average hourly wage rate of $28.82 for manufacturing and production workers is below the national average of $29.69 for 2021. The following table presents the average hourly wage rates for 2017 through 2021.

Average Hourly Wages
Production Workers on Manufacturing Payrolls
Pennsylvania and the United States
2017-2021

Calendar Year	Pennsylvania	U.S.
2017	25.52	26.59
2018	25.74	27.05
2019	26.23	27.70
2020	27.65	28.77
2021	28.82	29.69

Source: U. S. Department of Labor, Bureau of Labor Statistics.

Market and Assessed Valuation of Real Property

Annually, the State Tax Equalization Board Tax Equalization Division ("***STEB***") determines an aggregate market value of all taxable real property in the Commonwealth. The STEB determines the market value by applying assessment to sales ratio studies to assessment valuations supplied by local assessing officials. The market values certified by the STEB do not include property that is tax exempt but do include an adjustment correcting the data for preferential assessments granted to certain farm and forestlands.

The table below shows the assessed valuation as determined and certified by the counties and the market value and the assessed to market value ratio determined by the STEB for real property from 2017-2021. In computing the market values for uneven-numbered years, the STEB is statutorily restricted to certifying only those changes in market value that result from properties added to or removed from the assessment rolls. The STEB is permitted to adjust the market valuation to reflect any change in real estate values or other economic change in value only in even-numbered years.

Valuations of Taxable Real Property
2017-2021

Year	Market Value [(a)]	Assessed Valuation	Ratio of Assessed Valuation to Market Value [(a)]
2017	$847,630,312,124	$628,417,398,959	74.1
2018	877,385,372,915	642,305,663,711	73.2
2019	922,018,498,396	677,415,063,122	73.5
2020	966,037,072,558	696,790,394,130	72.1
2021	975,443,133,973	729,487,795,164	74.8

[(a)] Market Value difference between Regular Assessment and Preferential Assessment under Act 319 of 1974.
Source: Annual Certifications by the State Tax Equalization Board.

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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.

"Applicable Spread" shall mean the number of basis points assigned to the 2023 Bonds.

"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 2023 Bonds, $5,000 and integral multiples thereof.

"Bond" shall mean any of the 2023 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 have the meaning set forth in the Registration Fee Revenue Indenture.

"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.

"Calculation Agent" means the Trustee, and thereafter any other Calculation Agent determined pursuant to the provisions of the Registration Fee Revenue Indenture.

"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) and November 24, 1992, P.L. 725, pursuant to which the Commission was created and constituted an instrumentality of the Commonwealth.

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

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

"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 2023 Bonds, the fifteenth day of each calendar month commencing September 15, 2023.

"Mandatory Purchase Date" shall mean July 15, 2026.

"Maximum Rate" shall mean the lesser of (i) 12% per annum, and (ii) the maximum rate permitted by applicable law.

"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 herein) be counsel to the Commission who renders the initial opinion to the purchaser of the Bonds, who shall not be unsatisfactory to the Trustee. If such counsel be an individual, he/she shall not be, and if such counsel be a partnership or professional corporation it shall not have as a partner or employee an attorney at law who is, an officer or employee of the Commission, but such counsel may be regularly retained by or under contract with the Commission. Such opinion or opinions may contain such exceptions, qualifications and limitations as may be customary under the circumstances.

"Parity Obligations" consist of Bonds, Additional Bonds and Approved Obligations (excluding termination payments thereunder which may not be Parity Obligations) on a parity hereunder 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 batik, 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 providers 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 FitchRatings 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 preceding each Interest Payment Date.

"Refunded Variable Rate Bonds" shall have the meaning set forth in the front part of this Official Statement.

"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.

"Representative" means Stifel, Nicolaus & Company, Incorporated, as the representative of the underwriters of the 2023 Bonds.

"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 off e 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.

"SIFMA Index" means for any day the level of the most recently effective index rate which is compiled from the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet specific criteria established from time to time by the Securities Industry and Financial Markets Association (SIFMA). If such index is no longer published or otherwise not available, the SIFMA Index for any day will mean the level of the "S&P Municipal Bond 7 Day High Grade Rate Index" maintained by S&P for a 7-day maturity as published on the applicable SIFMA Rate Reset Date or most recently published prior to such SIFMA Rate Reset Date. If at any time neither such index is available, the SIFMA Index will be the prevailing rate on an SIFMA Rate Reset Date determined by the Calculation Agent, in consultation with the Commission, for tax-exempt state and local government bonds.

"SIFMA Index Rate" shall mean a per annum rate of interest equal to the lesser of (A) the sum of (i) the Applicable Spread plus (ii) the SIFMA Index, and (B) the Maximum Rate.

"SIFMA Rate Reset Date" shall mean each Thursday of each week.

"Special Record Date" shall mean that date eight days immediately preceding the date established by the Trustee for the payment of interest on the 2023 Bonds not paid on a regularly scheduled Interest Payment Date.

"Step Up Rate" means the fixed rate of interest per annum specified for the 2023 Bonds for the period from and including the Mandatory Purchase 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 hereunder 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.

"Swap Agreements" shall have the meaning set forth in 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 the Amended and Restated Credit Support Annex, dated as of September 6, 2023, (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 Swap Transaction Confirmation dated August 2, 2005, as amended on September 6, 2023, (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, and the Swap Transaction Confirmation with a Trade Date of August 2, 2005, as amended on September 6, 2023, 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, as amended on September 6, 2023.

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

"2023 Clearing Fund" shall mean the special fund created with respect to the 2023 Bonds by the Registration Fee Revenue Indenture.

"2023 Rebate Fund" means the fund so designated established pursuant to the Registration Fee Revenue Indenture.

THE REGISTRATION FEE REVENUE INDENTURE

The 2023 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 pledge 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; and

(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.

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 hereinafter 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 fled 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.

The consent of each of the 2005 Bond Insurer shall be required for the issuance of variable rate Bonds as Additional Bonds.

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.

Parity Swap and Other 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 agrees that 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 executed in connection with the Refunded Variable Rate Bonds, 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 "2023 Clearing Fund." All of the net proceeds of the 2023 Bonds shall be deposited by the Trustee into the 2023 Clearing Fund. The Trustee is authorized and directed: (a) to transfer to the Trustee for the Refunded Variable Rate Bonds proceeds of the Series 2023 Bonds in an amount set forth in a certificate signed by a Commission Official (the "Closing Statement"), together with other moneys available for such purpose as set forth in the Closing Statement, for the purchase of the Refunded Variable Rate Bonds and to cancel such Refunded Variable Rate Bonds upon purchase; and (b) to pay costs incurred by the Commission in connection with the issuance of the 2023 Bonds from other moneys of the Commission available for such purpose as set forth in the Closing Statement or as thereafter presented to the Trustee by the Commission. Any moneys remaining in the 2023 Clearing Fund 90 days after the Series Issue Date for the Series 2023 Bonds shall be transferred to the 2023 Account of the Debt Service Fund and the 2023 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 "2023 Account of the Debt Service Fund" for deposit and disbursement of funds for debt service on the 2023 Bonds. The Trustee shall withdraw from the Revenue Fund and deposit to the 2023 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, mandatory sinking fund payment or redemption price of, or any other amounts then due and payable under the 2023 Bonds and as required pursuant to the Supplemental Indenture with respect to the 2023 Bonds.

The moneys at any time on deposit to the credit of the 2023 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 2023 Bonds then due or to be called for mandatory redemption from such 2023 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 2023 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 2023 Bonds, the Commission shall furnish to the Trustee a Commission Official's certificate specifying the Bonds or portions thereof which it has agreed to purchase, the purchase price thereof, the names of the sellers (if not the Commission) and the expenses involved in connection with such purchase. At the time of any purchase of the 2023 Bonds, the Trustee shall withdraw from the 2023 Account of the Debt Service Fund any amounts deposited therein for the payment of interest on the 2023 Bonds so purchased. Any of the 2023 Bonds so purchased shall be promptly cancelled and the principal amount thereof shall be applied to such 2023 Bonds then due or to be called for mandatory redemption.

On or before June 15 of each year in which transfers are required to be made on the next succeeding July 15 to the 2023 Account of the Debt Service Fund with respect to a mandatory redemption, the Trustee shall select and call for redemption on the next succeeding July 15 such principal amount of such 2023 Bonds as shall be sufficient, when added to the principal amount of 2023 Bonds which the Trustee has purchased or agreed to purchase on said next succeeding

July 15, according to the provisions of the preceding paragraph, to satisfy the mandatory redemption schedule set forth in the form of the 2023 Bonds on said July 15. The notice of redemption of any such principal amount of such 2023 Bonds being redeemed pursuant to this Section shall be given by the Trustee in the name of the Commission in accordance with the provisions of the Indenture, and shall state that such principal amount of such 2023 Bonds will be redeemed pursuant to the operation of the 2023 Account of the Debt Service Fund.

If on June 15 of any year the moneys in the Debt Service Fund and the Revenue Fund shall be sufficient to effect maturity or the redemption 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 redemption 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 2023 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 hereunder 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.

Series 2023 Rebate Fund

The Trustee shall establish a Fund to be designated the "2023 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 2023 Rebate Fund in accordance with the tax compliance certificate relating to the 2023 Bonds and shall invest the 2023 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 and the Commission shall maintain a balance of $22,500,000 in such Self-Liquidity Fund while the 2023 Bonds bear interest at the SIFMA Index Rate, and upon the conversion of the 2023 Bonds to bear interest at any interest rate mode other than at the SIFMA Index Rate, so long as the Commission is not in default under the Registration Fee Revenue Indenture, the funds held under the Registration Fee Revenue Indenture may be transferred to the Commission pursuant to the written direction of the Commission; provided, however, that in connection with any conversion to a mode that requires a liquidity facility or a remarketing agent during its term, the Self-Liquidity Fund shall remain in place and maintain a balance of $7,000,000. 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. To the extent that there remains a deficiency in the Debt Service Fund on any payment date after the required transfers pursuant to the Registration Fee Revenue Indenture, 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. The Trustee shall provide notice to the Commission, the 2005 Bond Insurer and the holders of the 2023 Bonds 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 hereunder 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 hereunder.

Events of Default

Each of the following events is hereby declared an "event of default," that is to say: If

(a) Payment of the interest on, or principal and premium, if any, of any of the 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;

(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.

(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 hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the appropriate trustee, and every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the 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 herein, 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 hereunder.

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 hereunder 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 hereunder 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 hereunder, 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 hereunder, 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 hereunder or for any other remedy hereunder unless such holder previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless also the 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 hereunder. 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 hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all 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, 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 hereunder, 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 hereunder, 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 hereby shall have become due and payable in accordance with their terms or otherwise as provided in the Registration Fee Revenue Indenture or otherwise or shalt 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 hereunder by the Commission, then and in that case the right, title and interest of the Trustee shall thereupon cease, determine and become void, and the Trustee in such case, on demand of the Commission, and upon receipt of an Opinion of Counsel stating. in substance that all conditions precedent provided for in the 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 hereunder 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 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.

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APPENDIX D

FORM OF OPINIONS OF CO-BOND COUNSEL

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September 6, 2023

To: Pennsylvania Turnpike Commission
Middletown, Pennsylvania

We have served as co-bond counsel to the Pennsylvania Turnpike Commission (the "Commission") in connection with the issuance by the Commission of its $231,425,000 Registration Fee Revenue Refunding Bonds (Floating Rate Notes), Series of 2023 (the "Bonds"), dated the date of this letter.

The Bonds are issued pursuant to a resolution adopted by the Commission on April 18, 2023 (the "Resolution") and a Trust Indenture, dated as of August 1, 2005, as amended and supplemented prior to the date hereof (as so amended and supplemented, the "Existing Indenture"), and as further supplemented and amended by a Supplemental Trust Indenture No. 6, dated as of July 1, 2023 ("Supplemental Indenture No. 6" and, together with the Existing Indenture, the "Indenture"), between the Commission and U.S. Bank Trust Company, National Association, as Trustee. Terms used in capitalized form and not defined herein have the meanings assigned to such terms in the Indenture.

As co-bond counsel, 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 No. 6; (d) various certificates and agreements executed by the Commission and/or the Trustee including certificates as to the authentication and delivery of the Bonds and the 2023 Tax Certificate intended to satisfy certain provisions of the Internal Revenue Code of 1986, as amended ("Code"), and applicable Treasury Regulations; (e) the opinion of Doreen A. McCall, Esquire, Chief Counsel to the Commission, on which we have relied; (f) Form 8038-G of the Commission with respect to the Bonds; and (g) the 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. We have also examined the fully executed and authenticated Bond.

Except with respect to Paragraph 4 below, our opinion is given only with respect to the internal laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof.

Based on that examination and subject to the limitations set forth below, we are of the opinion that under existing law:

1. The Commission is a validly existing instrumentality of the Commonwealth of Pennsylvania and has the power to enter into the transactions contemplated by Supplemental Indenture No. 6 and to carry out its obligations thereunder.

2. Supplemental Indenture No. 6 has been duly authorized, executed and delivered by the Commission and constitutes the valid and binding obligation of the Commission, enforceable against the Commission in accordance with its terms.

3. 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. The principal of and interest (collectively, "debt service") on the Bonds are payable solely from the sources provided therefor in the Indenture. The payment of debt service on the Bonds is not secured by an obligation or pledge of any moneys raised by taxation, and the Bonds do not represent or constitute a general obligation or a pledge of the faith and credit of the Commission or a general obligation or a pledge of the faith and credit or taxing power of the Commonwealth of Pennsylvania or any political subdivision thereof. The Commission has no taxing power.

4. Interest on the Bonds is excluded from gross income of the holders thereof for federal income tax purposes, and is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals.

5. Under the laws of the Commonwealth of Pennsylvania as presently enacted and construed, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax.

Other than as set forth in Paragraph 4 and Paragraph 5 hereof, we express no opinion as to any other tax consequences regarding the Bonds.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined and (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the Commission.

We express no opinion herein regarding the priority of any lien on the Trust Estate created by the Indenture.

In rendering those opinions with respect to treatment of the interest on the Bonds under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the Commission in the 2023 Tax Certificate. Failure to comply with certain of those covenants subsequent to issuance of the Bonds may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities.

We express no opinion as to any matter not set forth in the numbered paragraphs herein. No opinions other than those expressly stated herein are implied or shall be inferred as a result of anything contained in or omitted from this letter. The opinions expressed in this letter are given only as of the time of its delivery and we disclaim any obligation to revise or supplement this opinion thereafter. Our engagement as co-bond counsel in connection with the original issuance and delivery of the Bonds is concluded upon delivery of this letter.

Respectfully submitted,

APPENDIX E

AUDITED FINANCIAL STATEMENTS OF THE COMMISSION FOR FISCAL YEARS ENDED MAY 31, 2022 AND 2021

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PENNA TURN PIKE

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania

Annual Comprehensive Financial Report
Fiscal Years Ended May 31, 2022 and 2021
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, 2022 and 2021

TABLE OF CONTENTS

	Page(s)
INTRODUCTORY SECTION	
Letter of Transmittal	1—10
Organization Chart	11
List of Principal Officials	12
GFOA Certificate of Achievement	13
FINANCIAL SECTION	
Report of Independent Public Accountants	14—16
Management's Discussion and Analysis (Unaudited)	17—30
Basic Financial Statements	
Statements of Net Position	31—32
Statements of Revenues, Expenses, and Changes in Net Position	33
Statements of Cash Flows	34—36
Statements of Fiduciary Net Position – OPEB Trust Fund	37
Statements of Changes in Fiduciary Net Position – OPEB Trust Fund	38
Notes to Financial Statements	39—115
Required Supplementary Information (Unaudited)	
Schedule of Commission's Proportionate Share of Net Pension Liability – Pennsylvania State Employees' Retirement System – Pension Fund	117
Schedule of Commission's Contributions – Pennsylvania State Employees' Retirement System – Pension Fund	118
Schedule of Changes in the Commission's Net OPEB Liability and Related Ratios	119
Schedule of Commission's Contributions to the Other Postemployment Welfare Plan Program	120—122
Other Supplementary Information	
Section Information	123
As of and for the Year Ended May 31, 2022	
Schedule of Net Position	124—125
Schedule of Revenues, Expenses, and Changes in Net Position	126
Schedule of Cash Flows	127—129

TABLE OF CONTENTS *(continued)*

	Page(s)
FINANCIAL SECTION *(continued)*	
Other Supplementary Information *(continued)*	
Section Information (continued)	
As of and for the Year Ended May 31, 2021	
Schedule of Net Position	130—131
Schedule of Revenues, Expenses, and Changes in Net Position	132
Schedule of Cash Flows	133—135
For the Years Ended May 31, 2022 and 2021	
Schedules of Cost of Services Detail	136
STATISTICAL SECTION	137
Summary of Revenues and Expenses	138
Schedule of Net Position	139
Debt Coverage – All Sections	140
Ratios of Mainline Outstanding Debt and Debt Service Payments	141
Traffic Statistics	142
Revenue Composition as a Percentage of Total Revenue	143
Traffic Composition as a Percentage of Total Vehicles	143
Ten Largest Commercial Customers	144
Percentage of PA Turnpike ETC Traffic by IAG Agency	145
Employment by Nonfarm Related Industries – Demographic and Economic	146
Number of Employees	147
Vehicle Class Definitions	148
Miscellaneous Statistics	149
Technical Data	150
Chronology, Turnpike Construction	151
Chronology, Turnpike Improvements	152—155
Chronology, Speed Limits	156
Chronology, Toll Rates	157

INTRODUCTORY SECTION

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Pennsylvania Turnpike Commission
PO Box 67676
Harrisburg PA 17106-7676
717.939.9551

September 28, 2022

To the 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, 2022, 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 on May 21, 1937, with powers to construct, operate, and maintain the Turnpike System, and to issue Turnpike revenue bonds, repayable solely from tolls and other Commission revenues. The Commission is considered a component unit of the Commonwealth of Pennsylvania. The 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, 2022, 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; and
- a six-mile section of the Southern Beltway project 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. The closed toll system based on axles, weight and distances traveled begins approximately six miles from the Delaware River Bridge at Neshaminy Falls. 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 class 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.

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. Portions of the Turnpike System have been designated as Interstate Routes. The Turnpike Mainline has been designated as Interstate Route 276 between the area where Interstate Route 95 crosses the Turnpike System and the Valley Forge Interchange. With the September 2018 opening of the interchange connecting the Turnpike Mainline with Interstate 95, the portion of the Turnpike Mainline east of the new interchange has been designated as Interstate 95. The Commission received $237.4 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 Interstate Route 76. In addition, the Turnpike Mainline between the New Stanton and Breezewood Interchanges has been designated as Interstate Route 70. The Northeast Extension has been designated as Interstate Route 476. Portions of the Beaver Valley Expressway are designated as Interstate Route 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 Valley Forge 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 toll 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.

The Commission has equipped all existing toll lanes with the technology for Toll By Plate 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 open road tolling (ORT) system originally scheduled for October 2021. The Commission also authorized the deployment of 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 operations in October 2019.

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 using Toll By Plate 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.

Toll By Plate 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. 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 costs of non-payment associated with Toll By Plate.

The Commission plans to fully convert the Turnpike System to Open Road Tolling (ORT) where cameras on overhead gantries capture a vehicle's license plate at highway speed, and a toll invoice is mailed to the vehicle's registered owner. The overhead gantries will also read the transponder signals for E-ZPass customers to pay tolls at such locations. An initial pilot of the ORT system was installed along the new section of the Southern Beltway which opened in

October 2021. Mainline transition to ORT was initially scheduled to commence on a portion of the System from the Reading Interchange to the New Jersey border in October 2022. However, as result of reductions in spending under the Fiscal Year 2021 Capital Plan, ORT conversion was deferred to October 2024. Conversion to ORT for the balance of the Mainline west of the Reading Interchange is scheduled for completion in fall 2026. Existing toll booths would be decommissioned and removed from service at locations in which ORT is implemented.

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 September 2022, E-ZPass customers traveling in 19 other states that have implemented E-ZPass technology are able to use E-ZPass in those states.

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 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 six (6) or more violations or incurring unpaid tolls or administrative fees of $500. 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 in the first reciprocity agreement under Act 65, 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) brings such criminal charges in cooperation with local prosecutors, which has resulted in various plea and settlement arrangements.

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). 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 do not become revenues of the Commission.

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 2023 Operating Budget was approved for $425.2 million on May 3, 2022.

The Commission prepares the 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. The Ten-Year Capital Plan includes expenses to improve and maintain the Turnpike System in a state of good repair, ensure customer safety and convenience and address capacity constraints. 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 2023 was adopted by the Commission on May 3, 2022. The adopted Capital Plan calls for an investment of $7.2 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 obligations. 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 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 Financial Plan for Fiscal Year 2023 on June 1, 2022 and subsequently delivered the amended and Restated Financial Plan for Fiscal Year 2023 on August 8, 2022 (collectively, the Fiscal Year 2023 Financial Plan) to incorporate updated traffic and revenue forecast data.

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 9 (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 the Pennsylvania Department of Transportation 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 section of the southern section is scheduled to be bid in December 2022. When eventually 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. The final portion of the Southern Beltway is currently estimated to cost approximately $788.0 million.

I-95 Interchange

The Commission completed the first of three phases of its Pennsylvania Turnpike/I-95 Interchange Project in September 2018. 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, and is currently under construction. This phase included construction of a new mainline toll plaza and a cashless tolling plaza westbound, both of which opened in January 2016. This first phase of the Interchange Project was completed and open 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 Interstate 95. The second phase will include the completion of the reconstruction and widening of the remaining interchange connectors. The third phase will be the construction of a new wider bridge over the Delaware River, replacing the existing bridge. Funding for the initial design costs of the subsequent phases is included in the Fiscal Year 2023 Capital Plan.

Economic Outlook

Pennsylvania benefits from a highly diversified economy with a mix of industries. No single employment sector dominates Pennsylvania. Since the turbulent diversification of the Pennsylvania economy during the 1970's and 1980's, Pennsylvania has a much more stable economy, which tends to track the national economy, but with less volatility. During periods of national economic contraction, Pennsylvania often outperforms the U.S. in areas such as growth in real gross state product, real personal income and employment. Pennsylvania's unemployment rate generally trends below the U.S. rate and per capita income levels in the Commonwealth exceed national levels. However, over the last two years, unemployment has been higher than the national level. During periods of economic expansion, Pennsylvania will often lag behind the rate of growth in the national economy.

The Marcellus shale natural gas deposit is a long-term asset for the state and region, although drilling activity has slowed due to low prices for natural gas. The buildout of infrastructure to transport the gas to market continues, with construction of pipelines, compressing stations and processing facilities continuing to benefit Pennsylvania. Development of natural gas continues to be a factor for Pennsylvania's economic outlook. Direct employment in natural resources and mining is small relative to the total jobs in the state but other industries, such as construction, transportation, and professional services have benefited from the natural gas industry. Longer-term, Pennsylvania's competitiveness in manufacturing should be enhanced by the decreased costs of energy and petrochemical feedstocks coming from beneath the state.

Education and health care sectors remain a vital part of the state economy. The health care sector expects to benefit from increased demand building upon expanded insurance coverage already provided through the Affordable Care Act. Additionally, the pandemic has placed greater emphasis on the need to invest in the health care workforce. Pennsylvania also boasts many top-flight research hospitals that draw patients from outside the state. The state's education providers, especially its notable research universities, not only provide jobs on campus but also help to nurture new businesses with the graduates they produce. Discussions of "high-tech" sectors often overlook healthcare but should not do so. The outbreak of the pandemic requires cutting-edge research into potential treatments and vaccines.

Pennsylvania's economic growth over the next few years depends greatly on maintaining the progress made in preventing and treating COVID-19, as that will be key to a full reopening of the global economy. Even then, the leisure and hospitality sector may take several years to fully recover as travelers gradually return to the roadways and air; the future of business travel, including conventions, is a big wildcard for major cities. The return of workers to offices, especially in urban centers, also will influence the number of jobs in certain service sectors, including food service, retail, mass transit, and other personal services.

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, 2021. This was the 34th 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

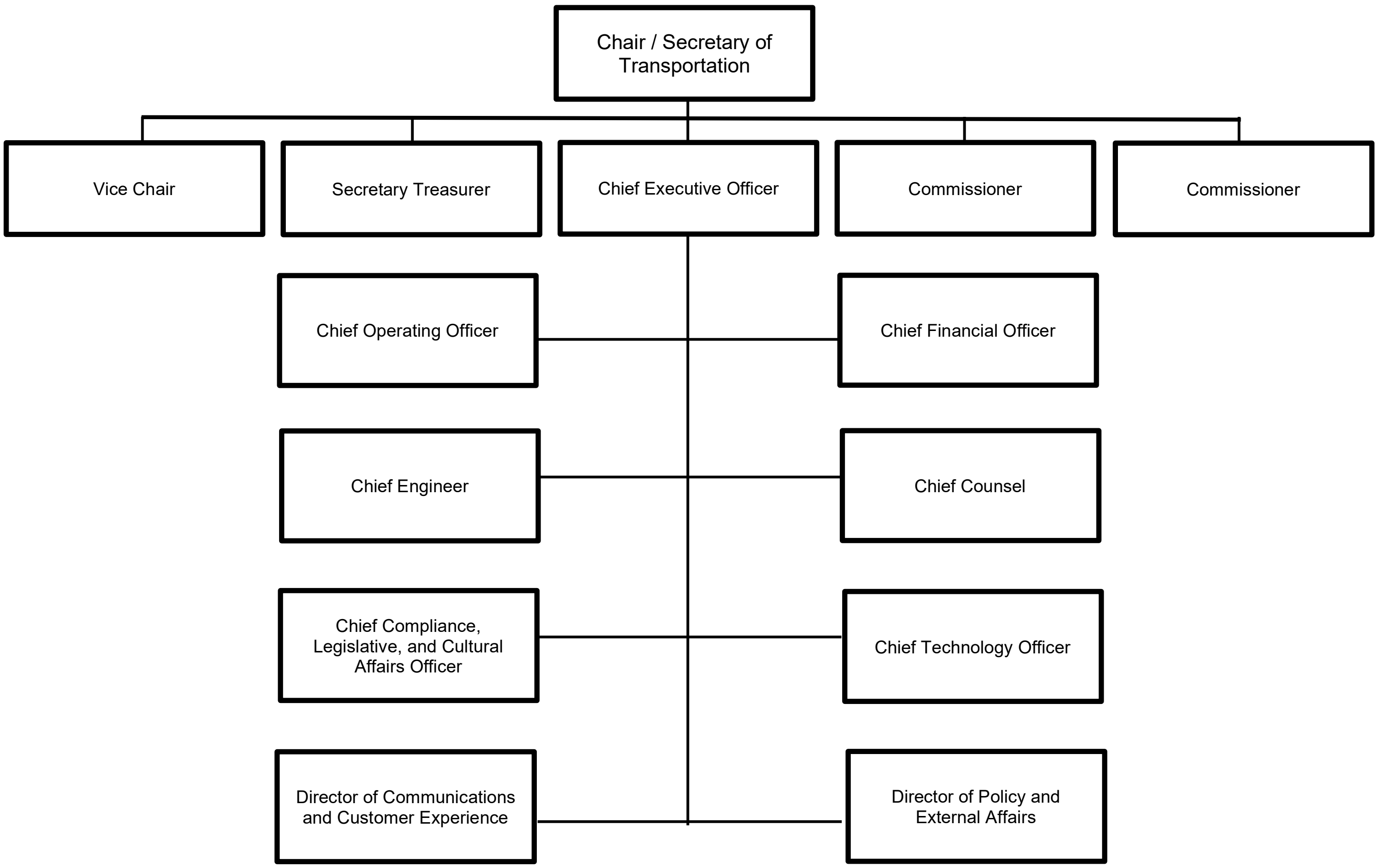
The Trust Indentures require an annual audit of the Commission's financial statements be performed by independent certified public accountants. The accounting firm of SB & Company, LLC was engaged by the Commission to perform the audit for the fiscal year ended May 31, 2022. The independent public accountants' 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.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Organization Chart
As of May 31, 2022



PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
List of Principal Officials
As of May 31, 2022

Title	Name
Commission Chair[2] / Secretary of Transportation	Yassmin Gramian, P.E.
Commission Vice Chair	William K. Lieberman
Commission Secretary Treasurer[2]	Wadud Ahmad, Esq.
Commissioner	Pasquale T. Deon, Sr.
Commissioner	(vacant)[1]
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 Compliance, Legislative & Cultural Affairs Officer	Charles L. Duncan, Esq.
Chief Technology Officer	Robert J. Taylor, P.E., PTOE
Director of Communications & Customer Experience	Carl E. Defebo, Jr.
Director of Policy & External Affairs	Kelli E. Roberts

[1] In June 2022, Sean Logan was confirmed by the Pennsylvania Senate to serve as a Commissioner. He began serving his term on July 19, 2022.

[2] In July 2022, the Commissioners reorganized. Commissioner Ahmad was elected as Chair and Sean Logan was elected as Secretary Treasurer.

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, 2021

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION

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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 year ended May 31, 2022, 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit 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 audit. 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.

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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 17 through 30 and pages 117 through 122 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

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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 123 through 136 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.

Other Matters

2021 Financial Statements

The financial statements of the Commission as of and for the year ended May 31, 2021, were audited by predecessor auditors. Their report, dated October 5, 2021, indicated that the financial statements of the Commission, 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, 2021, 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.

Owings Mills, Maryland
September 28, 2022

SB + Company, LLC

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, 2022 and 2021, which should be read in conjunction with the Commission's financial statements.

Financial Highlights

- In July 2021, the Commission made its final $450.0 million payment to PennDOT, as mandated by Act 44 and Act 89.
- Opened Southern Beltway in October 2021 which resulted in $681.4 million in assets under construction being moved to infrastructure assets.

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 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.

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.

Overview of the Basic Financial Statements *(continued)*

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.

Financial Analysis

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.

Comparative Condensed Statements of Net Position

	May 31		
	2022	**2021**	**2020**
		(In thousands)	
Assets and deferred outflows of resources			
Current assets	$ 2,234,231	$ 1,460,205	$ 1,437,182
Noncurrent investments	1,298,734	1,255,843	1,219,940
Capital assets, net of accumulated depreciation	6,771,182	6,676,046	6,410,001
Other assets	183,003	32,620	32,521
Total assets	10,487,150	9,424,714	9,099,644
Total deferred outflows of resources	382,926	545,956	626,429
Total assets and deferred outflows of resources	10,870,076	9,970,670	9,726,073
Liabilities and deferred inflows of resources			
Current liabilities	1,002,455	1,135,109	1,181,489
Debt, net of unamortized premium	16,843,788	15,323,360	14,383,020
Net pension/OPEB liability	219,303	303,263	331,034
Other noncurrent liabilities	149,588	278,928	355,661
Total liabilities	18,215,134	17,040,660	16,251,204
Total deferred inflows of resources	392,750	204,978	166,017
Total liabilities and deferred inflows of resources	18,607,884	17,245,638	16,417,221
Net position			
Net investment in capital assets	(1,422,146)	(1,115,845)	(903,089)
Restricted for construction purposes	311,045	276,847	411,313
Restricted for debt service	64,781	45,913	42,619
Unrestricted	(6,691,488)	(6,481,883)	(6,241,991)
Total net position	$ (7,737,808)	$ (7,274,968)	$ (6,691,148)

Financial Analysis *(continued)*

Comparative Condensed Statements of Net Position *(continued)*

The Commission's total net position decreased $462.8 million and $583.8 million for the fiscal years ended May 31, 2022 and 2021, respectively. The large decreases in net position in both fiscal years were mostly due to the requirements of Act 44, Act 89 and the Amended Lease and Funding Agreement (Amended Funding Agreement) between the Commission and Pennsylvania Department of Transportation (PennDOT) and costs associated with the related debt. Please refer to Note 9, Commitments and Contingencies, of the financial statements and to the Events That Will Impact Financial Position section of this MD&A for additional information regarding Act 44, Act 89 and the Amended Funding Agreement between the Commission and PennDOT. See also Note 7, Debt, in reference to the related debt.

Restricted net position is restricted for construction projects and debt service as defined in Trust Indentures and applicable bond issue official statements.

The Commission's total assets and deferred outflows of resources increased by $899.4 million in fiscal year 2022. This 2022 increase is mostly related to increases in cash and investments of $813.3 million, capital assets of $95.1 million and other assets of $150.4 million. These increases were offset by a decrease in deferred outflows of resources of $163.0 million. The increase in cash and investments is the primarily the result of new money bond issuances for Mainline Senior and Oil Franchise which increased the balances in their construction accounts by approximately $653.2 million. The increase in capital assets is mostly related to capital asset additions of $578.2 million, offset by $431.2 million of depreciation expense. The increase in other assets is due to the net OPEB liability becoming a net OPEB asset based on the most recent actuarial valuation as described in Note 11. The decrease in deferred outflows of resources is mostly related to decreases in deferred outflows of resources from hedging derivatives which is the result of the cumulative change in fair values and a decrease in deferred outflows of resources from refunding bonds which is the result of refunding Mainline Senior, Mainline Subordinate and Oil Franchise debt and the related amortization.

Total liabilities and deferred inflows of resources increased by $1,362.2 million in fiscal year 2022. The increase for fiscal year 2022 was mainly related to the issuance of Mainline Senior, Mainline Subordinate and Oil Franchise debt. See Note 7, Debt, for additional information regarding the new issuances of debt. Please refer to Note 9, Commitments and Contingencies, of the financial statements and to the Events That Will Impact Financial Position section of this MD&A for additional information regarding Act 44, Act 89 and the Amended Funding Agreement between the Commission and PennDOT.

Financial Analysis *(continued)*

Comparative Condensed Statements of Net Position *(continued)*

The Commission's total assets and deferred outflows of resources increased by $244.6 million in fiscal year 2021. This 2021 increase is mostly related to increases in capital assets of $266.0 million and accounts receivable of $67.5 million. This increase is offset by a decrease in deferred outflows of resources of $80.5 million. The increase in capital assets is mostly related to capital asset additions of $651.4 million, offset by $373.9 million of depreciation expense. The increase in accounts receivable is mostly related to the implementation of All-Electronic Tolling (AET) and the increased use of the Toll By Plate (TBP) invoicing process (See Note 2). The decrease in deferred outflows of resources is mostly related to a decrease in deferred outflows of resources from hedging derivatives which is the result of the cumulative change in the fair values. For additional information, see Note 5, Capital Assets, and Note 9, Commitments & Contingencies.

Total liabilities and deferred inflows of resources increased by $828.4 million in fiscal year 2021. The increase for fiscal year 2021 was mainly related to the issuance of Mainline Senior and Mainline Subordinate debt. See Note 7, Debt, for additional information regarding the new issuances of debt. Please refer to Note 9, Commitments and Contingencies, of the financial statements and to the Events That Will Impact Financial Position section of this MD&A for additional information regarding Act 44, Act 89 and the Amended Funding Agreement between the Commission and PennDOT.

Comparative Condensed Statements of Revenues, Expenses, and Changes in Net Position

	Year ended May 31		
	2022	**2021**	**2020**
		(In thousands)	
Operating			
Operating revenue	$ 1,507,519	$ 1,231,549	$ 1,283,783
Cost of services	(438,923)	(509,381)	(533,931)
Depreciation	(431,195)	(373,924)	(382,088)
Operating income	637,401	348,244	367,764
Nonoperating revenue (expenses)			
Investment (loss) earnings	(72,757)	15,336	90,345
Other nonoperating revenue	21,495	12,996	22,693
Act 44 payments to PennDOT	(450,000)	(450,000)	(450,000)
Capital assets transferred to Commonwealth	(51,908)	(2,769)	(294)
Interest and bond expense	(716,212)	(671,774)	(652,901)
Nonoperating expenses, net	(1,269,382)	(1,096,211)	(990,157)
Loss before capital contributions	(631,981)	(747,967)	(622,393)
Capital contributions	169,141	164,147	173,486
Decrease in net position	(462,840)	(583,820)	(448,907)
Net position at beginning of year	(7,274,968)	(6,691,148)	(6,242,241)
Net position at end of year	$ (7,737,808)	$ (7,274,968)	$ (6,691,148)

Financial Analysis *(continued)*

Comparative Condensed Statements of Revenues, Expenses, and Changes in Net Position *(continued)*

For the fiscal years ended May 31, 2022 and 2021, operating and nonoperating revenues totaled $1,456.3 million and $1,259.9 million, respectively, while operating and nonoperating expenses totaled $2,088.2 million and $2,007.8 million, respectively.

Total operating and nonoperating revenues for fiscal year 2022 were $196.4 million, or 15.6% higher than fiscal year 2021. The increase is due primarily to a $276.0 million increase in operating revenue that was the result of the increase in traffic as the impact of the COVID-19 pandemic has diminished along with the January 2022 toll increase of 5.0% for all customers except those travelling on the Southern Beltway, as well as the full-year impact of the January 2021 toll increase of 6.0% for all customers. This was partially offset by the $88.1 million change from investment earnings to investment loss.

Total operating and nonoperating revenues for fiscal year 2021 were $136.9 million, or 9.8% lower than fiscal year 2020. The decrease in nonoperating revenue is due primarily to a $75.0 million decrease in investment earnings, which is the result of unrealized losses on investments due to increasing interest rates and decreasing values for fixed-income investments in fiscal year 2021. The decrease in operating revenue was the result of the substantial decrease in traffic due to the COVID-19 pandemic, which was partially offset with the January 2021 toll increase of 6.0% for all E-ZPass rates and most Toll By Plate locations, as well as the full-year impact of the January 2020 toll increase of 6.0% for cash, E-ZPass and Toll By Plate customers.

Total operating and nonoperating expenses for fiscal year 2022 were $80.4 million higher than fiscal year 2021. This is primarily due to a $57.3 million increase in depreciation expense, a $44.4 million increase in interest and bond expenses and a $49.1 million increase in capital assets transferred to the Commonwealth. These changes are offset with a $70.5 million decrease in cost of services.

Total operating and nonoperating expenses for fiscal year 2021 were $11.4 million lower than fiscal year 2020. This is due to a $24.6 million decrease in cost of services and an $8.2 million decrease in depreciation offset with an $18.9 million increase in interest and bond expenses and $2.5 million increase in capital assets transferred to the Commonwealth.

Capital contributions increased by $5.0 million in fiscal year 2022 due to a $9.2 million increase in Oil Company Franchise Tax revenues offset with a $3.8 million decrease in Federal reimbursements. Capital contributions decreased by $9.3 million in fiscal year 2021 primarily due to a $9.6 million reduction in Oil Company Franchise Tax revenues. (See Note 2).

Financial Analysis *(continued)*

Capital Assets and Debt Administration

Capital Assets

Capital assets consist of land and intangible assets (right-of-way easements), buildings, improvements, equipment, infrastructure, and assets under construction. Infrastructure assets are typically items that are immovable such as highways, bridges and tunnels.

	Year ended May 31		
	2022	2021	2020
		(In thousands)	
Capital assets not being depreciated	$ 1,830,670	$ 2,730,566	$ 2,214,328
Capital assets being depreciated	11,957,535	10,694,766	10,787,873
Accumulated depreciation	7,017,023	6,749,286	6,592,200
Total capital assets being depreciated, net	4,940,512	3,945,480	4,195,673
Total capital assets	$ 6,771,182	$ 6,676,046	$ 6,410,001

The Commission's investment in capital assets as of May 31, 2022 amounted to $13.8 billion of gross asset value with accumulated depreciation of $7.0 billion, leaving a net book value of $6.8 billion. The net book value of capital assets as of May 31, 2021 was $6.7 billion. Capital assets represented 62.3% and 67.0% of the Commission's total assets and deferred outflows of resources as of May 31, 2022 and 2021, respectively.

Assets under construction at the end of fiscal year 2022 were $1,369.8 million, which was $918.5 million lower than in fiscal year 2021. Assets under construction at the end of fiscal year 2021 were $2,288.3 million, which was $499.6 million more than in fiscal year 2020. In fiscal year 2022, $1,465.6 million of constructed capital assets were completed, which was $1,343.6 million more than the $122.0 million of constructed capital assets completed in fiscal year 2021. In addition to constructed capital assets, the Commission had capital asset additions from purchases of approximately $31.2 million and $29.8 million in fiscal years 2022 and 2021, respectively.

The Commission's Capital Plan (i) continues the Commission's efforts for total roadway reconstruction and resurfacing, (ii) continues the rehabilitation of structurally deficient bridges, (iii) provides for the renovation of various tunnels, (iv) continue to provide for the implementation of Open Road Tolling, and (v) provides for 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 153 miles of total reconstruction have been completed. Currently, approximately 19 miles are in construction and approximately 18 miles are in design. Also, the Commission completed 12 miles of brand-new roadway and 54 miles of roadway resurfacing during fiscal year 2022, helping to maintain a quality-riding surface with a Turnpike System-wide median IRI (International Roughness Index) of 78, which is rated as good. The Commission also completed two slope repair projects, two interchange resurfacing and one maintenance shed resurfacing.

Financial Analysis *(continued)*

Capital Assets and Debt Administration *(continued)*

Capital Assets (continued)

The Commission constructed 11 new bridges, completely replaced 11 aging original bridges with new bridges, redecked or rehabilitated another 13 bridges, eliminated 1 bridge, constructed 6 new retaining walls and 7 new sound walls. Of the Commission's bridges, 851 bridges that are inspected biennially, 2.2% are rated structurally deficient which is below the national average of 7.5%. All 19 bridges currently rated structurally deficient are either in construction or design for rehabilitation.

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 Eastern Training Facility and Devault Maintenance Facility are both in construction. Design has started on the new Bowmansville, Harrison City and New Cumberland Maintenance Facilities. Design for a new Trades Building and Pennsylvania State Police Barracks in District 3 has also begun.

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.

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 preliminary design for the remainder of the Mon/Fayette Expressway project, extending from PA Route 51 to Interstate Route 376 in Pittsburgh, has been completed. The current estimates to complete the final 14 miles of the Mon/Fayette Expressway to Interstate Route 376 are in excess of $2.0 billion. Limited funding provided through Act 89 will be used to advance this project.

The Southern Beltway is a series of three independent projects that extend from the Mon/Fayette Expressway near Finleyville to Interstate 376 (I-376) at the Pittsburgh International Airport. One project constructed as part of the Southern Beltway, a six-mile section of toll road in Allegheny County that connects I-376 to U.S. Route 22 (U.S. 22), is in operation. The project from U.S. 22 to Interstate 79 (I-79) opened in October 2021. The project from I-79 to Mon/Fayette Expressway is currently in the final design phase.

The Commission has no legal obligation to complete the unfinished portions of the Mon/Fayette Expressway and Southern Beltway projects at this time.

Financial Analysis *(continued)*

Capital Assets and Debt Administration *(continued)*

Capital Assets (continued)

The Commission completed the first of three phases of its Pennsylvania Turnpike/I-95 Interchange Project in September 2018. 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 and is currently under construction. This phase included construction of a new mainline toll plaza and a cashless tolling plaza westbound, which opened in January 2016. This first phase of the Interchange Project was completed and open 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 Interstate 95. The second phase of the Interchange Project will include the completion of the reconstruction and widening of the remaining interchange connectors. The third phase will be the construction of a new wider bridge over the Delaware River, replacing the existing bridge. Funding for the initial design costs of the subsequent phases is included in the Fiscal Year 2023 Capital Plan.

The above paragraphs describe the changes in capital assets occurring during the fiscal years ended May 31, 2022 and 2021. 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 June 2020, the Commission issued $225,820,000 of 2020 Series Senior Revenue Bonds at a variable rate with a maturity date of December 1, 2039. The 2020 Series Senior Revenue Bonds were issued to refund a portion of the 2013 Series B Senior Revenue Bonds ($100,000,000), 2014 Series B-1 Senior Revenue Bonds ($100,000,000), 2018 Series A-1 Senior Revenue Bonds ($25,000,000) and for paying the costs of issuing the 2020 Series Senior Revenue Bonds.

In August 2020, the Commission issued $100,500,000 of 2020 Series A Senior Revenue Bonds at a variable rate with a maturity date of December 1, 2050. The 2020 Series A Senior Revenue Bonds were issued primarily 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 2020 Series A Senior Revenue Bonds.

Financial Analysis *(continued)*

Capital Assets and Debt Administration *(continued)*

Debt Administration – Mainline (continued)

In October 2020, the Commission issued $241,625,000 of 2020 Series B Senior Revenue Bonds at a fixed rate with a maturity date of December 1, 2050. The 2020 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 2020 Series B Senior Revenue Bonds.

In November 2020, the Commission cash defeased the December 1, 2020 maturity of the Commission's 2011 Series A Senior Revenue Bonds ($15,925,000), 2012 Series A Senior Revenue Bonds ($4,310,000), 2013 Series C Senior Revenue Bonds ($1,500,000), 2014 Series A Senior Revenue Bonds ($455,000), 2014 Series C Senior Revenue Bonds ($2,275,000) , 2015 Series A-1 Senior Revenue Bonds ($490,000), 2015 Series B Senior Revenue Bonds ($1,295,000), 2016 Series A-1 Senior Revenue Bonds ($520,000), 2017 Series A-1 Senior Revenue Bonds ($6,210,000), 2019 Series A Senior Revenue Bonds ($5,405,000), and 2019 Forward Delivery Senior Revenue Bonds ($26,230,000).

In November 2020, the Commission cash defeased the December 1, 2020 maturity of the Commission's 2010 Series C-3 Subordinate Revenue Bonds ($3,045,115 with an accretion value of $4,645,085), 2011 Series B Subordinate Revenue Bonds ($3,735,000), 2012 Series A Subordinate Revenue Bonds ($3,550,000), 2012 Series B Subordinate Revenue Bonds ($3,675,000), 2013 Series A-1 Subordinate Revenue Bonds ($1,445,000), 2013 Series B-1 Subordinate Revenue Bonds ($1,805,000), 2014 Series A-1 Subordinate Revenue Bonds ($2,680,000), 2015 Series B Subordinate Revenue Bonds ($405,000), 2016 Series A-1 Subordinate Revenue Bonds ($380,000), 2016 Third Series Subordinate Revenue Taxable Refunding Bonds ($8,110,000), 2019 First Series Subordinate Revenue Taxable Refunding Bonds ($205,000), and 2020 First Series Subordinate Revenue Taxable Refunding Bonds ($11,845,000).

In January 2021, the Commission issued $465,730,000 of 2021 Series A Subordinate Revenue Bonds at a fixed rate with a maturity date of December 1, 2050. The 2021 Series A Subordinate Revenue Bonds were primarily issued to finance a portion of the costs of making payments to PennDOT in accordance with Act 44 and Act 89 and for paying the costs of issuing the 2021 Series A Subordinate Revenue Bonds.

In March 2021, the Commission made a draw of $150,000,000 on the PNC Bank revolving Line of Credit, as a Direct Borrowing, at a variable rate with a maturity date of June 2, 2021. The draw was utilized to provide funds to repay the 2016 EB-5 Loan 1st-3rd Tranches ($150,000,000).

Financial Analysis *(continued)*

Capital Assets and Debt Administration *(continued)*

Debt Administration – Mainline (continued)

In April 2021, the Commission issued $250,000,000 of 2021 Series A Senior Revenue Bonds at a fixed rate with a maturity date of December 1, 2051. The 2021 Series A Senior Revenue Bonds were issued primarily to repay outstanding amounts under the Commission's revolving Line of Credit with PNC Bank ($150,000,000), repay the 2016 EB-5 Loan Fourth Tranche ($50,000,000), 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 2021 Series A Senior Revenue Bonds.

In July 2021, the Commission issued $385,800,000 of 2021 Series B Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2051. The 2021 Series B Senior Revenue Bonds were issued to refund a portion of the 2014 Series B-1 Senior Revenue Bonds ($150,000,000), 2018 Series A-1 Senior Revenue Bonds ($39,710,000), 2018 Series B Senior Revenue Bonds ($70,000,000), 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 2021 Series B Senior Revenue Bonds.

In July 2021, the Commission issued $393,790,000 of 2021 Series B Subordinate Revenue Bonds at a fixed rate with a maturity date of December 1, 2051. The 2021 Series B Subordinate Revenue Bonds were issued primarily to finance a portion of the cost of making payments to PennDOT in accordance with Act 44 and Act 89 and paying the cost of issuing the 2021 Series B Subordinate Revenue Bonds.

In November 2021, the Commission issued $275,000,000 of 2021 Series C Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2051. The 2021 Series C Senior Revenue Bonds were primarily issued to refund a portion of the 2011 Series A Senior Revenue Bonds ($8,445,000), 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 2021 C Senior Revenue Bonds

In November 2021, the Commission cash defeased the December 1, 2022 and December 1, 2023 maturities of the Commission's 2011 Series B Subordinate Revenue Bonds ($7,560,000) and 2012 Series A Subordinate Revenue Bonds ($5,620,000).

In November 2021, the Commission cash defeased the December 1, 2022 through December 1, 2024 maturities of the Commission's 2011 Series B Motor License Fund-Enhanced Subordinate Special Revenue Bonds ($1,845,000) and 2012 Series A Motor License Fund-Enhanced Subordinate Special Revenue Bonds ($2,340,000).

Financial Analysis *(continued)*

Capital Assets and Debt Administration *(continued)*

Debt Administration – Mainline (continued)

In April 2022, the Commission issued, as a Direct Placement, $291,850,000 of 2022 First Series Subordinate Revenue Refunding Bonds at a variable rate with a maturity of December 1, 2041. The 2022 First Series Subordinate Revenue Refunding Bonds were primarily issued to refund the 2017 First Series Subordinate Revenue Refunding Bonds and for paying the costs of issuing the 2022 First Series Subordinate Revenue Refunding Bonds.

Debt Administration – Oil Franchise Tax

In September 2021, the Commission issued $327,520,000 2021 Series A Oil Franchise Tax Senior Revenue Bonds at a fixed rate with a maturity date of December 1, 2051. The 2021 Series A Oil Franchise Tax Senior Revenue Bonds were issued primarily to provide funds for the refunding of the Commission's 2009 Series A-1 Oil Franchise Tax Senior Revenue Bonds ($3,855,000), financing the 2021 Construction Project and paying the costs of issuing the 2021 Series A Oil Franchise Tax Senior Revenue Bonds.

In September 2021, the Commission issued $201,480,000 2021 Series B Oil Franchise Tax Subordinate Revenue Bonds at a fixed rate with a maturity date of December 1, 2053. The 2021 Series B Oil Franchise Tax Subordinate Revenue Bonds were issued primarily to provide funds for the refunding of the Commission's 2009 Series D-1 Oil Franchise Tax Subordinate Revenue Bonds ($19,070,000), 2009 Series D-2 Oil Franchise Tax Subordinate Revenue Bonds ($405,000), financing the 2021 Construction Project, and paying the costs of issuing the 2021 Series B Oil Franchise Tax Subordinate Revenue Bonds.

The preceding paragraphs describe debt activity occurring during the fiscal years ended May 31, 2022 and 2021. Please refer to the debt and commitments and contingencies notes to the financial statements (Notes 7 and 9) 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.

Events That Will Impact Financial Position *(continued)*

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*). Originally such payments in the amount of $450.0 million were 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. See the following paragraphs for subsequent changes to such annual payments.

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 is $450.0 million, with at least $30.0 million of such annual amount required to be paid from current revenues and the remainder expected to be 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.

As a result of the materially adverse impact of the COVID-19 pandemic, the Commission and PennDOT agreed, pursuant to Amendment Three, 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 $450.0 million within fiscal year 2021.

Events That Will Impact Financial Position *(continued)*

Additionally, in July 2021, the Commission made its fiscal year 2022 $450.0 million payment to PennDOT, as its final payment required by Act 44/Act 89. For both fiscal years, the amounts are recorded as nonoperating expenses.

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 shall be paid from then current revenues of the Commission. Act 89 further provided that 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.

The provisions of Act 44 and the Amended Funding Agreement require the Commission to provide a financial plan to the Secretary of the Budget of the Commonwealth on, or before, June 1 of each year that describes the Commission's proposed operating and capital expenditures, borrowings, liquidity and other financial management covenants and policies, estimated toll rates and all other revenue and expenditures for the ensuing fiscal year. Act 44 requires that the financial plan demonstrate that the operation of the Commission can reasonably be anticipated to result in having sufficient funds to make payments due to PennDOT pursuant to the Amended Funding Agreement and Act 44 during the ensuing and future fiscal years. It is important to note that the financial plan does not cover the funding needs for the Mon/Fayette or the Southern Beltway projects, which are separately financed by certain dedicated tax and fee revenue sources of the Commonwealth.

The Commission delivered to the Secretary of the Budget its Financial Plan for Fiscal Year 2023 on June 1, 2022 and subsequently delivered the amended and Restated Financial Plan for Fiscal Year 2023 on August 8, 2022 (collectively, the Fiscal Year 2023 Financial Plan) to incorporate updated traffic and revenue forecast data. The Fiscal Year 2023 Financial Plan indicated that in fiscal year 2022, 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 Fiscal Year 2023 Financial Plan defines 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 includes the adoption of the Commission's Fiscal Year 2023 Ten-Year Capital Plan which was adopted by the Commission in May 2022. The Fiscal Year 2023 Financial Plan indicates that in fiscal year 2022, 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 2023 Financial Plan is available on the Commission's website.

Additionally, the Fiscal Year 2023 Financial Plan concludes that the Commission will continue to meet all of its indenture covenants and other obligations through the fiscal year 2057. However, as a forward-looking report, the Fiscal Year 2023 Financial Plan makes certain assumptions, including future toll increases, to reach its conclusion that the financial covenants, obligations under the Enabling Acts, and capital needs will be met beyond fiscal year 2022. Key among these assumptions is the Commission's ongoing ability to raise all tolls throughout the System.

Events That Will Impact Financial Position *(continued)*

The Fiscal Year 2023 Financial Plan assumes the $450.0 million Act 44/Act 89 Payment obligations required by the Enabling Acts through fiscal year 2022 and the reduced level of $50.0 million Act 44/Act 89 Payments from fiscal year 2023 through fiscal year 2057. No assurances can be made by the Commission with respect to the assumptions made or conclusions reached in the Fiscal Year 2023 Financial Plan. A copy of the Fiscal Year 2023 Financial Plan is available on the Commission's website.

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 9) 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. However, the Commission cannot predict what other legislation may be considered by the General Assembly during the 2022-2023 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, 2022 and 2021
(in thousands)

	2022	2021
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets		
Cash and cash equivalents	$ 318,158	$ 225,679
Investments	46,881	52,563
Accounts receivable - net of allowance of $400.7 million and $293.5 million as of May 31, 2022 and 2021, respectively	125,931	118,340
Accrued interest receivable	1,656	1,845
Inventories	20,408	19,203
Restricted current assets		
Cash and cash equivalents	917,325	601,489
Investments	786,877	419,095
Accounts receivable	13,420	18,004
Accrued interest receivable	3,575	3,987
Total current assets	2,234,231	1,460,205
Noncurrent assets		
Investments		
Investments	458,258	425,849
Investments restricted	840,476	829,994
Total investments	1,298,734	1,255,843
Capital assets not being depreciated		
Land and intangibles	460,908	442,257
Assets under construction	1,369,762	2,288,309
Capital assets being depreciated		
Buildings	1,034,358	987,325
Improvements other than buildings	189,597	160,973
Equipment	626,570	581,800
Infrastructure	10,107,010	8,964,668
Total capital assets before accumulated depreciation	13,788,205	13,425,332
Less: Accumulated depreciation	7,017,023	6,749,286
Total capital assets after accumulated depreciation	6,771,182	6,676,046
Other assets		
Prepaid bond insurance costs	5,198	5,536
Net OPEB asset	150,224	-
Other assets	27,581	27,084
Total other assets	183,003	32,620
Total noncurrent assets	8,252,919	7,964,509
Total assets	10,487,150	9,424,714
Deferred outflows of resources from hedging derivatives	38,424	119,058
Deferred outflows of resources from refunding bonds	254,237	305,548
Deferred outflows of resources from pensions	39,629	50,676
Deferred outflows of resources from OPEB	50,636	70,674
Total deferred outflows of resources	382,926	545,956
Total assets and deferred outflows of resources	$ 10,870,076	$ 9,970,670

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, 2022 and 2021
(in thousands)

	2022	2021
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current liabilities		
Accounts payable and accrued liabilities	$ 570,726	$ 549,237
Current portion of debt	313,740	480,170
Unearned income	117,989	105,702
Total current liabilities	1,002,455	1,135,109
Noncurrent liabilities		
Debt, less current portion, net of unamortized premium of $1,544.7 million and $1,262.9 million in 2022 and 2021, respectively	16,843,788	15,323,360
Net pension liability	219,303	288,472
Net OPEB liability	-	14,791
Other noncurrent liabilities	149,588	278,928
Total noncurrent liabilities	17,212,679	15,905,551
Total liabilities	18,215,134	17,040,660
Deferred inflows of resources from hedging derivatives	53,070	7,688
Deferred inflows of resources from service concession arrangements	96,037	101,028
Deferred inflows of resources from refunding bonds	11,364	8,415
Deferred inflows of resources from pensions	109,329	83,563
Deferred inflows of resources from OPEB	122,950	4,284
Total deferred inflows of resources	392,750	204,978
Total liabilities and deferred inflows of resources	18,607,884	17,245,638
NET POSITION		
Net investment in capital assets	(1,422,146)	(1,115,845)
Restricted for construction purposes	311,045	276,847
Restricted for debt service	64,781	45,913
Unrestricted	(6,691,488)	(6,481,883)
Total net position	$ (7,737,808)	$ (7,274,968)

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, 2022 and 2021
(in thousands)

	2022	2021
Operating revenues		
Fares - net of discounts, adjustments and bad debt expense of $109.1 million and $68.4 million for the years ended May 31, 2022 and 2021, respectively	$ 1,459,916	$ 1,190,419
Other	47,603	41,130
Total operating revenues	1,507,519	1,231,549
Operating expenses		
Cost of services	438,923	509,381
Depreciation	431,195	373,924
Total operating expenses	870,118	883,305
Operating income	637,401	348,244
Nonoperating revenues (expenses)		
Investment (losses) earnings	(72,757)	15,336
Other nonoperating revenues	21,495	12,996
Act 44 and Act 89 payments to PennDOT	(450,000)	(450,000)
Capital assets transferred to the Commonwealth	(51,908)	(2,769)
Interest and bond expense	(716,212)	(671,774)
Nonoperating expenses, net	(1,269,382)	(1,096,211)
Loss before capital contributions	(631,981)	(747,967)
Capital contributions	169,141	164,147
Decrease in net position	(462,840)	(583,820)
Net position at beginning of year	(7,274,968)	(6,691,148)
Net position at end of year	$ (7,737,808)	$ (7,274,968)

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, 2022 and 2021
(in thousands)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customer tolls and deposits	$ 1,500,901	$ 1,196,461
Cash payments for goods and services	(363,502)	(394,501)
Cash payments to employees	(140,139)	(154,324)
Cash received from other operating activities	9,960	9,082
Net cash provided by operating activities	1,007,220	656,718
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	4,271,332	2,746,488
Interest received on investments	22,627	25,335
Purchase of investments	(4,774,434)	(2,840,638)
Net cash used in investing activities	(480,475)	(68,815)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants received from other governments	6,501	1,262
Proceeds from Motor License Registration fees	28,000	28,000
Proceeds from Oil Company Franchise Tax	136,522	114,176
Construction and acquisition of capital assets	(595,008)	(646,603)
Proceeds from sale of capital assets	1,657	2,431
Payments for bond and swap expenses	(9,504)	(7,315)
Payments for cash defeasances	-	(66,225)
Payments for debt refundings	(291,931)	(225,000)
Payments for bond maturities	(104,775)	(28,700)
Repayment of EB-5 Loan	-	(200,442)
Interest paid on debt	(352,301)	(332,533)
Interest subsidy from Build America Bonds	21,110	31,633
Upfront swap payments	3,590	-
Proceeds from draw on line of credit	-	150,000
Repayment of draw on line of credit	-	(150,000)
Proceeds from debt issuances	1,456,590	936,604
Net cash provided by (used in) capital and related financing activities	300,451	(392,712)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash payments to PennDOT	(450,000)	(450,000)
Payments for bond and swap expenses	(2,586)	(2,744)
Payments for cash defeasances	(17,730)	(43,092)
Payments for debt refundings	(291,850)	-
Payments for debt maturities	(113,330)	(13,075)
Interest paid on debt	(317,350)	(297,054)
Proceeds from debt issuances	773,965	531,612
Net cash used in noncapital financing activities	(418,881)	(274,353)
Increase (decrease) in cash and cash equivalents	408,315	(79,162)
Cash and cash equivalents at beginning of year	827,168	906,330
Cash and cash equivalents at end of year	$ 1,235,483	$ 827,168

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, 2022 and 2021
(in thousands)

	2022	2021
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 637,401	$ 348,244
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	431,195	373,924
Change in operating assets and liabilities		
Accounts receivable	(7,211)	(52,669)
Inventories	(1,205)	5,482
Other assets	9	(16)
Net OPEB asset	(165,015)	-
Deferred outflows of resources from pensions	11,047	(12,839)
Deferred outflows of resources from OPEB	20,038	(42,959)
Accounts payable and accrued liabilities	5,692	25,485
Net pension liability	(69,169)	(40,717)
Net OPEB liability	-	12,946
Other noncurrent liabilities	6	(77)
Deferred inflows of resources from pensions	25,766	41,071
Deferred inflows of resources from OPEB	118,666	(1,157)
Net cash provided by operating activities	$ 1,007,220	$ 656,718
Reconciliation of cash and cash equivalents to the statements of net position		
Cash and cash equivalents	$ 318,158	$ 225,679
Restricted cash and cash equivalents	917,325	601,489
Total cash and cash equivalents	$ 1,235,483	$ 827,168

Noncash Investing, Capital and Related Financing and Noncapital Financing Activities

The Commission recorded net decreases of $100.4 million and $10.1 million in the fair value of its investments not reported as cash equivalents for the years ended May 31, 2022 and 2021, respectively.

The Commission recorded $72.4 million and $58.9 million for the amortization of bond premiums for the years ended May 31, 2022 and 2021, respectively.

As indicated in Note 7, the Commission refunded and cash defeased various bonds in both fiscal years 2022 and 2021. The fiscal year 2022 refundings and cash defeasances resulted in a $1.0 million reclassification from bond premiums (discounts) to deferred inflows of resources from refundings. The fiscal year 2021 refundings and cash defeasances resulted in a $5.8 million reclassification from bond premiums (discounts) to deferred inflows of resources from refundings. Additionally, the Commission recorded $57.5 million and $64.5 million in expenses for amortization of deferred outflows/inflows of resources from refunding bonds for the years ended May 31, 2022 and 2021, respectively.

The accompanying notes are an integral part of these financial statements.

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, 2022 and 2021, respectively.

The Commission recorded an interest expense reduction of $7.4 million and $5.9 million for the years ended May 31, 2022 and 2021, respectively, related to terminated derivative instruments.

The Commission recognized total capital contributions of $169.1 million for the fiscal year ended May 31, 2022. Cash received of $171.0 million for the fiscal year ended May 31, 2022 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 $7.4 million decrease in receivables related to these capital contributions offset by a $5.5 million noncash capital contribution related to capital assets provided by service plaza operators. The Commission recognized total capital contributions of $164.1 million for the fiscal year ended May 31, 2021. Cash received of $143.4 million for the fiscal year ended May 31, 2021 is reported in the capital and related financing activities of this statement. The $20.7 million difference between capital contributions and cash received is the result of a $14.9 million increase in receivables related to these capital contributions and a $5.8 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.

As discussed in Note 2 (*Capital Assets Transferred to the Commonwealth of Pennsylvania* section), the Commission made the following transfers during the fiscal year ended May 31, 2022: infrastructure assets with a net book value of $51.6 million to PennDOT, drones with a net book value of $0.1 million to the Pennsylvania State Police, and a traffic signal with a net book value of $0.2 million to Bristol Township (PA). During fiscal year 2021, the Commission transferred portable radios with a book value of $2.8 million to the Pennsylvania State Police.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Statements of Fiduciary Net Position – OPEB Trust Fund
May 31, 2022 and 2021

	2022	2021
	(in thousands)	
ASSETS		
Cash and cash equivalents	$ 3,790	$ 4,816
Interest and dividends receivable	429	360
Investments		
Equity – stocks	14,734	17,025
Equity – mutual funds	259,696	263,266
Fixed income – mutual funds	28,655	42,326
Fixed income – U.S. Treasuries	51,228	46,490
Fixed income – U.S. Government agency securities	11,315	14,969
Corporate obligations	28,904	22,957
Limited partnerships		
Real estate	67,089	72,700
Commodities	29,556	21,125
Global tactical asset allocation	35,198	47,817
Private debt	10,399	10,359
Private equity	3,124	837
Total limited partnerships	145,366	152,838
Hedge fund of funds	29,412	36,981
Total investments	569,310	596,852
Total assets	573,529	602,028
LIABILITIES		
Benefits payable	652	538
Other liabilities	264	188
Total liabilities	916	726
Net position – restricted for OPEB	$ 572,613	$ 601,302

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, 2022 and 2021

	2022	2021
	(in thousands)	
ADDITIONS		
Employer contributions	$ 13,746	$ 47,250
Net investment income (loss)		
Interest, dividends, and capital gains income	18,760	8,829
Change in fair value of investments	(38,889)	101,263
Investment fees	(960)	(878)
Total net investment income (loss)	(21,089)	109,214
Total additions	(7,343)	156,464
DEDUCTIONS		
Benefit payments	21,344	20,582
Administrative expenses	2	4
Total deductions	21,346	20,586
Change in fiduciary net position	(28,689)	135,878
Net position – restricted for OPEB		
Beginning of year	601,302	465,424
End of year	$ 572,613	$ 601,302

The accompanying notes are an integral part of these financial statements.

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 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.

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.

Reclassifications

Certain amounts presented in fiscal year 2021 have been reclassified to conform to the fiscal year 2022 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, with the exception of 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.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital Assets

Capital assets consist of land and intangible assets (right-of-way easements), buildings, improvements, equipment, infrastructure, and assets under construction. Infrastructure assets are typically items that are immovable such as highways, bridges, and tunnels. Capital assets are stated at cost. Donated capital assets and capital assets received in a service concession arrangement are measured at acquisition value. Acquisitions of capital assets valued at $15,000 or greater are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Intangible assets have an indefinite life and, thus, are not depreciated. The following lives are used:

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

Inventories

Inventories are valued at average cost. The cost of inventory is expensed upon use (consumption method).

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, 2022 were as follows:

	Restricted for:		
	Construction	**Debt Service**	**Total**
		(in thousands)	
Cash & cash equivalents	$ 228,430	$ 688,895	$ 917,325
Short-term investments	578,804	208,073	786,877
Accounts receivable	13,420	-	13,420
Interest receivable	833	2,742	3,575
Long-term investments	242,312	598,164	840,476
Total	$ 1,063,799	$ 1,497,874	$ 2,561,673

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Restricted Assets *(continued)*

Restricted assets as of May 31, 2021 were as follows:

	Restricted for: Construction	Restricted for: Debt Service	Total
	(in thousands)		
Cash & cash equivalents	$ 144,358	$ 457,131	$ 601,489
Short-term investments	82,118	336,977	419,095
Accounts receivable	18,004	-	18,004
Interest receivable	876	3,111	3,987
Long-term investments	166,371	663,623	829,994
Total	$ 411,727	$ 1,460,842	$ 1,872,569

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.

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 also has unearned income related to microwave tower leases. The Commission had total unearned income of $121.5 million and $109.3 million for fiscal years ended May 31, 2022 and 2021, respectively. Unearned income recorded as current liabilities was $121.2 million and $108.9 million as of May 31, 2022 and 2021, respectively. Unearned income recorded as other noncurrent liabilities was $0.3 million and $0.4 million as of May 31, 2022 and 2021, 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 arbitrage liability recorded as other noncurrent liabilities is $45,800 and $0.1 million as of May 31, 2022 and 2021, respectively.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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.

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 five 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 and deferred outflows/inflows related to other postemployment benefits.

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 8. 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 11. 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.

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, 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.

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, as well as revenue from various sponsorship agreements. Also included are electronic toll collection fees related to E-ZPass and Toll By Plate (TBP) programs, as well as related bad debt expense.

Fare Revenues

Fare revenues are recognized when vehicles exit the Turnpike System.

During fiscal year 2016, the Commission implemented TBP, a license plate tolling system for customers without a valid E-ZPass. The TBP program offers cashless, nonstop travel at tolling points throughout the Turnpike System. This system utilizes high-speed cameras over the roadway that capture license plate images as vehicles pass through the tolling point. The registered owner of the vehicle then receives a flat rate invoice in the mail. Effective March 16, 2020, due to the COVID-19 pandemic, the Commission implemented all-electronic tolling across the system. With existing cameras on the entry lanes, the Commission was able to utilize the TBP system at the remaining tolling points. For fiscal years 2022 and 2021, approximately 16.5% and 15.0%, respectively, of the fare revenues were realized through TBP, which are included as a part of all-electronic tolling.

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. Other expenses are considered nonoperating expenses.

Cost of Services

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

Utilization of Resources

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

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 9 for more information regarding Act 44 and Act 89.

Capital Assets Transferred to the Commonwealth of Pennsylvania

The Commission and PennDOT entered into an agreement regarding ownership of overhead bridges that carry state roads. Per the agreement, once the Commission replaces these overhead bridges, and after final inspections and supplemental agreements are signed by both parties, ownership and maintenance responsibilities of the bridges are transferred from the Commission to PennDOT. The Commission transferred assets with a net book value of $51.6 million to PennDOT during the fiscal year ended May 31, 2022.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Nonoperating Revenues (Expenses) *(continued)*

Capital Assets Transferred to the Commonwealth of Pennsylvania (continued)

Also, during the fiscal year ended May 31, 2022, the Commission transferred a traffic signal to Bristol Township (PA). The book value of the traffic signal transferred was $0.2 million. In addition, during the fiscal year ended May 31, 2022, the Commission transferred drones to the Pennsylvania State Police. The book value of the drones transferred was $0.1 million.

During the fiscal year ended May 31, 2021, the Commission transferred portable radios to the Pennsylvania State Police. The book value of the radios transferred was $2.8 million.

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.

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 $133.3 million and $124.2 million for the fiscal years ended May 31, 2022 and 2021, 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, 2022 and 2021 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. During the fiscal years ended May 31, 2022 and 2021, the Commission recognized $2.3 million and $6.1 million, respectively, as capital contributions from the other governments. During fiscal year 2022, all of the reimbursements were received from the Federal government. During fiscal year 2021, all of the reimbursements, except $24,000, were received from the Federal government.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital Contributions *(continued)*

Other Capital Contributions

The Commission entered into contracts 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 $5.5 million and $5.8 million related to these agreements for fiscal years ended May 31, 2022 and 2021, respectively. See Note 6 for further discussion on service plazas.

Adoption of Accounting Pronouncements

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. The Commission implemented the requirements of, effectively adopted, Statement No. 98 for its fiscal year ended May 31, 2021.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The Commission adopted required portions of Statement No. 99 for its fiscal year ended May 31, 2022. The adoption of the portions of this Statement had no impact on the Commission's financial statements for fiscal year ended May 31, 2022. The remaining portions of this Statement will be adopted in the required fiscal years.

Accounting Pronouncements Not Yet Adopted

In June 2017, the GASB issued Statement No. 87, *Leases*. The Commission is required to adopt Statement No. 87 for the fiscal year ending May 31, 2023.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The Commission is required to adopt Statement No. 91 for the fiscal year ending May 31, 2023.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The Commission is required to adopt Statement No. 92 for the fiscal year ending May 31, 2023.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The Commission is required to adopt Statement No. 93 for the fiscal year ending May 31, 2023, with the exception of paragraph 11b which is required to be adopted for the fiscal year ending May 31, 2022. The adoption of this paragraph of the Statement had no impact on the Commission's financial statements for fiscal year ended May 31, 2022.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Accounting Pronouncements Not Yet Adopted *(continued)*

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The Commission is required to adopt Statement No. 94 for the fiscal year ending May 31, 2024.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Commission is required to adopt Statement No. 96 for the fiscal year ending May 31, 2024.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. Paragraphs 4 and 5 of this Statement were effective immediately and were included with the other Statement No. 84 disclosures in the Commission's financial statements as of May 31, 2021. The Commission is required to adopt the remainder of Statement No. 97 for the fiscal year ending May 31, 2023.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The Commission is required to adopt the portions of Statement No. 99 related to leases, PPPs, and SBITAs for the fiscal year ending May 31, 2024. The Commission is required to adopt the portions of Statement No. 99 related to 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.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62*. The Commission is required to adopt Statement No. 100 for the fiscal year ending May 31, 2025.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The Commission is required to adopt Statement No. 101 for the fiscal year ending May 31, 2025.

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

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, 2022	May 31, 2021
	(In thousands)	
Cash and cash equivalent and investment types		
U.S. Treasuries	$ 1,956,254	$ 1,456,488
GNMA mortgages	580	864
Government agency securities	11,316	37,777
Municipal bonds	32,641	91,451
Corporate obligations	132,860	125,031
Total investment securities	2,133,651	1,711,611
Investment derivatives	(1,159)	15,890
Cash and cash equivalents	1,235,483	827,168
Total cash and cash equivalents and investments	$ 3,367,975	$ 2,554,669

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	Book Balance
	(In thousands)	
May 31, 2022		
Demand deposits	$ 36,044	$ 35,716
Money market funds	993,357	993,357
Cash equivalents	206,410	206,410
Total cash and cash equivalents	$ 1,235,811	$ 1,235,483
May 31, 2021		
Demand deposits	$ 32,463	$ 36,249
Money market funds	739,562	739,562
Cash equivalents	51,357	51,357
Total cash and cash equivalents	$ 823,382	$ 827,168

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, 2022 and 2021, U.S. Treasuries of $1,956.3 million and $1,456.5 million, respectively, categorized as Level 1 are valued using quoted market prices.

- As of May 31, 2022 and 2021, GNMA mortgages of $0.6 million and $0.9 million, respectively, categorized as Level 2 are valued using models based on spreads of comparable securities.

- As of May 31, 2022 and 2021, government agency securities of $11.3 million and $37.8 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, 2022 and 2021, municipal bonds of $32.6 million and $91.5 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, 2022 and 2021, total corporate obligations were $132.9 million and $125.0 million, respectively. Of the May 31, 2022 and 2021 amounts, $18.2 million is a guaranteed investment contract, which is valued at the contract value. The remaining $114.7 million and $106.8 million as of May 31, 2022 and 2021, 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.

NOTE 4 CASH AND INVESTMENTS *(continued)*

Cash Equivalents and Investment Securities *(continued)*

- As of May 31, 2022 and 2021, investment derivative instruments of $(1.2) million and $15.9 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 9 for further discussion.

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);

NOTE 4 CASH AND INVESTMENTS *(continued)*

Cash Equivalents and Investment Securities *(continued)*

- 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;

- 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.

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 diversification:

- 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, 2022 and 2021, the Commission did not hold any securities that were not in compliance with the Investment Policy guidelines.

NOTE 4 CASH AND INVESTMENTS *(continued)*

Credit Risk

The Commission's exposure to credit risk for investment securities is as follows:

Investment Type	AAA	AA	A	A-1	Below A	Total
	Quality Rating as of May 31, 2022 (In thousands)					
Government agency securities	$ 1,589	$ 9,727	$ -	$ -	$ -	$ 11,316
Municipal bonds	13,117	6,976	12,548	-	-	32,641
Corporate obligations	39,433	70,020	8,481	14,878	48	132,860
	$ 54,139	$ 86,723	$ 21,029	$ 14,878	$ 48	$ 176,817

Investment Type	AAA	AA	A	A-1	Below A	Total
	Quality Rating as of May 31, 2021 (In thousands)					
Government agency securities	$ 2,027	$ 35,750	$ -	$ -	$ -	$ 37,777
Municipal bonds	13,958	12,273	14,101	51,119	-	91,451
Corporate obligations	28,406	64,871	16,811	14,878	65	125,031
	$ 44,391	$ 112,894	$ 30,912	$ 65,997	$ 65	$ 254,259

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, 2022 and 2021, 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.

Interest Rate Risk

The effective duration of the Commission's investments, by type, was as follows:

	As of May 31, 2022	
Investment Type	Fair Value	Effective Duration
	(In thousands)	*(In years)*
U.S. Treasuries	$ 1,956,254	1.6113
GNMA mortgages	580	4.0850
Government agency securities	11,316	1.2724
Municipal bonds	32,641	1.9012
Corporate obligations	132,860	2.0297
Total investment securities	$ 2,133,651	

NOTE 4 CASH AND INVESTMENTS *(continued)*

Interest Rate Risk *(continued)*

Investment Type	As of May 31, 2021 Fair Value *(In thousands)*	Effective Duration *(In years)*
U.S. Treasuries	$ 1,456,488	2.4230
GNMA mortgages	864	4.3809
Government agency securities	37,777	0.8322
Municipal bonds	91,451	1.2678
Corporate obligations	125,031	1.4657
Total investment securities	$ 1,711,611	

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, 2022 and 2021, $35.5 million and $32.0 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, 2022 or 2021.

Investment Derivative Instruments

The following table is a summary of the Commission's investment derivative instruments as of May 31, 2022:

**	Notional Amount *(thousands)*	Weighted Avg. Mat. *(years)*	Effective Date	Maturity Date	Terms	Fair Value *(thousands)*	Counterparty	Credit Ratings Moody's/ S&P's/Fitch
	$ 112,000				Pay SIFMA, receive 63% of 1-month LIBOR + 20 bps	$ (3,952)	JPMorgan Chase Bank	Aa2/A+/AA
	48,000					(1,693)	Bank of New York Mellon	Aa2/AA-/AA
A	160,000	7.1	8/14/2003	12/1/2032		(5,645)		
	80,000				Pay 67% of 1-month LIBOR receive 60.15% of the 10 year maturity of the USD-ISDA Swap Rate	545	JPMorgan Chase Bank	Aa2/A+/AA
	80,000					557	Royal Bank of Canada	Aa1/AA-/AA-
B	160,000	7.0	9/19/2006	11/15/2032		1,102		
C	115,810	9.8	6/1/2010	6/1/2039	Pay SIFMA, receive 99.68% of 3-month LIBOR	3,384	Goldman Sachs MMDP	Aa2/AA-/NR
D	*Terminated on 06/30/21*					-		
						$ (1,159)		

1-month LIBOR was 1.11986% as of May 31, 2022.
3-month LIBOR was 1.61071% as of May 31, 2022.
10-year maturity of the USD-ISDA swap rate was 2.951% as of May 31, 2022.
SIFMA was 0.79% as of May 31, 2022.
** Letters are used as references in Note 9 (Commitments and Contingencies).

NOTE 4 CASH AND INVESTMENTS *(continued)*

Investment Derivative Instruments *(continued)*

The following table is a summary of the Commission's investment derivative instruments as of May 31, 2021:

**	Notional Amount *(thousands)*	Weighted Avg. Mat. *(years)*	Effective Date	Maturity Date	Terms	Fair Value *(thousands)*	Counterparty	Credit Ratings Moody's/ S&P's/Fitch
	$ 112,000				Pay SIFMA, receive 63% of 1-month LIBOR + 20 bps	$ (172)	JPMorgan Chase Bank	Aa2/A+/AA
	48,000					(73)	Bank of New York Mellon	Aa2/AA-/AA
A	160,000	8.1	8/14/2003	12/1/2032		(245)		
	80,000				Pay 67% of 1-month LIBOR, receive 60.15% of the 10 year maturity of the USD-ISDA Swap rate	3,214	JPMorgan Chase Bank	Aa2/A+/AA
	80,000					3,237	Royal Bank of Canada	Aa2/AA-/AA
B	160,000	8.0	9/19/2006	11/15/2032		6,451		
C	115,810	10.8	6/1/2010	6/1/2039	Pay SIFMA, receive 99.68% of 3-month LIBOR	4,588	Goldman Sachs MMDP	Aa2/AA-/NR
D	115,810	10.8	6/1/2010	6/1/2039	Pay SIFMA, receive 99.80% of 3-month LIBOR	5,096	Deutsche Bank	A3/BBB+/BBB
						$ 15,890		

1-month LIBOR was 0.08588% as of May 31, 2021.
3-month LIBOR was 0.13138% as of May 31, 2021.
10-year maturity of the USD-ISDA swap rate was 1.556% as of May 31, 2021.
SIFMA was 0.05% as of May 31, 2021.
** Letters are used as references in Note 9 (Commitments and Contingencies).

See Note 9 for additional disclosures regarding derivative instruments, including a rollforward from the prior-year balances.

NOTE 5 CAPITAL ASSETS

Summaries of changes to capital assets for the years ended May 31, 2022 and 2021 are as follows:

	Balance May 31, 2021	Additions	Transfers (In thousands)	Reductions	Balance May 31, 2022
Capital assets not being depreciated (cost)					
Land and intangibles	$ 442,257	$ 18,651	$ -	$ -	$ 460,908
Assets under construction	2,288,309	547,051	(1,465,598)	-	1,369,762
Total capital assets not being depreciated	2,730,566	565,702	(1,465,598)	-	1,830,670
Capital assets being depreciated (cost)					
Buildings	987,325	-	47,033	-	1,034,358
Improvements other than buildings	160,973	-	28,662	38	189,597
Equipment	581,800	12,544	38,721	6,495	626,570
Infrastructure	8,964,668	-	1,351,182	208,840	10,107,010
Total capital assets being depreciated	10,694,766	12,544	1,465,598	215,373	11,957,535
Less accumulated depreciation for					
Buildings	482,206	24,479	-	-	506,685
Improvements other than buildings	96,473	8,112	-	38	104,547
Equipment	452,419	34,795	-	6,138	481,076
Infrastructure	5,718,188	363,809	-	157,282	5,924,715
Total accumulated depreciation	6,749,286	431,195	-	163,458	7,017,023
Total capital assets being depreciated, net	3,945,480	(418,651)	1,465,598	51,915	4,940,512
Total capital assets	$ 6,676,046	$ 147,051	$ -	$ 51,915	$ 6,771,182

	Balance May 31, 2020	Additions	Transfers (In thousands)	Reductions	Balance May 31, 2021
Capital assets not being depreciated (cost)					
Land and intangibles	$ 425,643	$ 16,614	$ -	$ -	$ 442,257
Assets under construction	1,788,685	621,588	(121,964)	-	2,288,309
Total capital assets not being depreciated	2,214,328	638,202	(121,964)	-	2,730,566
Capital assets being depreciated (cost)					
Buildings	983,739	-	3,586	-	987,325
Improvements other than buildings	151,066	-	10,381	474	160,973
Equipment	706,803	13,217	23,719	161,939	581,800
Infrastructure	8,946,265	-	84,278	65,875	8,964,668
Total capital assets being depreciated	10,787,873	13,217	121,964	228,288	10,694,766
Less accumulated depreciation for					
Buildings	459,049	23,157	-	-	482,206
Improvements other than buildings	90,026	6,920	-	473	96,473
Equipment	567,999	34,909	-	150,489	452,419
Infrastructure	5,475,126	308,938	-	65,876	5,718,188
Total accumulated depreciation	6,592,200	373,924	-	216,838	6,749,286
Total capital assets being depreciated, net	4,195,673	(360,707)	121,964	11,450	3,945,480
Total capital assets	$ 6,410,001	$ 277,495	$ -	$ 11,450	$ 6,676,046

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 has entered into long-term service plaza redevelopment agreements with HMSHost Restaurants, LLC and Sunoco Retail LLC to design, reconstruct, finance, operate and maintain all of the service plazas. During fiscal year 2018, the agreement with Sunoco Retail LLC was assigned to 7-Eleven, Inc. All terms of the contract remained the same. 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.

The current contract with Applegreen USA Family Restaurants, LLC (formerly HMSHost Restaurants, LLC) expires on August 25, 2036. On July 23, 2021, the Commission approved and executed a Consent to Transfer of Lease Agreement regarding the transfer of HMSHost Corporation's U.S. motorway business to Applegreen USA Welcome Centres, LLC, a consortium of Applegreen Ltd. and Blackstone Infrastructure Partners. HMSHost Family Restaurants, LLC underwent a formal name change to Applegreen USA Family Restaurants, LLC and remains the Lessee under the service plaza agreements and continues to support the day-to-day operations. Applegreen began operating the service plazas in July 2021.

The contract with 7-Eleven, Inc. was set to expire on January 31, 2022. 7-Eleven Inc.'s lease 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 lease agreement with 7-Eleven, Inc. to exercise its option to renew the service plaza lease agreement for an additional five years. 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.

As of May 31, 2022, 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 $68.4 million related to these assets. Also, as of May 31, 2022, the Commission recognized a receivable and deferred inflow of resources in the amount of $27.6 million for the present value of guaranteed minimum rent payments. As of May 31, 2022, all deferred percentage rent payments had been received for calendar year 2021.

NOTE 6 SERVICE CONCESSION ARRANGEMENTS *(continued)*

As of May 31, 2021, 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 $74.0 million related to these assets. Also, as of May 31, 2021, the Commission recognized a receivable and deferred inflow of resources in the amount of $27.0 million for the present value of guaranteed minimum rent payments. Due to the COVID-19 pandemic, in a letter dated April 8, 2020, the Commission waived the payment of minimum annual rent as set forth in the lease agreement for calendar year 2020. The receivable and deferred inflow of resources have been adjusted for this waiver. As of May 31, 2021, all deferred percentage rent payments had been received.

NOTE 7 DEBT

The following table is a summary of debt outstanding:

	May 31, 2022	May 31, 2021
	(In Thousands)	
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
2011 Series A: Issued $68,660 in April 2011 at 4.00% to 5.00% due in varying installments through December 1, 2023. Interest paid each June 1 and December 1. Partially defeased in May 2019 and November 2020. Partially refunded in November 2021.	27,565	36,010
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.	15,420	15,420
2013 Series C: Issued $222,935 in August 2013 at 3.00% to 5.50%, due in varying installments through December 1, 2043. Interest paid each June 1 and December 1. Partially refunded in October 2017, December 2017 and January 2020. Partially defeased in November 2020.	44,750	46,635
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. Partially defeased in November 2020.	230,575	231,450
2014 Series B-1: Issued $444,280 in May 2014 at a variable rate (based on SIFMA + .05% to .98%, reset weekly, paid the 1st of each month). Due in varying installments through December 1, 2021. Partially refunded in June 2015, June 2016, October 2017, July 2018, June 2019 and June 2020. Fully Refunded in July 2021.	-	150,000
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.	239,620	239,620
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. Partially defeased in November 2020.	279,005	281,925
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.	383,585	384,605
2015 Series A-2: Issued $115,635 in June 2015 at a variable rate (based on SIFMA + .15% to .90%, reset weekly, paid the 1st of each month). Due in varying installments through December 1, 2021.	-	25,000
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.	299,720	301,515
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.	446,160	447,330
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.	341,485	347,995
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.	133,060	133,060
2018 Series A-1: Issued $182,455 in June 2018 at a variable rate (based on SIFMA + .35% to .60%, reset weekly, paid the 1st of each month). Due in varying installments through December 1, 2023. Partially refunded in June 2020 and July 2021.	117,745	157,455
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.	307,935	307,935
2018 Series B: Issued $141,200 in November 2018 at a variable rate (based on SIFMA + .50% to .70 %, reset weekly, paid the 1st of each month). Due in varying installments through December 1, 2023. Partially refunded in July 2021	71,200	141,200
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.	330,245	335,920
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.	126,125	153,585
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.	233,040	233,885

NOTE 7 DEBT *(continued)*

The following table is a summary of debt outstanding: *(continued)*

	May 31, 2022	May 31, 2021
Mainline Senior Debt (continued)	*(In Thousands)*	
Mainline Senior Bonds (continued)		
2020 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.	98,240	100,500
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.	241,625	241,625
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.	250,000	250,000
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.	385,800	-
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.	275,000	-
Total Mainline Senior Bonds	6,202,900	5,887,670
Mainline Senior Direct Placements & Direct Borrowings		
2018 EB-5 Loan (1st Tranche): Issued $50,000 in February 2018 at 2.00% due on February 21, 2023. Interest is paid each June 1 and December 1.	50,000	50,000
2018 EB-5 Loan (2nd Tranche): Issued $45,000 in November 2018 at 2.00% due on November 13, 2023. Interest is paid each June 1 and December 1.	45,000	45,000
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.	52,000	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.	36,500	36,500
Total Mainline Senior Direct Placements & Direct Borrowings	183,500	183,500
Total Mainline Senior Debt	6,386,400	6,071,170
Mainline Subordinate Debt (consisting of Subordinate Revenue Debt and Motor License Fund-Enhanced Subordinate Special Revenue Debt)		
Mainline Subordinate Revenue Debt		
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.	152,355	152,355
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.	329,975	329,975
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.	16,921	20,684
2011 Series B Subordinate Revenue: Issued $126,740 in October 2011 at 2.00% to 5.25%, due in varying installments through December 1, 2041. Interest paid each June 1 and December 1. Partially refunded in December 2017, November 2019 and February 2020. Partially defeased in November 2020 and November 2021.	-	11,315
2012 Series A Subordinate Revenue: Issued $123,545 in April 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, December 2017, November 2019 and February 2020. Partially defeased in November 2020 and November 2021.	-	9,220

NOTE 7 DEBT *(continued)*

The following table is a summary of debt outstanding: *(continued)*

	May 31, 2022	May 31, 2021
	(In Thousands)	
Mainline Subordinate Debt (consisting of Subordinate Revenue Debt and Motor License Fund-Enhanced Subordinate Special Revenue Debt) (continued)		
Mainline Subordinate Revenue Debt (continued)		
Mainline Subordinate Bonds (continued)		
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 and February 2020. Partially defeased in November 2020.	$ 47,755	$ 51,495
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. Partially defeased in November 2020.	50,105	51,520
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 and final refunding in February 2020. Sub Series B-1 partially refunded in February 2020. Sub Series B-1 partially defeased in November 2020.	84,709	84,168
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.	157,387	157,690
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.	201,395	201,395
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.	207,110	209,010
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.	129,920	130,665
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.	269,140	313,210
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.	202,600	203,320
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.	185,455	185,455
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.	637,615	649,545
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.	255,455	255,455

NOTE 7 DEBT *(continued)*

The following table is a summary of debt outstanding: *(continued)*

	May 31, 2022	May 31, 2021
	(In Thousands)	
Mainline Subordinate Debt (consisting of Subordinate Revenue Debt and Motor License Fund-Enhanced Subordinate Special Revenue Debt) (continued)		
Mainline Subordinate Revenue Debt (continued)		
Mainline Subordinate Bonds (continued)		
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. Partially defeased in November 2020.	$ 45,410	$ 61,550
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.	283,830	284,275
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.	379,115	379,115
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.	370,570	370,795
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.	722,970	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.	86,110	86,525
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.	122,150	122,465
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	-
Total Mainline Subordinate Bonds	6,091,582	5,803,912
Mainline Subordinate Direct Placements & Direct Borrowings		
2017 First Series Subordinate Revenue Refunding: Issued $291,850 in May 2017 at a variable rate (based on SIFMA + .60% reset weekly, paid the 1st of each month commencing on June 1, 2017). Due in varying installments through December 1, 2041. Fully refunded April 2021.	-	291,850
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	-
Total Mainline Subordinate Direct Placements & Direct Borrowings	291,850	291,850
Total Mainline Subordinate Debt	6,383,432	6,095,762

NOTE 7 DEBT *(continued)*

The following table is a summary of debt outstanding: *(continued)*

	May 31, 2022	May 31, 2021
	(In Thousands)	
Motor License Fund-Enhanced Subordinate Special Revenue Debt		
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.	$ 48,286	$ 45,821
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.	17,328	21,212
2011 Series B Motor License Fund-Enhanced Subordinate Special Revenue: Issued $98,910 in October 2011 at 3.00% to 5.00%, due in varying installments through December 1, 2041. Interest paid each June 1 and December 1. Partially refunded in July 2017, November 2017, December 2017, November 2019 and February 2020. Partially defeased in November 2021.	-	3,475
2012 Series A Motor License Fund-Enhanced Subordinate Special Revenue: Issued $94,935 in April 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 July 2017, November 2017, December 2017, November 2019 and February 2020. Partially defeased in November 2021.	-	3,690
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.	15,365	16,755
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.	4,335	6,030
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.	46,726	46,510
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	82,993
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.	79,865	79,865
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	45,390	45,390
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

NOTE 7 DEBT *(continued)*

The following table is a summary of debt outstanding: *(continued)*

	May 31, 2022	May 31, 2021
	(In Thousands)	
Motor License Fund-Enhanced Subordinate Special Revenue Debt (continued)		
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.	150,235	150,860
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.	91,325	91,715
Total Motor License Fund-Enhanced Subordinate Special Revenue Debt	991,710	1,002,231
Total Mainline Subordinate Debt (consisting of Subordinate Revenue Debt and Motor License Fund-Enhanced Subordinate Special Revenue Debt)	7,375,142	7,097,993
Total Mainline Senior and Subordinate Debt	13,761,542	13,169,163
Oil Franchise Tax Senior Debt		
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.	157,108	159,436
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	16,675
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.	164,305	167,790
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.	327,520	-
Total Oil Franchise Tax Senior Debt	890,213	575,286
Oil Franchise Tax Subordinate Debt		
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.	102,505	121,980
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.	13,450	18,965
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	92,930	94,465
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

NOTE 7 DEBT *(continued)*

The following table is a summary of debt outstanding: *(continued)*

	May 31, 2022	May 31, 2021
	(In Thousands)	
Oil Franchise Tax Subordinate Debt (continued)		
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.	$ 201,480	$ -
Total Oil Franchise Tax Subordinate Debt	620,845	445,890
Total Oil Franchise Tax Senior and Subordinate Debt	1,511,058	1,021,176
Motor License Registration Fee Debt		
Motor License Registration Fee Bonds		
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.	108,810	118,855
Total Motor License Registration Fee Bonds	108,810	118,855
Motor License Registration Fee Direct Placement & Direct Borrowings		
2005 Series B, C, D: Issued $231,425 in August 2005 and remarketed in October 2015 to a direct placement; modified interest rate in July 2018 and February 2019; current interest rate is a variable rate (based SIFMA +.875%, reset weeekly, paid 15th of each month), due in varying installments through July 15, 2041.	231,425	231,425
Total Motor License Registration Fee Direct Placement & Direct Borrowings	231,425	231,425
Total Motor License Registration Fee Debt Payable	340,235	350,280
Total Debt Payable	15,612,835	14,540,619
Unamortized premium/discount	1,544,693	1,262,911
Total debt, net of unamortized premium/discount	17,157,528	15,803,530
Less: Current portion	313,740	480,170
Debt, noncurrent portion	$ 16,843,788	$ 15,323,360

As of May 31, 2022, the Commission had $706,775 in outstanding Direct Placements and Direct Borrowings. SIFMA was 0.79% on May 31, 2022.

As of May 31, 2021, the Commission had $706,775 in outstanding Direct Placements and Direct Borrowings. SIFMA was 0.05% on May 31, 2021.

NOTE 7 DEBT *(continued)*

The tables below summarize the total additions and total reductions in debt during fiscal years 2022 and 2021. 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, 2021	Additions	Reductions	Balance at May 31, 2022	Due Within One Year
			(In thousands)		
Mainline debt					
Mainline bonds *	$ 12,693,813	$ 1,068,644	$ 476,265	$ 13,286,192	$ 226,780
Mainline direct placements and borrowings	475,350	291,850	291,850	475,350	50,000
Total Mainline debt	13,169,163	1,360,494	768,115	13,761,542	276,780
Oil Franchise Tax debt					
Oil Franchise Tax bonds **	1,021,176	530,527	40,645	1,511,058	26,385
Total Oil Franchise Tax debt	1,021,176	530,527	40,645	1,511,058	26,385
Motor License Registration Fee debt					
Motor License Registration Fee bonds	118,855	-	10,045	108,810	10,575
Motor License Registration Fee direct placements and borrowings	231,425	-	-	231,425	-
Total Motor License Registration Fee debt	350,280	-	10,045	340,235	10,575
	14,540,619	1,891,021	818,805	15,612,835	313,740
Premium (discount), net	1,262,911	355,115	73,333	1,544,693	-
Total	$ 15,803,530	$ 2,246,136	$ 892,138	$ 17,157,528	$ 313,740

* Mainline bonds FY22 additions related to bond issuances were $1,054,590 and FY22 additions related to bond accretions were $14,054.
** Oil Franchise Tax bonds FY22 additions related to bond issuances were $529,000 and FY22 additions related to bond accretions were $1,527.

Line of credit-PNC	$ -	$ 150,000	$ 150,000	$ -	$ -
Mainline bonds *	11,740,133	1,299,285	345,605	12,693,813	450,455
Mainline direct placements and borrowings	675,350	-	200,000	475,350	-
Total Mainline debt	12,415,483	1,449,285	695,605	13,169,163	450,455
Oil Franchise Tax debt					
Oil Franchise Tax bonds **	1,038,448	1,448	18,720	1,021,176	19,670
Total Oil Franchise Tax debt	1,038,448	1,448	18,720	1,021,176	19,670
Motor License Registration Fee debt					
Motor License Registration Fee bonds	128,400	-	9,545	118,855	10,045
Motor License Registration Fee direct placements and borrowings	231,425	-	-	231,425	-
Total Motor License Registration Fee debt	359,825	-	9,545	350,280	10,045
	13,813,756	1,450,733	723,870	14,540,619	480,170
Premium (discount), net	1,143,144	184,541	64,774	1,262,911	-
Total	$ 14,956,900	$ 1,635,274	$ 788,644	$ 15,803,530	$ 480,170

* Mainline bonds FY21 additions related to bond issuances were $1,283,675 and FY21 additions related to bond accretions were $15,610.
** Oil Franchise Tax bonds FY21 additions related to bond accretions were $1,448.

NOTE 7 DEBT *(continued)*

Debt service requirements subsequent to May 31, 2022 related to all sections of debt are as follows:

Year Ending May 31	Bonds: Principal Maturities	Bonds: Interest	Bonds: Total	Direct Borrowings and Direct Placements: Principal Maturities	Direct Borrowings and Direct Placements: Interest	Direct Borrowings and Direct Placements: Total	Total Debt: Principal Maturities	Total Debt: Interest	Total Debt: Total
					(In thousands)				
2023	$ 263,740	$ 680,499	$ 944,239	$ 50,000	$ 11,243	$ 61,243	$ 313,740	$ 691,742	$ 1,005,482
2024	478,455	666,575	1,145,030	45,000	9,987	54,987	523,455	676,562	1,200,017
2025	309,365	652,832	962,197	88,500	9,160	97,660	397,865	661,992	1,059,857
2026	337,979	642,834	980,813	-	7,350	7,350	337,979	650,184	988,163
2027	376,145	622,692	998,837	-	7,350	7,350	376,145	630,042	1,006,187
2028-2032	2,107,906	2,880,629	4,988,535	16,760	36,549	53,309	2,124,666	2,917,178	5,041,844
2033-2037	2,978,300	2,263,884	5,242,184	114,030	30,697	144,727	3,092,330	2,294,581	5,386,911
2038-2042	3,625,776	1,591,667	5,217,443	392,485	14,625	407,110	4,018,261	1,606,292	5,624,553
2043-2047	2,937,239	738,663	3,675,902	-	-	-	2,937,239	738,663	3,675,902
2048-2052	1,436,155	161,124	1,597,279	-	-	-	1,436,155	161,124	1,597,279
2053-2057	55,000	3,322	58,322	-	-	-	55,000	3,322	58,322
	$ 14,906,060	$ 10,904,721	$ 25,810,781	$ 706,775	$ 126,961	$ 833,736	$ 15,612,835	$ 11,031,682	$ 26,644,517

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 2022, the Commission issued $660,800,000 of Mainline Senior Debt; $433,890,000 was issued to finance the costs of various capital projects and $226,910,000 was issued to refund and repay outstanding Mainline Senior Debt.

  In fiscal year 2021, the Commission made a draw of $150,000,000 on it's Line of Credit with PNC. The Commission also issued $817,945,000 of Mainline Senior Debt; $391,683,333 was issued to finance the costs of various capital projects, $426,261,667 was issued to refund and repay outstanding Mainline Senior Debt, and $150,000,000 was issued to repay the Line of Credit.

- Mainline Subordinate Debt is 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 and for refunding outstanding Subordinate Debt. See Note 9 for additional information regarding Act 44 and Act 89.

  In fiscal year 2022, the Commission issued $685,640,000 of Mainline Subordinate Debt; $393,790,000 was issued to finance the costs of Act 44 and Act 89 and $291,850,000 was issued as a Direct Placement to refund and repay outstanding Mainline Subordinate Debt.

  In fiscal year 2021, the Commission issued $465,730,000 of Mainline Subordinate Debt which was issued to finance the costs of Act 44 and Act 89.

NOTE 7 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.

  In fiscal year 2022, the Commission issued $529,000,000 of Oil Franchise Tax Debt; $511,085,000 was issued to finance costs of capital expenditures related to the Mon/Fayette and Southern Beltway expansion projects and $17,915,000 was issued to refund and repay outstanding Oil Franchise Tax Debt. The Commission did not issue any Motor License Registration Fee Debt during the fiscal year ended May 31, 2022.

  The Commission did not issue any Oil Franchise Tax Debt or Motor License Registration Fee Debt during the fiscal year ended May 31, 2021.

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.

NOTE 7 DEBT *(continued)*

Mainline Debt Requirements and Recent Activity *(continued)*

In fiscal year 2013, the Commission entered into a loan agreement to borrow up to $200.0 million in four 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 I-95 Interchange Project. Such debt is issued under the Senior Indenture on parity with the Turnpike Revenue Bonds. As of May 31, 2020, the Commission had borrowed all $200.0 million under the agreement. In March and May 2021, the Commission repaid all $200.0 million of the EB-5 borrowings under this loan agreement. As of May 31, 2022 and 2021, there are no outstanding borrowings.

In fiscal year 2017, the Commission entered into a second 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 EB-5 visa program. 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, if borrowed, would be issued under the Senior Indenture on parity with the Turnpike Revenue Bonds. The outstanding principal related to these EB-5 borrowings was $183.5 million and $183.5 million as of May 31, 2022 and 2021, respectively.

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. In fiscal year 2021, the Commission utilized the Line of Credit to redeem certain outstanding bonds of the Commission. Subsequently, these draws were repaid with the proceeds from the Senior Bonds as discussed in later paragraphs. In fiscal year 2022, the Commission did not utilize the PNC Line of Credit. As of May 31, 2022 and 2021, 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

NOTE 7 DEBT *(continued)*

Mainline Debt Requirements and Recent Activity *(continued)*

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 $991.7 million and $1,002.2 million as of May 31, 2022 and 2021, respectively.

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 June 2020, the Commission issued $225,820,000 of 2020 Series Senior Revenue Bonds at a variable rate with a maturity date of December 1, 2039. The 2020 Series Senior Revenue Bonds were issued to refund a portion of the 2013 Series B Senior Revenue Bonds ($100,000,000), 2014 Series B-1 Senior Revenue Bonds ($100,000,000), 2018 Series A-1 Senior Revenue Bonds ($25,000,000) and for paying the costs of issuing the 2020 Series Senior Revenue Bonds.

In August 2020, the Commission issued $100,500,000 of 2020 Series A Senior Revenue Bonds at a variable rate with a maturity date of December 1, 2050. The 2020 Series A Senior Revenue Bonds were issued primarily 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 2020 Series A Senior Revenue Bonds.

NOTE 7 DEBT *(continued)*

Mainline Debt Requirements and Recent Activity *(continued)*

In October 2020, the Commission issued $241,625,000 of 2020 Series B Senior Revenue Bonds at a fixed rate with a maturity date of December 1, 2050. The 2020 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 2020 Series B Senior Revenue Bonds.

In November 2020, the Commission cash defeased the December 1, 2020 maturity of the Commission's 2011 Series A Senior Revenue Bonds ($15,925,000), 2012 Series A Senior Revenue Bonds ($4,310,000), 2013 Series C Senior Revenue Bonds ($1,500,000), 2014 Series A Senior Revenue Bonds ($455,000), 2014 Series C Senior Revenue Bonds ($2,275,000), 2015 Series A-1 Senior Revenue Bonds ($490,000), 2015 Series B Senior Revenue Bonds ($1,295,000), 2016 Series A-1 Senior Revenue Bonds ($520,000), 2017 Series A-1 Senior Revenue Bonds ($6,210,000), 2019 Series A Senior Revenue Bonds ($5,405,000), and 2019 Forward Delivery Senior Revenue Bonds ($26,230,000). This cash defeasance of the Senior Revenue Bonds allowed the Commission to reduce its debt service by approximately $66.2 million. The transaction resulted in an economic loss $20,000, which essentially represented transaction fees incurred as a result of the cash defeasance.

In November 2020, the Commission cash defeased the December 1, 2020 maturity of the Commission's 2010 Series C-3 Subordinate Revenue Bonds ($3,045,115 with an accreted value of $4,645,085), 2011 Series B Subordinate Revenue Bonds ($3,735,000), 2012 Series A Subordinate Revenue Bonds ($3,550,000), 2012 Series B Subordinate Revenue Bonds ($3,675,000), 2013 Series A-1 Subordinate Revenue Bonds ($1,445,000), 2013 Series B-1 Subordinate Revenue Bonds ($1,805,000), 2014 Series A-1 Subordinate Revenue Bonds ($2,680,000), 2015 Series B Subordinate Revenue Bonds ($405,000), 2016 Series A-1 Subordinate Revenue Bonds ($380,000), 2016 Third Series Subordinate Revenue Taxable Refunding Bonds ($8,110,000), 2019 First Series Subordinate Revenue Taxable Refunding Bonds ($205,000), and 2020 First Series Subordinate Revenue Taxable Refunding Bonds ($11,845,000). This cash defeasance of the aforementioned Subordinate Revenue Bonds allowed the Commission to reduce its debt service by approximately $43.1 million. The transaction resulted in an economic loss of $20,000, which essentially represented transaction fees incurred as a result of the cash defeasance.

NOTE 7 DEBT *(continued)*

Mainline Debt Requirements and Recent Activity *(continued)*

In January 2021, the Commission issued $465,730,000 of 2021 Series A Subordinate Revenue Bonds at a fixed rate with a maturity date of December 1, 2050. The 2021 Series A Subordinate Revenue Bonds were primarily issued to finance a portion of the costs of making payments to PennDOT in accordance with Act 44 and Act 89 and for paying the costs of issuing the 2021 Series A Subordinate Revenue Bonds.

In March 2021, the Commission made a draw of $150,000,000 on the PNC Bank revolving Line of Credit at a variable rate with a maturity date of June 2, 2021. The draw was utilized to provide funds to repay the 2016 EB-5 Loan 1st-3rd Tranches ($150,000,000).

In April 2021, the Commission issued $250,000,000 of 2021 Series A Senior Revenue Bonds at a fixed rate with a maturity date of December 1, 2051. The 2021 Series A Senior Revenue Bonds were issued primarily to repay outstanding amounts under the Commission's revolving Line of Credit with PNC Bank ($150,000,000), repay the 2016 EB-5 Loan Fourth Tranche ($50,000,000), 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 2021 Series A Senior Revenue Bonds.

In July 2021, the Commission issued $385,800,000 of 2021 Series B Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2051. The 2021 Series B Senior Revenue Bonds were issued to refund a portion of the 2014 Series B-1 Senior Revenue Bonds ($150,000,000), 2018 Series A-1 Senior Revenue Bonds ($39,710,000), 2018 Series B Senior Revenue Bonds ($70,000,000), 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 2021 Series B Senior Revenue Bonds.

In July 2021, the Commission issued $393,790,000 of 2021 Series B Subordinate Revenue Bonds at a fixed rate with a maturity date of December 1, 2051. The 2021 Series B Subordinate Revenue Bonds were issued primarily to finance a portion of the cost of making payments to PennDOT in accordance with Act 44 and Act 89 and paying the cost of issuing the 2021 Series B Subordinate Revenue Bonds.

NOTE 7 DEBT *(continued)*

Mainline Debt Requirements and Recent Activity *(continued)*

In November 2021, the Commission issued $275,000,000 of 2021 Series C Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2051. The 2021 Series C Senior Revenue Bonds were primarily issued to refund a portion of the 2011 Series A Senior Revenue Bonds ($8,445,000), 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 2021 C Senior Revenue Bonds. The current refunding of the 2011 Series A Senior Revenue Bonds allowed the Commission to reduce its debt service by approximately $0.7 million. The transaction resulted in an economic gain of $0.6 million.

In November 2021, the Commission cash defeased the December 1, 2022 and December 1, 2023 maturities of the Commission's 2011 Series B Subordinate Revenue Bonds ($7,560,000) and 2012 Series A Subordinate Revenue Bonds ($5,620,000). This cash defeasance of the Subordinate Revenue Bonds allowed the Commission to reduce its debt service by approximately $14.2 million.

In November 2021, the Commission cash defeased the December 1, 2022 through December 1, 2024 maturities of the Commission's 2011 Series B Motor License Fund-Enhanced Subordinate Special Revenue Bonds ($1,845,000) and 2012 Series A Motor License Fund-Enhanced Subordinate Special Revenue Bonds ($2,340,000). This cash defeasance of the Motor License Fund-Enhanced Subordinate Special Revenue Bonds allowed the Commission to reduce its debt service by approximately $4.5 million.

In April 2022, the Commission issued, as a Direct Placement, $291,850,000 of 2022 First Series Subordinate Revenue Refunding Bonds at a variable rate with a maturity of December 1, 2041. The 2022 First Series Subordinate Revenue Refunding Bonds were primarily issued to refund the 2017 First Series Subordinate Revenue Refunding Bonds and for paying the costs of issuing the 2022 First Series Subordinate Revenue Refunding Bonds.

NOTE 7 DEBT *(continued)*

Mainline Debt Requirements and Recent Activity *(continued)*

Debt service requirements subsequent to May 31, 2022 related to the Mainline debt are as follows:

	Bonds			Direct Borrowings and Direct Placements			Total Debt		
Year Ending May 31	Principal Maturities	Interest	Total	Principal Maturities	Interest	Total	Principal Maturities	Interest	Total
					(In thousands)				
2023	$ 226,780	$ 602,067	$ 828,847	$ 50,000	$ 7,325	$ 57,325	$ 276,780	$ 609,392	$ 886,172
2024	439,690	589,903	1,029,593	45,000	6,058	51,058	484,690	595,961	1,080,651
2025	268,630	578,103	846,733	88,500	5,241	93,741	357,130	583,344	940,474
2026	295,159	570,202	865,361	-	3,432	3,432	295,159	573,634	868,793
2027	331,110	552,270	883,380	-	3,432	3,432	331,110	555,702	886,812
2028-2032	1,871,366	2,564,714	4,436,080	-	17,172	17,172	1,871,366	2,581,886	4,453,252
2033-2037	2,753,410	2,011,968	4,765,378	18,350	16,965	35,315	2,771,760	2,028,933	4,800,693
2038-2042	3,404,628	1,351,323	4,755,951	273,500	10,081	283,581	3,678,128	1,361,404	5,039,532
2043-2047	2,602,799	603,213	3,206,012	-	-	-	2,602,799	603,213	3,206,012
2048-2052	1,092,620	110,982	1,203,602	-	-	-	1,092,620	110,982	1,203,602
	$ 13,286,192	$ 9,534,745	$ 22,820,937	$ 475,350	$ 69,706	$ 545,056	$ 13,761,542	$ 9,604,451	$ 23,365,993

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.

In September 2021, the Commission issued $327,520,000 2021 Series A Oil Franchise Tax Senior Revenue Bonds at a fixed rate with a maturity date of December 1, 2051. The 2021 Series A Oil Franchise Tax Senior Revenue Bonds were issued primarily to provide funds for the refunding of the Commission's 2009 Series A-1 Oil Franchise Tax Senior Revenue Bonds ($3,855,000), financing the 2021 Construction Project and paying the costs of issuing the 2021 Series A Oil Franchise Tax Senior Revenue Bonds. The refunding of the 2009 Series A-1 Oil Franchise Tax Senior Revenue Bonds allowed the Commission to reduce its debt service by approximately $0.2 million. The transaction resulted in an economic gain of approximately $0.2 million.

NOTE 7 DEBT *(continued)*

Oil Franchise Tax Debt Requirements and Recent Activity *(continued)*

In September 2021, the Commission issued $201,480,000 2021 Series B Oil Franchise Tax Subordinate Revenue Bonds at a fixed rate with a maturity date of December 1, 2053. The 2021 Series B Oil Franchise Tax Subordinate Revenue Bonds were issued primarily to provide funds for the refunding of the Commission's 2009 Series D-1 Oil Franchise Tax Subordinate Revenue Bonds ($19,070,000), 2009 Series D-2 Oil Franchise Tax Subordinate Revenue Bonds ($405,000), financing the 2021 Construction Project, and paying the costs of issuing the 2021 Series B Oil Franchise Tax Subordinate Revenue Bonds. The refunding of the 2009 Series D-1 Oil Franchise Tax Subordinate Revenue Bonds and 2009 Series D-2 Oil Franchise Tax Subordinate Revenue Bonds allowed the Commission to reduce its debt service by approximately $3.4 million. The transaction resulted in an economic gain of approximately $3.1 million.

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, 2022 related to Oil Franchise Tax debt are as follows:

Year Ending May 31	Bonds Principal Maturities	Bonds Interest	Bonds Total	Direct Borrowings and Direct Placements Principal Maturities	Direct Borrowings and Direct Placements Interest	Direct Borrowings and Direct Placements Total	Total Debt Principal Maturities	Total Debt Interest	Total Debt Total
					(In thousands)				
2023	$ 26,385	$ 72,997	$ 99,382	$ -	$ -	$ -	$ 26,385	$ 72,997	$ 99,382
2024	27,640	71,807	99,447	-	-	-	27,640	71,807	99,447
2025	29,020	70,463	99,483	-	-	-	29,020	70,463	99,483
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
2028-2032	186,450	311,166	497,616	-	-	-	186,450	311,166	497,616
2033-2037	224,890	251,916	476,806	-	-	-	224,890	251,916	476,806
2038-2042	221,148	240,344	461,492	-	-	-	221,148	240,344	461,492
2043-2047	334,440	135,450	469,890	-	-	-	334,440	135,450	469,890
2048-2052	343,535	50,142	393,677	-	-	-	343,535	50,142	393,677
2053-2057	55,000	3,322	58,322	-	-	-	55,000	3,322	58,322
	$ 1,511,058	$ 1,344,056	$ 2,855,114	$ -	$ -	$ -	$ 1,511,058	$ 1,344,056	$ 2,855,114

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.

NOTE 7 DEBT *(continued)*

Motor License Registration Fee Debt Requirements and Recent Activity *(continued)*

The Commission's Motor License Registration Fee 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.

Debt service requirements subsequent to May 31, 2022 related to Motor License Registration Fee debt are as follows:

	Bonds			Direct Borrowings and Direct Placements			Total Debt		
Year Ending May 31	Principal Maturities	Interest	Total	Principal Maturities	Interest	Total	Principal Maturities	Interest	Total
					(In thousands)				
2023	$ 10,575	$ 5,435	$ 16,010	$ -	$ 3,918	$ 3,918	$ 10,575	$ 9,353	$ 19,928
2024	11,125	4,865	15,990	-	3,929	3,929	11,125	8,794	19,919
2025	11,715	4,266	15,981	-	3,919	3,919	11,715	8,185	19,900
2026	12,330	3,635	15,965	-	3,918	3,918	12,330	7,553	19,883
2027	12,975	2,970	15,945	-	3,918	3,918	12,975	6,888	19,863
2028-2032	50,090	4,749	54,839	16,760	19,377	36,137	66,850	24,126	90,976
2033-2037	-	-	-	95,680	13,732	109,412	95,680	13,732	109,412
2038-2042	-	-	-	118,985	4,544	123,529	118,985	4,544	123,529
	$ 108,810	$ 25,920	$ 134,730	$ 231,425	$ 57,255	$ 288,680	$ 340,235	$ 83,175	$ 423,410

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, 2022 and 2021, the Commission had $818.6 million and $1,313.1 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 arbitrage liability recorded as other noncurrent liabilities is $45,800 and $0.1 million as of May 31, 2022 and 2021, respectively.

NOTE 7 DEBT *(continued)*

Swap Payments and Associated Debt

Net swap payments and related debt service requirements related to all sections subsequent to May 31, 2022, assuming current interest rates remain the same for the term of the agreements, are as follows:

	Bonds				Direct Borrowings and Direct Placements				Total Debt			
Year Ending May 31	Principal Maturities	Interest	Hedging	Total	Principal Maturities	Interest	Hedging	Total	Principal Maturities	Interest	Hedging	Total
						(In thousands)						
2023	$ 2,320	$ 6,363	$ 19,136	$ 27,819	$ -	$ 7,350	$ 9,952	$ 17,302	$ 2,320	$ 13,713	$ 29,088	$ 45,121
2024	191,325	5,003	19,100	215,428	-	7,361	9,940	17,301	191,325	12,364	29,040	232,729
2025	2,440	3,623	18,663	24,726	-	7,361	9,955	17,316	2,440	10,984	28,618	42,042
2026	2,505	3,607	17,764	23,876	-	7,351	9,952	17,303	2,505	10,958	27,716	41,179
2027	2,565	3,587	16,831	22,983	-	7,351	9,952	17,303	2,565	10,938	26,783	40,286
2028-2032	13,875	17,617	61,203	92,695	16,760	36,549	49,263	102,572	30,635	54,166	110,466	195,267
2033-2037	15,750	17,016	28,667	61,433	114,030	30,697	37,802	182,529	129,780	47,713	66,469	243,962
2038-2042	383,520	8,026	5,091	396,637	392,485	14,625	15,177	422,287	776,005	22,651	20,268	818,924
2043-2047	20,310	1,143	1,721	23,174	-	-	-	-	20,310	1,143	1,721	23,174
2048-2052	18,210	296	446	18,952	-	-	-	-	18,210	296	446	18,952
	$ 652,820	$ 66,281	$ 188,622	$ 907,723	$ 523,275	$ 118,645	$ 151,993	$ 793,913	$ 1,176,095	$ 184,926	$ 340,615	$ 1,701,636

Mainline net swap payments and related debt service requirements subsequent to May 31, 2022 for the 2018 Series A-1 Senior Revenue Bonds, 2018 Series B Senior, 2019 Second Series Senior Revenue Bonds, 2020 Second Series Senior Revenue Bonds, 2020 Series A Senior Revenue Bonds and 2022 First Series Subordinate Revenue Refunding Bonds (Direct Placement) are as follows:

	Bonds				Direct Borrowings and Direct Placements				Total Debt			
Year Ending May 31	Principal Maturities	Interest	Hedging	Total	Principal Maturities	Interest	Hedging	Total	Principal Maturities	Interest	Hedging	Total
						(In thousands)						
2023	$ 2,320	$ 6,363	$ 19,136	$ 27,819	$ -	$ 3,432	$ 2,057	$ 5,489	$ 2,320	$ 9,795	$ 21,193	$ 33,308
2024	191,325	5,003	19,100	215,428	-	3,432	2,048	5,480	191,325	8,435	21,148	220,908
2025	2,440	3,623	18,663	24,726	-	3,442	2,057	5,499	2,440	7,065	20,720	30,225
2026	2,505	3,607	17,764	23,876	-	3,433	2,057	5,490	2,505	7,040	19,821	29,366
2027	2,565	3,587	16,831	22,983	-	3,433	2,057	5,490	2,565	7,020	18,888	28,473
2028-2032	13,875	17,617	61,203	92,695	-	17,172	10,267	27,439	13,875	34,789	71,470	120,134
2033-2037	15,750	17,016	28,667	61,433	18,350	16,965	10,147	45,462	34,100	33,981	38,814	106,895
2038-2042	383,520	8,026	5,091	396,637	273,500	10,081	6,029	289,610	657,020	18,107	11,120	686,247
2043-2047	20,310	1,143	1,721	23,174	-	-	-	-	20,310	1,143	1,721	23,174
2048-2052	18,210	296	446	18,952	-	-	-	-	18,210	296	446	18,952
	$ 652,820	$ 66,281	$ 188,622	$ 907,723	$ 291,850	$ 61,390	$ 36,719	$ 389,959	$ 944,670	$ 127,671	$ 225,341	$ 1,297,682

Motor License net swap payments and related debt service requirements subsequent to May 31, 2022 for the 2005 Series B, C, and D Motor License Registration Fee Bonds (Direct Placement) are as follows:

	Bonds				Direct Borrowings and Direct Placements				Total Debt			
Year Ending May 31	Principal Maturities	Interest	Hedging	Total	Principal Maturities	Interest	Hedging	Total	Principal Maturities	Interest	Hedging	Total
						(In thousands)						
2023	$ -	$ -	$ -	$ -	$ -	$ 3,918	$ 7,895	$ 11,813	$ -	$ 3,918	$ 7,895	$ 11,813
2024	-	-	-	-	-	3,929	7,892	11,821	-	3,929	7,892	11,821
2025	-	-	-	-	-	3,919	7,898	11,817	-	3,919	7,898	11,817
2026	-	-	-	-	-	3,918	7,895	11,813	-	3,918	7,895	11,813
2027	-	-	-	-	-	3,918	7,895	11,813	-	3,918	7,895	11,813
2028-2032	-	-	-	-	16,760	19,377	38,996	75,133	16,760	19,377	38,996	75,133
2033-2037	-	-	-	-	95,680	13,732	27,655	137,067	95,680	13,732	27,655	137,067
2038-2042	-	-	-	-	118,985	4,544	9,148	132,677	118,985	4,544	9,148	132,677
	$ -	$ -	$ -	$ -	$ 231,425	$ 57,255	$ 115,274	$ 403,954	$ 231,425	$ 57,255	$ 115,274	$ 403,954

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

NOTE 8 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 individual member investment accounts.

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 two hybrid plan 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 years of service 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.

NOTE 8 RETIREMENT BENEFITS *(continued)*

General Information about the Pension Plan *(continued)*

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. SERS funding policy, as set by the State Employees' Retirement Board (SERB), provides for periodic active member 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 rate of investment return, are adequate to accumulate assets to pay benefits when due. 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
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%
2020	28.84%	36.04%	24.92%	24.92%	19.18%	19.18%	19.12%

NOTE 8 RETIREMENT BENEFITS *(continued)*

General Information about the Pension Plan *(continued)*

Contributions (continued)

Contributions to the pension fund from the Commission were $31.3 million and $30.8 million for the fiscal years ended May 31, 2022 and 2021, respectively. Contributions to the investment plan from the Commission were $116,900 and $85,900 for the fiscal years ended May 31, 2022 and 2021, respectively. Forfeitures related to the investment plan were $600 for the fiscal year ended May 31, 2021. 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, 2022, the Commission reported a liability of $219.3 million for its proportionate share of the net pension liability of the pension fund. The net pension liability was measured as of December 31, 2021, 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 2022-2023, from the December 31, 2021 funding valuation, to the expected funding payroll for the allocation of the 2021 amounts. As of December 31, 2021, the Commission's proportionate share of the net pension liability was 1.51%, which was a decrease of 0.07% from its proportion measured as of December 31, 2020.

For the fiscal year ended May 31, 2022, the Commission recognized a pension benefit (negative expense) of $1.1 million related to the pension fund. For the fiscal year ended May 31, 2022, the Commission recognized pension expense of $141,400 related to the investment plan.

NOTE 8 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, 2022, 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	$ 1,448	$ 1,262
Net difference between projected and actual investment earnings on pension plan investments	-	63,450
Changes of assumptions	22,571	-
Differences between employer contributions and proportionate share of contributions	834	1,271
Changes in proportion	-	43,346
Commission contributions subsequent to measurement date	14,776	-
	$ 39,629	$ 109,329

The $14.8 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as net decreases in pension expense as follows:

Year Ending May 31	
	(In thousands)
2023	$ (20,475)
2024	(30,046)
2025	(20,209)
2026	(13,425)
2027	(321)
	$ (84,476)

NOTE 8 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, 2021, the Commission reported a liability of $288.5 million for its proportionate share of the net pension liability of the pension fund. The net pension liability was measured as of December 31, 2020, 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 2021-2022, from the December 31, 2020 funding valuation, to the expected funding payroll for the allocation of the 2020 amounts. As of December 31, 2020, the Commission's proportionate share of the net pension liability was 1.58%, which was a decrease of 0.23% from its proportion measured as of December 31, 2019.

For the fiscal year ended May 31, 2021, the Commission recognized pension expense of $18.3 million related to the pension fund. For the fiscal year ended May 31, 2021, the Commission recognized pension expense of $155,000 related to the investment plan.

As of May 31, 2021, 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	$ 2,708	$ 324
Net difference between projected and actual investment earnings on pension plan investments	-	36,908
Changes of assumptions	32,077	-
Differences between employer contributions and proportionate share of contributions	1,197	28
Changes in proportion	360	46,303
Commission contributions subsequent to measurement date	14,334	-
	$ 50,676	$ 83,563

NOTE 8 RETIREMENT BENEFITS *(continued)*

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. The study recommended decreasing the investment rate of return and inflation assumptions to 7.00% and 2.5%, respectively, for 2020 from 7.125% and 2.6%, respectively, for 2019. The board approved the continuation of the assumed rate of return and inflation assumptions that were adopted, pursuant to the *19th Investigation of Actuarial Experience*, at the SERS Board meeting in July 2021. The study 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 every year.

The following methods and assumptions were used in the actuarial valuation for the December 31, 2021 and 2020 measurement dates:

	December 31, 2021	**December 31, 2020**
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	7.00% net of manager fees, including inflation	7.00% net of manager fees, including inflation
Projected salary increases	Average of 4.60% with range of 3.30% - 6.95%, including inflation	Average of 4.60% with range of 3.30% - 6.95%, including inflation
Asset valuation method	Fair (market) value	Fair (market) 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

NOTE 8 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 manager fees and 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 current and target asset allocation as of December 31, 2021 and 2020 are summarized in the following tables:

As of December 31, 2021:

Asset Class	Target Allocation	Long-term Expected Rate
Private Equity	12.00%	6.00%
Private Credit	4.00%	4.25%
Real Estate	7.00%	3.75%
U.S. Equity	31.00%	4.60%
International Developed Markets Equity	14.00%	4.50%
Emerging Markets Equity	5.00%	4.90%
Fixed Income	22.00%	-0.25%
Inflation Protection (TIPS)	3.00%	-0.30%
Cash	2.00%	-1.00%
Total	100.00%	

As of December 31, 2020:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Private Equity	14.00%	6.25%
Private Credit	4.00%	4.25%
Real Estate	8.00%	5.60%
U.S. Equity	25.00%	4.90%
International Developed Markets Equity	13.00%	4.75%
Emerging Markets Equity	4.00%	5.00%
Fixed Income - Core	22.00%	1.50%
Fixed Income - Opportunistic	4.00%	3.00%
Inflation Protection (TIPS)	4.00%	1.50%
Cash	2.00%	0.25%
Total	100.00%	

NOTE 8 RETIREMENT BENEFITS *(continued)*

Discount Rate

The discount rate used to measure the total pension liability was 7.0% as of December 31, 2021 and December 31, 2020. The projection of cash flows used to determine the discount rate assumed that employee contributions from pension plan members will be made at the current contribution rate 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 2021 and 2020 net pension liability calculated using the discount rate of 7.0%. 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 6.0%	**Current Discount Rate of 7.0%**	**1.0% Increase to 8.0%**
		(In thousands)	
Commission's share of the net pension liability as of the 12/31/21 measurement date	$ 317,635	$ 219,303	$ 136,166
Commission's share of the net pension liability as of the 12/31/20 measurement date	$ 383,043	$ 288,472	$ 208,526

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.

NOTE 8 RETIREMENT BENEFITS *(continued)*

Payables to the Pension Plan

As of May 31, 2022 and 2021, the Commission reported a $7.0 million and $6.5 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, 2022 and 2021, $0.01 million and $0.006 million, respectively, of the amount payable to SERS was allocated to the investment plan with the remainder allocated to the pension fund.

NOTE 9 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.

All-Electronic Tolling Layoff

Due to the adverse impacts of COVID-19, the Commission determined to move to AET (All-Electronic Tolling) toll collection on March 16, 2020; removing toll collectors from toll booths and relying solely on AET In-Place and E-ZPass tolling across the System. Initially intended to be a temporary response to the COVID-19 pandemic, the Commissioners, on June 2, 2020, unanimously approved the permanent transition to AET toll collection operations. As part of the permanent transition to all-electronic toll collection operations, the Commission also approved the layoff of 492 Fare Collection Department and Ticket Systems Audit Department employees. The resulting layoff of approximately 492 bargaining unit employees was implemented, effective as of June 18, 2020. The Commission so informed representatives of Teamsters Local Union Nos. 77 and 250 (collectively the *Union*) on June 2, 2020. In accordance with terms negotiated with the Union, the laid off employees may receive severance based on their years of seniority upon execution of a release of claims.

NOTE 9 COMMITMENTS AND CONTINGENCIES *(continued)*

All-Electronic Tolling Layoff *(continued)*

On or about June 25, 2020, the Union submitted three grievances challenging the layoff of the bargaining unit employees due to the implementation of AET. In the grievances, the Union contended that the above referenced layoff violated provisions of the applicable collective bargaining agreements and terms of the memorandum of understanding and/or purported oral promises relating to the layoff of employees. In particular, the Union alleged that the Commission was not permitted to lay off employees due to the implementation of AET until January 2022. The Union requested that the laid off employees be reinstated to their former positions and be made whole (including back pay).

The Commission vigorously defended its legal and contractual rights to implement AET and to lay off employees due to such implementation, arguing that it had: (a) not violated any provisions of the applicable collective bargaining agreements, (b) not violated any provisions of the memoranda of understanding relating to the layoff of employees, and (c) acted consistently with the applicable provisions of the collective bargaining agreements and memoranda of understanding relating to the layoffs resulting from the implementation of AET.

An arbitration hearing in this matter was held on November 11, 2020. The arbitrator's decision was issued on January 20, 2021, upholding the Commission's right to implement AET and layoff the affected employees and denying the Unions' grievances. The Unions did not appeal the arbitrator's decision.

Laid off employees are eligible to apply for severance within 24 months of their layoff date. These laid off employees are also eligible to continue health benefit coverage in the Commission's group medical insurance plan for up to 24 months after their layoff date. The liabilities related to termination benefits recorded as accounts payable and accrued liabilities were $1.3 million and $13.0 million as of May 31, 2022 and 2021, respectively. As of May 31, 2022, this amount was comprised of $0.5 million for severance for employees pending termination and $0.8 million in medical benefits. As of May 31, 2021, this amount was comprised of $2.2 million for severance for employees pending termination and $10.8 million in medical benefits. The effect on pension benefits were reflected in the SERS actuarial valuations as of December 31, 2021 and 2020 through the change in allocation percentage, portion of the Commission's net pension liability and projected employer contributions, see Note 8. The effect on other postemployment benefits is included in the full actuarial valuation performed as of May 31, 2021 and reported in these financial statements.

NOTE 9 COMMITMENTS AND CONTINGENCIES *(continued)*

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*). Originally such 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. See the following paragraphs for subsequent changes to such annual payments.

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.

NOTE 9 COMMITMENTS AND CONTINGENCIES *(continued)*

Act 44 and Act 89 *(continued)*

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 is $450.0 million, with at least $30.0 million of such annual amount required to be paid from current revenues and the remainder expected to be 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.

As a result of the materially adverse impact of the COVID-19 pandemic, the Commission and PennDOT agreed, pursuant to Amendment Three, 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 $450.0 million within fiscal year 2021. Additionally, in July 2021, the Commission made its fiscal year 2022 $450.0 million payment to PennDOT, as its final payment required by Act 44/Act 89. For both fiscal years, the amounts are recorded as nonoperating expenses.

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 shall be paid from then-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 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.

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.

NOTE 9 COMMITMENTS AND CONTINGENCIES *(continued)*

Open Purchase Order Commitments

The Commission had open purchase order commitments of approximately $1.7 billion and $1.0 billion as of May 31, 2022 and 2021, respectively.

Interest Rate Swaps

The fair value and notional amounts of derivative instruments outstanding as of May 31, 2022 and May 31, 2021, classified by type and the changes in fair value of such derivative instruments for the years then ended as reported in the fiscal year 2022 and 2021 financial statements are as follows:

		Changes in Fair Value		Fair Value at May 31, 2022		
	May 31, 2021	**Classification**	**Amount**	**Classification**	**Amount**	**Notional**
			(In thousands)			
Cash flow hedges						
Pay-fixed interest rate swap	$ (111,370)	Deferred (outflows)/inflows	$ 126,016	Noncurrent liabilities	$ 14,646	$ 1,075,543
Investment derivative instruments						
Basis swaps	15,890	Investment earnings/(losses)	(17,049)	Noncurrent investments	(1,159)	435,810
Total PTC	$ (95,480)		$ 108,967		$ 13,487	

		Changes in Fair Value		Fair Value at May 31, 2021		
	May 31, 2020	**Classification**	**Amount**	**Classification**	**Amount**	**Notional**
			(In thousands)			
Cash flow hedges						
Pay-fixed interest rate swap	$ (217,154)	Deferred (outflows)/inflows	$ 105,784	Noncurrent liabilities	$ (111,370)	$ 1,077,805
Investment derivative instruments						
Basis swaps	4,924	Investment earnings/(losses)	10,966	Noncurrent investments	15,890	551,620
Total PTC	$ (212,230)		$ 116,750		$ (95,480)	

Fair Values

As of May 31, 2022 and 2021, 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.

NOTE 9 COMMITMENTS AND CONTINGENCIES *(continued)*

Interest Rate Swaps *(continued)*

Fair Values (continued)

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 LIBOR rates to build the yield curve.

Recent Activity – Cash Flow Hedges

On June 23, 2020, the Commission issued Series of 2020 Senior Revenue Bonds; one purpose was to refund a portion of the Commission's outstanding 2014 Series B-1 Senior Revenue Bonds. As a result, $100.0 million notional amount of the Commission's Mainline Senior SIFMA Fixed Payer swaps associated with the 2014 Series B-1 Senior Revenue Bonds were deemed terminated and are now associated with the Series of 2020 Senior Revenue Bonds. The fair values at the time of deemed termination were negative $9.0 million with respect to the Goldman Sachs MMDP swap, negative $9.0 million with respect to the Merrill Lynch swap and negative $9.0 million with respect to the Morgan Stanley swap. These amounts are being amortized until December 1, 2038, which is the final maturity of the swaps.

On June 23, 2020, the Commission issued Series of 2020 Senior Revenue Bonds; one purpose was to refund a portion of the Commission's outstanding 2013 Series B Senior Revenue Bonds. As a result, the $67.8 million notional amount of the Commission's Mainline Senior LIBOR Fixed Payer swaps associated with the 2013 Series B Senior Revenue Bonds were deemed terminated and are now associated with the Series of 2020 Senior Revenue Bonds. The fair values at the time of deemed termination were negative $2.0 million with respect to the Bank of America swap, negative $2.0 million with respect to the Bank of New York Mellon swap and negative $4.1 million with respect to the JP Morgan Chase swap. These amounts are being amortized until December 1, 2030, which is the final maturity of the swaps.

NOTE 9 COMMITMENTS AND CONTINGENCIES *(continued)*

Interest Rate Swaps *(continued)*

Recent Activity – Cash Flow Hedges (continued)

On July 14, 2021, the Commission refunded the remaining entirety of the 2014 Series B-1 Senior Revenue Bonds with its 2021 Series B Senior Revenue Bonds. As a result, portions of PTC's Mainline SIFMA Fixed Payer swaps assigned to the 2014 Series B-1 Senior Revenue Bonds ($150.0 million notional amount) were deemed terminated and reassigned to the 2018 Series A-1 Senior Revenue Bonds ($6.3 million notional amount), 2nd Series of 2019 Senior Revenue Bonds ($100.7 million notional amount), and Series of 2020 Bonds ($43.0 million notional amount). The fair values at the time of deemed termination were as follows (in thousands):

	Total	Goldman Sachs	Merrill Lynch	Morgan Stanley
2018 A-1	$ (1,213)	$ (404)	$ (405)	$ (404)
2nd Series of 2019	(19,241)	(6,413)	(6,416)	(6,412)
Series of 2020	(8,217)	(2,739)	(2,740)	(2,738)
	$ (28,671)	$ (9,556)	$ (9,561)	$ (9,554)

These amounts are being amortized until December 1, 2038, which is the final maturity of the swaps.

On July 14, 2021, the Commission refunded a portion of the 2018 Series B Senior Revenue Bonds with its 2021 Series B Senior Revenue Bonds. As a result, portions of PTC's Mainline LIBOR Fixed Payer swaps were deemed terminated and reassigned to the Series of 2020 Senior Revenue Bonds. The fair values at the time of deemed termination were negative $0.3 million with respect to the Bank of America swap, negative $0.3 million with respect to the Bank of New York Mellon swap and negative $0.7 million with respect to the JP Morgan Chase swap. These amounts are being amortized until December 1, 2030, which is the final maturity of the swaps.

On April 28, 2022, the 2017 1st Series Subordinate Revenue Bonds were refunded by the Commission's 2022 1st Series Subordinate Revenue Bonds. The RBC swap previously associated with the 2017 1st Series Subordinate Revenue Bonds was deemed terminated and reassigned to the 2022 1st Series Subordinate Revenue Bonds. The fair value at the time of deemed termination was $25.9 million with the amount being amortized until December 1, 2041, which is the final maturity of the swap.

Recent Activity – Investment Derivative Instruments

On June 30, 2021, the Commission executed an unwind of the Mainline SIFMA/LIBOR Basis Swap with Deutsche Bank in exchange for receiving a termination amount of $3.6 million. The notional amount of the Deutsche Bank swap at the time of termination was $115.8 million.

NOTE 9 COMMITMENTS AND CONTINGENCIES *(continued)*

Interest Rate Swaps *(continued)*

Following is a summary of the hedging derivative instruments in place as of May 31, 2022 and 2021. 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, 2022:

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 2005 Series B, C, D, Bonds	$ 57,860	12/20/2013	7/15/2041	Pay 4.2015%, receive SIFMA	Bank of New York Mellon	Aa2/AA-/AA	$ (4,731)
	57,845	8/17/2005	7/15/2041		JPMorgan Chase Bank	Aa2/A+/AA	(9,987)
	57,860	8/17/2005	7/15/2041		Merrill Lynch CS*	A2/A-/AA-	(9,996)
	57,860	8/17/2005	7/15/2041		Morgan Stanley CS ^	Aa3/A+/NR	(9,996)
	231,425						(34,710)
2. *Reassigned July 14, 2021 as noted under Recent Activity*							
3. Hedge of changes of cash flows of First Series of 2022 Bonds (formerly 2017 Series A Sub Bonds)	291,850	4/28/2022	12/1/2041	Pay 2.5125% to 06/01/22, 1.8265% thereafter; receive 70.00% of 3-month LIBOR	Royal Bank of Canada	Aa2/AA-/AA	(2,634)
4. Hedge of changes of cash flows of 2018 Series A-1 Bonds (formerly 2014 Series B-1, 2008 Series B-1 & 2011 Series C Bonds)	5,732	6/28/2018	12/1/2038	Pay 4.887%, receive SIFMA	Goldman Sachs MMDP	Aa2/AA-/NR	340
	5,732	6/28/2018	12/1/2038		Merrill Lynch CS*	A2/A-/AA-	344
	5,731	6/28/2018	12/1/2038		Morgan Stanley CS ^	Aa3/A+/NR	341
	17,195						1,025
5. Hedge of changes of cash flows of 2018 Series B Bonds (formerly 2017 Series B-2, 2016 Series A-2, 2014 Series B-2 & 2012 Series B Bonds)	17,806	11/6/2018	12/1/2030	Pay 4.403%, receive 67.00% of 1-month LIBOR	Bank of America*	Aa2/A+/AA	(270)
	17,806	11/6/2018	12/1/2030		Bank of New York Mellon	Aa2/AA-/AA	(269)
	35,588	11/6/2018	12/1/2030		JPMorgan Chase Bank	Aa2/A+/AA	(540)
	71,200						(1,079)
6. 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	6/4/2019	12/1/2038	Pay 4.887%, receive SIFMA	Goldman Sachs MMDP	Aa2/AA-/NR	5,204
	46,605	6/4/2019	12/1/2038		Merrill Lynch CS*	A2/A-/AA-	5,268
	46,605	6/4/2019	12/1/2038		Morgan Stanley CS ^	Aa3/A+/NR	5,222
	139,815						15,694
7. Hedge of changes of cash flows on the Series of 2020 Bonds (formerly 2013 Series B, 2009 Series C & 2011 Series D	20,714	6/23/2020	12/1/2030	Pay 4.403%, receive 67.00% of 1-month LIBOR	Bank of America*	Aa2/A+/AA	1,471
	20,714	6/23/2020	12/1/2030		Bank of New York Mellon	Aa2/AA-/AA	1,485
	41,402	6/23/2020	12/1/2030		JPMorgan Chase Bank	Aa2/A+/AA	2,945
	82,830						5,901
8. Hedge of changes of cash flow on the Series of 2020 (formerly 2014 B-1, formerly 2008 B-1 & 2011 C Bonds)	47,663	6/23/2020	12/1/2038	Pay 4.887%, receive SIFMA	Goldman Sachs MMDP	Aa2/AA-/NR	7,234
	47,663	6/23/2020	12/1/2038		Merrill Lynch CS*	A2/A-/AA-	7,319
	47,664	6/23/2020	12/1/2038		Morgan Stanley CS ^	Aa3/A+/NR	7,258
	142,990						21,811
9. Hedge of changes of cash flows on the 2020 Series A Bonds (new money)	98,238	8/20/2020	12/1/2050	Pay 1.995%, receive SIFMA	Barclay's	A1/A/A+	8,638
Total	$ 1,075,543						$ 14,646

1-month LIBOR was 1.11986% as of May 31, 2022.
3-month LIBOR was 1.61071% as of May 31, 2022.
SIFMA was 0.79% as of May 31, 2022.

* On November 15, 2012, the Commission executed an amendment to the swap agreements to include Merrill Lynch Derivative Products as guarantor. Merrill Lynch Derivative Products credit ratings were Aa3/AA/NR (Moody's/S&P/Fitch) as of May 31, 2022.

^ Guaranteed by Morgan Stanley & Co. whose credit ratings at May 31, 2022 were 'A1/A-/A' (Moody's/S&P/Fitch).

NOTE 9 COMMITMENTS AND CONTINGENCIES *(continued)*

Interest Rate Swaps *(continued)*

As of May 31, 2021:

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 2005 Series B, C, D, Bonds	$ 57,860	12/20/2013	7/15/2041	Pay 4.2015%, receive SIFMA	Bank of New York Mellon	Aa2/AA-/AA	$ (14,686)
	57,845	8/17/2005	7/15/2041		JPMorgan Chase Bank	Aa2/A+/AA	(20,980)
	57,860	8/17/2005	7/15/2041		Merrill Lynch CS*	A2/A-/AA-	(20,998)
	57,860	8/17/2005	7/15/2041		Morgan Stanley CS ^	Aa3/A+/NR	(20,998)
	231,425						(77,662)
2. Hedge of changes of cash flows of 2014 Series B-1 Bonds (formerly 2008 Series B-1 & 2011 Series C Bonds)	50,000	5/20/2014	12/1/2038	Pay 4.887%, receive SIFMA	Goldman Sachs MMDP	Aa2/AA-/NR	(8,345)
	50,000	5/20/2014	12/1/2038		Merrill Lynch CS*	A2/A-/AA-	(8,358)
	50,000	5/20/2014	12/1/2038		Morgan Stanley CS ^	Aa3/A+/NR	(8,351)
	150,000						(25,054)
3. Hedge of changes of cash flows on the 2017 Series A Subordinate Bonds	291,850	5/2/2017	12/1/2041	Pay 2.5125% to 06/01/22, 1.8265% thereafter; receive 70.00% of 3-month LIBOR	Royal Bank of Canada	Aa2/AA-/AA	(2,497)
4. Hedge of changes of cash flows of 2018 Series A-1 Bonds (formerly 2014 Series B-1, 2008 Series B-1 & 2011 Series C Bonds)	3,617	6/28/2018	12/1/2038	Pay 4.887%, receive SIFMA	Goldman Sachs MMDP	Aa2/AA-/NR	(406)
	3,617	6/28/2018	12/1/2038		Merrill Lynch CS*	A2/A-/AA-	(406)
	3,616	6/28/2018	12/1/2038		Morgan Stanley CS ^	Aa3/A+/NR	(406)
	10,850						(1,218)
5. Hedge of changes of cash flows of 2018 Series B Bonds (formerly 2017 Series B-2, 2016 Series A-2, 2014 Series B-2 & 2012 Series B Bonds)	21,576	11/6/2018	12/1/2030	Pay 4.403%, receive 67.00% of 1-month LIBOR	Bank of America*	Aa2/A+/AA	(1,876)
	21,576	11/6/2018	12/1/2030		Bank of New York Mellon	Aa2/AA-/AA	(1,875)
	43,125	11/6/2018	12/1/2030		JPMorgan Chase Bank	Aa2/A+/AA	(3,752)
	86,277						(7,503)
6. Hedge of changes of cash flow on the 2nd Series of 2019 (formerly 2014 B-1, formerly 2008 B-1 & 2011 C Bonds)	13,050	6/4/2019	12/1/2038	Pay 4.887%, receive SIFMA	Goldman Sachs MMDP	Aa2/AA-/NR	(579)
	13,050	6/4/2019	12/1/2038		Merrill Lynch CS*	A2/A-/AA-	(580)
	13,050	6/4/2019	12/1/2038		Morgan Stanley CS ^	Aa3/A+/NR	(580)
	39,150						(1,739)
7. Hedge of changes of cash flows on the Series of 2020 Bonds (formerly 2013 Series B, 2009 Series C & 2011 Series D	16,944	6/23/2020	12/1/2030	Pay 4.403%, receive 67.00% of 1-month LIBOR	Bank of America*	Aa2/A+/AA	428
	33,865	6/23/2020	12/1/2030		JPMorgan Chase Bank	Aa2/A+/AA	428
	16,944	6/23/2020	12/1/2030		Bank of New York Mellon	Aa2/AA-/AA	854
	67,753						1,710
8. Hedge of changes of cash flow on the Series of 2020 (formerly 2014 B-1, formerly 2008 B-1 & 2011 C Bonds)	33,333	6/23/2020	12/1/2038	Pay 4.887%, receive SIFMA	Goldman Sachs MMDP	Aa2/AA-/NR	1,975
	33,333	6/23/2020	12/1/2038		Merrill Lynch CS*	A2/A-/AA-	2,007
	33,334	6/23/2020	12/1/2038		Morgan Stanley CS ^	Aa3/A+/NR	1,996
	100,000						5,978
9. Hedge of changes of cash flows on the 2020 Series A Bonds (new money)	100,500	8/20/2020	12/1/2050	Pay 1.995%, receive SIFMA	Barclay's	A1/A/A+	(3,385)
Total	$ 1,077,805						$ (111,370)

1-month LIBOR was 0.08588% as of May 31, 2021.
3-month LIBOR was 0.13138% as of May 31, 2021.
SIFMA was 0.05% as of May 31, 2021.

* On November 15, 2012, the Commission executed an amendment to the swap agreements to include Merrill Lynch Derivative Products as guarantor. Merrill Lynch Derivative Products credit ratings were Aa3/AA/NR (Moody's/S&P/Fitch) as of May 31, 2021.

^ Guaranteed by Morgan Stanley & Co. whose credit ratings at May 31, 2021 were A1/BBB+/A (Moody's/S&P/Fitch).

NOTE 9 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, 2022, the Commission has credit risk exposure with respect to the (3) and (9) hedging derivative instruments listed in Note 9 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, 2022, the Commission had net credit risk exposure to three counterparties pursuant to the provisions of the respective derivative instrument agreements. One counterparty has posted collateral in the amount of $10.6 million. The other two counterparties were not required to post collateral either due to their 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 will be exposed to market-access risk for the hedging derivative instruments 4 and 5 in the May 31, 2022 summary of hedging derivative instruments table because the maturity date of these derivative instruments is longer than the maturity date of the related debt.

NOTE 9 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 1-month LIBOR + 20 basis points

  (B) – To the extent 67% of 1-month LIBOR exceeds 60.15% of the 10-year maturity of the USD-ISDA Swap Rate

  (C) – To the extent SIFMA exceeds 99.68% of 3-month LIBOR

  (D) – To the extent SIFMA exceeds 99.80% of 3-month LIBOR *(fiscal year 2021 only)*

- ***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 'A1' from Moody's, 'A+' from S&P and 'A+' from Fitch as of May 31, 2022. The Commission's Mainline Subordinate Bond rating was 'A3' from Moody's, 'A' from S&P and 'A-' from Fitch as of May 31, 2022. Based on May 31, 2022 full values, the Commission could be required to post $86.5 million in collateral for its derivate instruments if its ratings fall below the agreement thresholds. See Note 15, Subsequent Events, for updates to credit ratings.

NOTE 9 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 'NR' from Fitch as of May 31, 2022. Based on May 31, 2022 full values, the Commission could be required to post $4.9 million in collateral for its 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, 'A+' from S&P and 'AA-' from Fitch as of May 31, 2022. Based on May 31, 2022 full values, the Commission could be required to post $43.2 million in collateral for its derivative instruments if its ratings fall below the agreement thresholds.

NOTE 10 RELATED-PARTY TRANSACTIONS

The Commission incurred charges, from the Commonwealth's State Police, of $58.5 million and $60.0 million, respectively, for the fiscal years ended May 31, 2022 and 2021. These charges are primarily related to patrolling of the Turnpike System.

During fiscal year ended May 31, 2022, as part of the Scranton Beltway project, the Commission contributed $8.1 million for construction costs to a PennDOT project for reconstructing the bridge at Suscon Road. PennDOT will maintain ownership of this bridge throughout the project.

During fiscal year ended May 31, 2022, the Commission contributed $1.2 million to PennDOT for construction projects related to pollutant reduction plan obligations in selected Pennsylvania watersheds.

The Commission purchased $2.8 million of radios, which were transferred to the State Police during fiscal year ended May 31, 2021.

NOTE 11 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. Eligibility categories 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 10 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.)

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS *(continued)*

Plan Description *(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 year 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. Eligibility categories include:

- For Local 30 Professionals who were hired prior to January 1, 2011, 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, 2011, 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 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.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS *(continued)*

Employees Covered by Benefit Terms

As of May 31 (the measurement date), the following employees were covered by the benefit terms.

	2021	**2020**
Inactive plan members or beneficiaries currently receiving benefit payments	1,816	1,655
Inactive plan members entitled to but not yet receiving benefit payments	92	81
Active plan members	1,256	1,786
Total	3,164	3,522

Contributions

The Commission has adopted a Retiree Medical Trust Funding Policy, effective September 2008, whereby the Commission anticipates approving an annual contribution to the Trust in the amount of the Annual Required Contribution (ARC) as determined by the Commission's actuary in accordance with GASB Statement No. 45, during the approval of its annual operating budget. With the implementation of GASB Statement No. 75, the Commission revised the policy in June 2020 to now refer to the Actuarially Determined Contribution (ADC) instead of the ARC.

Retiree and spouse contribution rates as of May 31, 2021 and 2020 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 between July 1, 1998 and February 28, 2016 – the retiree/spouse receives fully paid coverage.

- Union employees who retired on October 1, 1997 or later – the retiree/spouse contributes the full cost of coverage less the Commission's monthly subsidy of $73.50 when the retiree or spouse reaches age 65.

- Prior to May 20, 2020, management and supervisory union employees who retired on or after March 1, 2016, and Local 250 and 77 employees who retired after February 1, 2016, as well as Local 30 professionals who retired after January 1, 2014, were required to participate in a wellness program or contribute 5% of the premium if less than age 65. This program was discontinued effective May 20, 2020.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS *(continued)*

Contributions *(continued)*

- 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.

Net OPEB Asset/Liability

The Commission recorded a net OPEB asset of $150.2 million and a net OPEB liability of $14.8 million as of May 31, 2022 and 2021, respectively.

Net OPEB Asset/Liability *(continued)*

Actuarial Assumptions and Discount Rate

The total OPEB liability reported as of May 31, 2022 was determined by an actuarial valuation as of May 31, 2021 which was calculated based on the discount rate and actuarial assumptions below. The total OPEB liability reported as of May 31, 2021 was determined by an actuarial valuation as of the valuation date (May 31, 2019), calculated based on the discount rate and actuarial assumptions below, and was then projected forward, using update procedures, to the measurement date (May 31, 2020). There have been no significant changes between the valuation dates and the fiscal year ends.

	May 31, 2021	**May 31, 2020**
Discount rate	5.5%	6.0%
Long-term expected rate of return, net of investment expense	5.5%	6.0%

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.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS *(continued)*

Net OPEB Asset/Liability *(continued)*

Actuarial Assumptions and Discount Rate (continued)

The Plan has not had a formal actuarial experience study performed.

Measurement date	May 31, 2021	May 31, 2020
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation	2.5%	2.5%
Salary increases for union members	3.0%	3.0%
Salary increases for management members	3.3%	3.3%
Amortization method	Level dollar amortization over a period of 10 years	
Asset valuation method	Market value plus receivable contributions made attributable to a prior fiscal year	

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
2021 – 2023	5.50%
2024 – 2025	5.40
2026 – 2027	5.30
2028 – 2050	5.20
2051	5.10
2052 – 2054	5.00
2055 – 2059	4.90
2060 – 2065	4.80
2066	4.70
2067	4.60
2068 – 2069	4.50
2070	4.40
2071	4.30
2072 – 2073	4.20
2074	4.10
2075+	4.00

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS *(continued)*

Net OPEB Asset/Liability *(continued)*

Actuarial Assumptions and Discount Rate (continued)

Mortality rates were based on the PubG-2010 mortality table adjusted to reflect Mortality Improvement Scale MP-2020 and projected forward on a generational basis (based on recommendation of Society of Actuaries' Retirement Plans Experience Committee), with employee rates before benefit commencement and healthy annuitant rates after benefit commencement and reflecting mortality improvements both before and after the valuation date.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Best estimates of arithmetic real rates of return for each major asset class are summarized in the following tables:

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

NOTE 11 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)
		(In thousands)	
Balances as of May 31, 2020	$ 480,215	$ 465,424	$ 14,791
Changes for the year			
Service cost	11,492	-	11,492
Interest on OPEB liability	28,834	-	28,834
Changes benefit terms	(3,563)	-	(3,563)
Differences between expected and actual experience	(86,127)	-	(86,127)
Changes of assumptions	40,809	-	40,809
Benefit payments	(20,582)	(20,582)	-
Employer contributions	-	47,250	(47,250)
Net investment income	-	109,214	(109,214)
Administrative expenses	-	(4)	4
Balances as of May 31, 2021	$ 451,078	$ 601,302	$ (150,224)

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
		(In thousands)	
Balances as of May 31, 2019	$ 462,199	$ 460,354	$ 1,845
Changes for the year			
Service cost	11,141	-	11,141
Interest on OPEB liability	27,723	-	27,723
Benefit payments	(20,848)	(20,848)	-
Employer contributions	-	11,730	(11,730)
Net investment income	-	14,196	(14,196)
Administrative expenses	-	(8)	8
Balances as of May 31, 2020	$ 480,215	$ 465,424	$ 14,791

NOTE 11 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%)	1% Increase (6.5%)
		(In thousands)	
Net OPEB (asset) liability as of May 31, 2021	$ (94,085)	$ (150,224)	$ (196,519)

	1% Decrease (5.0%)	Current Discount Rate (6.0%)	1% Increase (7.0%)
		(In thousands)	
Net OPEB liability (asset) as of May 31, 2020	$ 72,363	$ 14,791	$ (32,836)

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	1% Increase
		(In thousands)	
Net OPEB (asset) liability as of May 31, 2021	$ (199,807)	$ (150,224)	$ (89,178)
Net OPEB (asset) liability as of May 31, 2020	$ (40,979)	$ 14,791	$ 83,566

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS *(continued)*

Changes in the Net OPEB Liability *(continued)*

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, 2022 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.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended May 31, 2022, the Commission recognized an OPEB benefit (negative expense) of $12.6 million. As of May 31, 2022, 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
	(In thousands)	
Differences between expected and actual experience	$ 4,243	$ 69,849
Changes of assumptions	32,647	2,179
Net difference between projected and actual earnings on OPEB plan investments	-	50,922
Contributions subsequent to measurement date	13,746	-
	$ 50,636	$ 122,950

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS *(continued)*

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB *(continued)*

The $13.7 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, 2023. Other amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized as net decreases in OPEB expense as follows:

Year Ending May 31		
		(In thousands)
2023	$	(20,607)
2024		(18,363)
2025		(21,929)
2026		(25,161)
Thereafter		-
	$	(86,060)

For the year ended May 31, 2021, the Commission recognized OPEB expense of $16.1 million. As of May 31, 2021, 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	
	(In thousands)			
Differences between expected and actual experience	$	5,658	$	1,379
Changes of assumptions		-		2,905
Net difference between projected and actual earnings on OPEB plan investments		17,766		-
Contributions subsequent to measurement date		47,250		-
	$	70,674	$	4,284

The $47.3 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, 2022.

NOTE 12 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 dental and vision benefits, torts and injuries to employees as well as medical and prescription benefits up to stop loss coverages. No settlements exceeded insurance coverage for each of the past three years.

The Commission recorded a liability of $38.8 million and $38.6 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, 2022 and 2021, respectively. The workers' compensation, motor vehicle and tort self-insurance liabilities recorded as accounts payable and accrued liabilities are $4.0 million and $3.9 million as of May 31, 2022 and 2021, respectively. The workers' compensation, motor vehicle and tort self-insurance liabilities recorded as other noncurrent liabilities are $34.8 million and $34.7 million as of May 31, 2022 and 2021, 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, 2022 and 2021. 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, 2022 and 2021. 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.

NOTE 12 SELF-INSURANCE *(continued)*

The following tables provide aggregated information on self-insurance liabilities:

	May 31, 2021 Liability	Effects of Discount as of June 1, 2021	Incurred Claims Current Year	Incurred Claims Prior Years	Paid Claims Current Year	Paid Claims Prior Years	Effects of Discount as of May 31, 2022	May 31, 2022 Liability
Year ended May 31, 2022				*(In thousands)*				
Workers' compensation	$ 8,621	$ 654	$ 647	$ 1,985	$ (385)	$ (2,040)	$ (643)	$ 8,839
Motor vehicle/general tort	29,936	-	39	661	(26)	(678)	-	29,932
	$ 38,557	$ 654	$ 686	$ 2,646	$ (411)	$ (2,718)	$ (643)	$ 38,771

	May 31, 2020 Liability	Effects of Discount as of June 1, 2020	Incurred Claims Current Year	Incurred Claims Prior Years	Paid Claims Current Year	Paid Claims Prior Years	Effects of Discount as of May 31, 2021	May 31, 2021 Liability
Year ended May 31, 2021				*(In thousands)*				
Workers' compensation	$ 8,827	$ 1,169	$ 861	$ 867	$ (442)	$ (2,007)	$ (654)	$ 8,621
Motor vehicle/general tort	29,961	-	27	367	(25)	(394)	-	29,936
	$ 38,788	$ 1,169	$ 888	$ 1,234	$ (467)	$ (2,401)	$ (654)	$ 38,557

The foregoing reflects an adjustment for an increase of $2.6 million and an increase of $1.2 million for the fiscal years ended May 31, 2022 and 2021, 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 13 COMPENSATED ABSENCES

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. In November of each year, employees are reimbursed for all accumulated unused sick leave above the maximum. Sick leave payouts were $1.7 million during each of the fiscal years ended May 31, 2022 and 2021.

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.

Upon termination of employment, all unused sick and vacation leave is paid to the employee. The compensated absences liabilities were $17.8 million for each of the fiscal years ended May 31, 2022 and 2021. The compensated absences liabilities recorded as accounts payable and accrued liabilities were $9.8 million as of May 31, 2022 and 2021. The compensated absences liabilities recorded as other noncurrent liabilities were $8.0 million as of May 31, 2022 and 2021, respectively.

NOTE 13 COMPENSATED ABSENCES *(continued)*

A summary of changes to compensated absences for the years ended May 31, 2022 and 2021 is as follows:

Fiscal Year Ended May 31	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
			(In thousands)		
2022	$ 17,832	$ 11,205	$ 11,206	$ 17,831	$ 9,807
2021	17,386	10,706	10,260	17,832	9,808

NOTE 14 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, 2022, the Commission has one standby letter of credit to satisfy the PA Turnpike's collateral requirement under the expired Owner Controlled Insurance Program (OCIP) with Zurich American Insurance; there have been no draws against the letter of credit. The Letter of Credit is $240,000 with Wells Fargo Bank, N.A. for beneficiary Zurich American Insurance for the Uniontown to Brownsville Phase II OCIP.

In May 2017, in lieu of a letter of credit, the Commission placed $2.0 million into an escrow account with Wells Fargo (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. There were no outstanding draws against the Letter of Credit as of May 31, 2022 and 2021.

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. There were no outstanding draws against the Letter of Credit as of May 31, 2022 and 2021.

NOTE 14 LETTERS OF CREDIT *(continued)*

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. There were no outstanding draws against the Letter of Credit as of May 31, 2022 and 2021.

NOTE 15 SUBSEQUENT EVENTS

On June 15, 2022, the Commission executed a new $200.0 million line of credit with PNC Bank, N.A. The Commission secured this line of credit as a continuing liquidity safeguard and because the 2021 Line of Credit expired on June 7, 2022.

In August 2022, the Commission received an upgrade to both it's Senior and Subordinate credit ratings from Fitch Ratings. Fitch assigned an 'AA-' rating to the 2022 Series A and B Revenue Refunding Bonds. Fitch also upgraded the Commission's outstanding Senior lien bonds to 'AA-' from 'A+' and the Subordinate lien bonds to 'A' from 'A-'. Additionally in August 2022, Moody's revised the Commission's revenue bond outlook to positive from stable and assigned an 'A1' rating to the 2022 Series A and B Revenue Refunding Bonds.

On September 6, 2022, the Commission authorized an amendment to a May 3, 2022 Resolution. The original May 3, 2022 Resolution authorized the approval of the issuance of the Pennsylvania Turnpike Commission's variable- and/or fixed-rate Senior Indenture Bonds or Notes, including Bond Anticipation Notes and Subordinate Indenture Bonds or Notes including Subordinate Revenue Bonds and Special Revenue Bonds in an aggregate principal amount not to exceed $1,500.0 million in one or more series or sub-series, taxable or tax exempt, for the purpose of financing the costs of currently or advance refunding all or a portion of any Bond Anticipation Notes, other short-term Indebtedness, Senior Indenture Bonds or Subordinate Indenture Bonds, including Special Revenue Bonds, previously issued by the Commission, any debt service reserve or similar funds or credit facility costs related to such bonds and issuance of such bonds; authorizing the issuance of any bonds on a Forward Delivery basis; authorizing a Tender and Exchange program with respect to the refunding of any such prior Bonds issued by the Commission. The September 6, 2022 amendment to the May 3, 2022 Resolution authorized the approval of the Commission to also issue Senior Revenue Bonds to finance the costs of various capital expenditures and funding interest on Senior Revenue Bonds or certain other Bonds, authorize the defeasance of a portion of any prior Bonds with available moneys not to exceed $300.0 million, and correct the names of the Senior Trustee, the Subordinate Trustee and any escrow agents.

NOTE 15 SUBSEQUENT EVENTS *(continued)*

On September 28, 2022, the Commission issued $254,730,000 of 2022 Series A Senior Revenue Refunding Bonds at a fixed rate with a maturity date of December 1, 2041. The 2022 Series A Senior Revenue Refunding Bonds were issued pursuant to the Tender Offer to refund a portion of the 2013 Series C Senior Revenue Bonds ($23,875,000), 2014 Series A Senior Revenue Bonds ($15,295,000), 2014 Series C Senior Revenue Bonds ($43,055,000), 2014 Series Refunding Senior Revenue Bonds ($140,830,000), 2015 Series A-1 Senior Revenue Bonds ($23,475,00), 2015 Series B Senior Revenue Bonds ($5,885,000), 2020 First Series Senior Revenue Bonds ($21,405,000) and paying for the costs of issuing the 2022 Series A 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)

	2022	2021	2020	2019	2018	2017	2016	2015
Commission's proportion of the net pension liability	1.50512333%	1.57665712%	1.81091910%	1.85214667%	1.90329134%	1.96867410%	1.90799267%	1.99409814%
Commission's proportionate share of the net pension liability	$ 219,303	$ 288,472	$ 329,189	$ 385,821	$ 329,112	$ 379,173	$ 346,946	$ 296,271
Commission's covered payroll	102,582	108,555	121,643	121,127	120,641	123,365	121,085	121,579
Commission's proportionate share of the net pension liability as a percentage of its covered payroll	213.78%	265.74%	270.62%	318.53%	272.80%	307.36%	286.53%	243.69%
Plan fiduciary net position as a percentage of the total pension liability	76.0%	67.0%	63.1%	56.4%	63.0%	57.8%	58.9%	64.8%

* The amounts presented for each fiscal year were determined as of the measurement date (12/31) that occurred within the Commission's fiscal year. The Commission adopted GASB Statement No. 68 on a prospective basis in fiscal year 2015; 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's Contributions –
Pennsylvania State Employees' Retirement System – Pension Fund (Unaudited)

Last 10 Fiscal Years*
(Dollar Amounts in Thousands)

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$31,250	$30,785	$ 37,699	$ 37,771	$ 38,073	$ 33,303	$ 27,864	$ 22,588
Contributions in relation to the contractually required contribution	(31,250)	(30,785)	(37,699)	(37,771)	(38,073)	(33,303)	(27,864)	(22,588)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commission's covered payroll^	$96,882	$97,446	$120,107	$122,145	$122,654	$121,778	$121,060	$121,009
Contributions as a percentage of covered payroll	32.26%	31.59%	31.39%	30.92%	31.04%	27.35%	23.02%	18.67%

* The amounts presented for each fiscal year were determined as of the measurement date (12/31) that occurred within the Commission's fiscal year. The Commission adopted GASB Statement No. 68 on a prospective basis in fiscal year 2015; therefore, only the available years are presented in the above schedule.

^ 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 Liability
and Related Ratios (Unaudited)

Last 10 Fiscal Years*
(Dollar Amounts in Thousands)

Fiscal Year Ended	**05/31/22**	**05/31/21**	**05/31/20**	**05/31/19**
Measurement Date	**05/31/21**	**05/31/20**	**05/31/19**	**05/31/18**
Total OPEB Liability				
Service cost	$ 11,492	$ 11,141	$ 11,254	$ 10,926
Interest on total OPEB liability	28,834	27,723	26,371	25,431
Changes of benefit terms	(3,563)	-	-	-
Effect of economic/demographic gains or losses	-	-	8,487	(2,671)
Effect of assumptions changes or inputs	40,809	-	(4,358)	-
Effect of differences between expected and actual experience	(86,127)	-	-	-
Benefit payments	(20,582)	(20,848)	(17,032)	(17,984)
Net change in total OPEB liability	(29,137)	18,016	24,722	15,702
Total OPEB liability, beginning	480,215	462,199	437,477	421,775
Total OPEB liability, ending (a)	451,078	480,215	462,199	437,477
Plan fiduciary net position				
Employer contributions	47,250	11,730	46,056	28,171
Net investment income	109,214	14,196	6,789	34,322
Benefit payments	(20,582)	(20,848)	(17,032)	(17,984)
Administrative expenses	(4)	(8)	(2)	(11)
Net change in plan fiduciary net position	135,878	5,070	35,811	44,498
Plan fiduciary net position, beginning	465,424	460,354	424,543	380,045
Plan fiduciary net position, ending (b)	601,302	465,424	460,354	424,543
Commission's net OPEB (asset) liability, ending = (a) – (b)	$ (150,224)	$ 14,791	$ 1,845	$ 12,934
Plan fiduciary net position as a % of total OPEB liability	133.3%	96.9%	99.6%	97.0%
Covered-employee payroll	$ 100,154	$ 118,560	$ 119,730	$ 119,391
Commission's net OPEB liability as a % of covered payroll	(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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	$ -	$ 14,012	$ 11,729	$ 13,970	$ 8,384	$ 11,121	$ 11,368	$ 12,683	$ 18,353	$ 23,423
Contributions in relation to the actuarially determined contribution	13,746	47,250	11,730	46,056	28,171	28,176	28,143	46,180	44,228	54,768
Contribution deficiency (excess)	$ (13,746)	$ (33,238)	$ (1)	$ (32,086)	$ (19,787)	$ (17,055)	$ (16,775)	$ (33,497)	$ (25,875)	$ (31,345)
Covered-employee payroll	$ 97,486	$ 100,154	$ 118,560	$ 119,730	$ 119,391	$ 117,818	$ 117,391	$ 116,829	$ 118,507	$ 116,716
Contributions as a % of covered-employee payroll	14.1%	47.2%	9.9%	38.5%	23.6%	23.9%	24.0%	39.5%	37.3%	46.9%

Notes to Schedule

Full actuarial valuations are performed every other year.

The Actuarially Determined Contribution for the fiscal year ended May 31, 2022 was calculated based on a May 31, 2021 full valuation. See Note 11 to the financial statements for more information.

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. See Note 11 to the financial statements for more information.

The Actuarially Determined Contribution for the fiscal year ended May 31, 2020 was calculated based on a May 31, 2019 full valuation. See Note 11 to the financial statements for more information.

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.

Notes to Schedule *(continued)*

A summary of the actuarial methods and assumptions used in the full valuations are as follows:

	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	Projected-unit credit
Discount rate	5.5%	6.0%	6.0%	6.5%
Rate of return on assets	5.5%	6.0%	6.0%	6.5%
Inflation rate	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 period				
▪ - UAAL as of March 1, 2012	N/A	N/A	N/A	10 years (closed)
▪ - Subsequent changes	N/A	N/A	N/A	10 years (open)
Asset valuation method	Market value plus receivable contributions made attributable to a prior fiscal year	Market value plus receivable contributions made attributable to a prior fiscal year	Market value plus receivable contributions made attributable to a prior fiscal year	Fair value
Health cost trend rates	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	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-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 Significant Changes

The January 1, 2015 interim valuation used a discount rate of 6.5%. The January 1, 2014 and March 1, 2012 full valuations used a discount rate of 7.0%. The March 1, 2010 and 2008 full valuations used a discount rate of 8.0%. The discount rate and rate of return on assets were equal for all years noted.

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OTHER SUPPLEMENTARY 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 7 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 7 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, 2022			
	Mainline	Oil Franchise	Motor License	Total
	(In thousands)			
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current assets:				
Cash and cash equivalents	$ 318,158	$ -	$ -	$ 318,158
Investments	46,881	-	-	46,881
Accounts receivable	125,931	-	-	125,931
Accrued interest receivable	1,656	-	-	1,656
Inventories	20,408	-	-	20,408
Restricted current assets				
Cash and cash equivalents	742,350	150,565	24,410	917,325
Investments	404,825	377,614	4,438	786,877
Accounts receivable	238	13,182	-	13,420
Accrued interest receivable	2,627	890	58	3,575
Total current assets	1,663,074	542,251	28,906	2,234,231
Noncurrent assets				
Investments				
Investments	458,258	-	-	458,258
Investments restricted	595,970	210,790	33,716	840,476
Total investments	1,054,228	210,790	33,716	1,298,734
Capital assets not being depreciated				
Land and intangibles	460,908	-	-	460,908
Assets under construction	1,369,762	-	-	1,369,762
Capital assets being depreciated				
Buildings	1,034,358	-	-	1,034,358
Improvements other than buildings	189,597	-	-	189,597
Equipment	626,570	-	-	626,570
Infrastructure	10,107,010	-	-	10,107,010
Total capital assets before accumulated depreciation	13,788,205	-	-	13,788,205
Less: Accumulated depreciation	7,017,023	-	-	7,017,023
Total capital assets after accumulated depreciation	6,771,182	-	-	6,771,182
Other assets				
Prepaid bond insurance costs	4,244	-	954	5,198
Net OPEB asset	150,224	-	-	150,224
Other assets	27,581	-	-	27,581
Total other assets	182,049	-	954	183,003
Total noncurrent assets	8,007,459	210,790	34,670	8,252,919
Total assets	9,670,533	753,041	63,576	10,487,150
Deferred outflows of resources from hedging derivatives	3,714	-	34,710	38,424
Deferred outflows of resources from refunding bonds	233,497	8,789	11,951	254,237
Deferred outflows of resources from pensions	39,629	-	-	39,629
Deferred outflows of resources from OPEB	50,636	-	-	50,636
Total deferred outflows of resources	327,476	8,789	46,661	382,926
Total assets and deferred outflows of resources	$ 9,998,009	$ 761,830	$ 110,237	$ 10,870,076

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Section Information *(continued)*
Schedule of Net Position – Business-type activities *(continued)*

	May 31, 2022			
	Mainline	Oil Franchise	Motor License	Total
	(In thousands)			
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Current liabilities				
Accounts payable and accrued liabilities	$ 526,405	$ 41,675	$ 2,646	$ 570,726
Current portion of debt	276,780	26,385	10,575	313,740
Unearned income	117,989	-	-	117,989
Total current liabilities	921,174	68,060	13,221	1,002,455
Noncurrent liabilities				
Debt, less current portion, net of unamortized premium	14,812,476	1,693,712	337,600	16,843,788
Net pension liability	219,303	-	-	219,303
Other noncurrent liabilities	108,682	-	40,906	149,588
Total noncurrent liabilities	15,140,461	1,693,712	378,506	17,212,679
Total liabilities	16,061,635	1,761,772	391,727	18,215,134
Deferred inflows of resources from hedging derivatives	53,070	-	-	53,070
Deferred inflows of resources from service concession arrangements	96,037	-	-	96,037
Deferred inflows of resources from refunding bonds	10,362	1,002	-	11,364
Deferred inflows of resources from pensions	109,329	-	-	109,329
Deferred inflows of resources from OPEB	122,950	-	-	122,950
Total deferred inflows of resources	391,748	1,002	-	392,750
Total liabilities and deferred inflows of resources	16,453,383	1,762,774	391,727	18,607,884
NET POSITION				
Net investment in capital assets	186,985	(1,267,666)	(341,465)	(1,422,146)
Restricted for construction purposes	-	251,070	59,975	311,045
Restricted for debt service	49,129	15,652	-	64,781
Unrestricted	(6,691,488)	-	-	(6,691,488)
Total net position	$ (6,455,374)	$ (1,000,944)	$ (281,490)	$ (7,737,808)

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, 2022			
	Mainline	**Oil Franchise**	**Motor License**	**Total**
		(In thousands)		
Operating revenue				
Net fares	$ 1,459,916	$ -	$ -	$ 1,459,916
Other	47,603	-	-	47,603
Total operating revenue	1,507,519	-	-	1,507,519
Operating expenses				
Cost of services	435,263	3,660	-	438,923
Depreciation	431,195	-	-	431,195
Total operating expenses	866,458	3,660	-	870,118
Operating income (loss)	641,061	(3,660)	-	637,401
Nonoperating revenue (expenses)				
Investment losses	(52,918)	(17,879)	(1,960)	(72,757)
Other nonoperating revenue	16,883	4,612	-	21,495
Act 44 and Act 89 payments to PennDOT	(450,000)	-	-	(450,000)
Capital assets transferred to the Commonwealth	(51,908)	-	-	(51,908)
Interest and bond expense	(635,985)	(62,852)	(17,375)	(716,212)
Nonoperating expenses, net	(1,173,928)	(76,119)	(19,335)	(1,269,382)
Loss before capital contributions	(532,867)	(79,779)	(19,335)	(631,981)
Capital contributions	7,795	133,346	28,000	169,141
(Decrease) increase in net position	(525,072)	53,567	8,665	(462,840)
Net position, at beginning of year	(6,080,588)	(904,221)	(290,159)	(7,274,968)
Intersection transfers	150,286	(150,290)	4	-
Net position, at end of year	$ (6,455,374)	$ (1,000,944)	$ (281,490)	$ (7,737,808)

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Section Information *(continued)*
Schedule of Cash Flows – Business-type activities

	May 31, 2022			
	Mainline	**Oil Franchise**	**Motor License**	**Total**
	(In thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customer tolls and deposits	$ 1,500,901	$ -	$ -	$ 1,500,901
Cash payments for goods and services	(360,791)	(2,711)	-	(363,502)
Cash payments to employees	(138,908)	(1,231)	-	(140,139)
Cash received from other operating activities	9,960	-	-	9,960
Net cash provided by (used in) operating activities	1,011,162	(3,942)	-	1,007,220
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	3,037,522	1,200,984	32,826	4,271,332
Interest received on investments	18,747	3,411	469	22,627
Purchases of investments	(3,101,244)	(1,649,651)	(23,539)	(4,774,434)
Net cash (used in) provided by investing activities	(44,975)	(445,256)	9,756	(480,475)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital grants received from other governments	6,501	-	-	6,501
Proceeds from Motor License Registration fees	-	-	28,000	28,000
Proceeds from Oil Company Franchise Tax	-	136,522	-	136,522
Construction and acquisition of capital assets	(416,110)	(178,898)	-	(595,008)
Proceeds from sale of capital assets	1,657	-	-	1,657
Payments for bond and swap expenses	(6,623)	(2,881)	-	(9,504)
Payments for debt refundings	(268,324)	(23,607)	-	(291,931)
Payments for bond maturities	(77,415)	(17,315)	(10,045)	(104,775)
Interest paid on debt	(278,767)	(55,784)	(17,750)	(352,301)
Interest subsidy from Build America Bonds	16,498	4,612	-	21,110
Upfront swap payments	3,590	-	-	3,590
Proceeds from debt issuances	820,071	636,519	-	1,456,590
Net cash (used in) provided by capital and related financing activities	(198,922)	499,168	205	300,451
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash payments to PennDOT	(450,000)	-	-	(450,000)
Payments for bond and swap expenses	(2,586)	-	-	(2,586)
Payments for cash defeasances	(17,730)	-	-	(17,730)
Payments for debt refundings	(291,850)	-	-	(291,850)
Payments for debt maturities	(113,330)	-	-	(113,330)
Interest paid on debt	(317,350)	-	-	(317,350)
Proceeds from debt issuances	773,965	-	-	773,965
Net cash used in noncapital financing activities	(418,881)	-	-	(418,881)
Increase in cash and cash equivalents	348,384	49,970	9,961	408,315
Cash and cash equivalents at beginning of year	712,124	100,595	14,449	827,168
Cash and cash equivalents at end of year	$ 1,060,508	$ 150,565	$ 24,410	$ 1,235,483

	May 31, 2022			
	Mainline	Oil Franchise	Motor License	Total
	(In thousands)			
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	$ 641,061	$ (3,660)	$ -	$ 637,401
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	431,195	-	-	431,195
Change in operating assets and liabilities				
Accounts receivable	(7,211)	-	-	(7,211)
Inventories	(1,205)	-	-	(1,205)
Other assets	9	-	-	9
Net OPEB asset	(165,015)	-	-	(165,015)
Deferred outflows of resources from pensions	11,047	-	-	11,047
Deferred outflows of resources from OPEB	20,038	-	-	20,038
Accounts payable and accrued liabilities	5,973	(281)	-	5,692
Net pension liability	(69,169)	-	-	(69,169)
Other noncurrent liabilities	7	(1)	-	6
Deferred inflows of resources from pensions	25,766	-	-	25,766
Deferred inflows of resources from OPEB	118,666	-	-	118,666
Net cash provided by (used in) operating activities	$ 1,011,162	$ (3,942)	$ -	$ 1,007,220
Reconciliation of cash and cash equivalents to the statements of net position				
Cash and cash equivalents	$ 318,158	$ -	$ -	$ 318,158
Restricted cash and cash equivalents	742,350	150,565	24,410	917,325
Total cash and cash equivalents	$ 1,060,508	$ 150,565	$ 24,410	$ 1,235,483

Noncash Investing, Capital and Related Financing and Noncapital Financing Activities

The Commission recorded a net decrease of $100.4 million in the fair value of its investments not reported as cash equivalents for the year ended May 31, 2022. Decreases by section were: Mainline, $74.9 million; Oil Franchise, $23.1 million; and Motor License, $2.4 million.

The Commission recorded $72.4 million for the amortization of bond premium for the year ended May 31, 2022. Amortization by section was: Mainline, $61.3 million; Oil Franchise, $10.1 million; and Motor License, $1.0 million.

As indicated in Note 7 to the financial statements (Debt), the Commission refunded and cash defeased various bonds in fiscal year 2022. The fiscal year 2022 refundings and cash defeasances resulted in a $1.0 million reclassification from bond premiums (discounts) to deferred inflows of resources from refundings. The reclassifications by section were: Mainline, $0.7 million and Oil Franchise, $0.3 million. Additionally, the Commission recorded $57.5 million for the amortization of deferred outflows/inflows of resources from refunding bonds for the year ended May 31, 2022. Amortization by section was: Mainline, $56.2 million; Oil Franchise, $0.4 million; and Motor License, $0.9 million.

The Commission recorded $0.3 million for the amortization of prepaid bond insurance costs for the year ended May 31, 2022. Amortization by section was: Mainline, $0.2 million; and Motor License, $0.1 million.

Noncash Investing, Capital and Related Financing and Noncapital Financing Activities *(continued)*

The Commission recorded an interest expense reduction of $7.2 million in the Mainline section and $0.2 million in the Motor License section for the year ended May 31, 2022 related to terminated derivative instruments.

The Commission recognized total capital contributions of $169.1 million for fiscal year ended May 31, 2022. Cash received of $171.0 million for fiscal year ended May 31, 2022 is reported in the capital and related financing activities of this schedule. The $1.9 million difference between capital contributions and cash received is the result of a $4.2 million decrease in Mainline receivables and a $3.2 million decrease in Oil Franchise receivables related to these capital contributions offset by a $5.5 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.

As discussed in Note 2 (*Capital Assets Transferred to the Commonwealth of Pennsylvania* section), the Commission made the following transfers from its Mainline section during the fiscal year ended May 31, 2022: infrastructure assets with a net book value of $51.6 million to PennDOT, drones with a net book value of $0.1 million to the Pennsylvania State Police, and a traffic signal with a net book value of $0.2 million to Bristol Township (PA).

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, 2022 were: to Mainline, $150.3 million and from Oil Franchise, $150.3 million.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Section Information *(continued)*
Schedule of Net Position – Business-type activities

	May 31, 2021			
	Mainline	Oil Franchise	Motor License	Total
	(In thousands)			
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current assets:				
Cash and cash equivalents	$ 225,679	$ -	$ -	$ 225,679
Investments	52,563	-	-	52,563
Accounts receivable	118,340	-	-	118,340
Accrued interest receivable	1,845	-	-	1,845
Inventories	19,203	-	-	19,203
Restricted current assets				
Cash and cash equivalents	486,445	100,595	14,449	601,489
Investments	380,546	24,557	13,992	419,095
Accounts receivable	4,822	13,182	-	18,004
Accrued interest receivable	2,978	891	118	3,987
Total current assets	1,292,421	139,225	28,559	1,460,205
Noncurrent assets				
Investments				
Investments	425,849	-	-	425,849
Investments restricted	661,031	133,147	35,816	829,994
Total investments	1,086,880	133,147	35,816	1,255,843
Capital assets not being depreciated				
Land and intangibles	442,257	-	-	442,257
Assets under construction	2,288,309	-	-	2,288,309
Capital assets being depreciated				
Buildings	987,325	-	-	987,325
Improvements other than buildings	160,973	-	-	160,973
Equipment	581,800	-	-	581,800
Infrastructure	8,964,668	-	-	8,964,668
Total capital assets before accumulated depreciation	13,425,332	-	-	13,425,332
Less: Accumulated depreciation	6,749,286	-	-	6,749,286
Total capital assets after accumulated depreciation	6,676,046	-	-	6,676,046
Other assets				
Prepaid bond insurance costs	4,499	13	1,024	5,536
Other assets	27,084	-	-	27,084
Total other assets	31,583	13	1,024	32,620
Total noncurrent assets	7,794,509	133,160	36,840	7,964,509
Total assets	9,086,930	272,385	65,399	9,424,714
Deferred outflows of resources from hedging derivatives	41,396	-	77,662	119,058
Deferred outflows of resources from refunding bonds	282,872	9,792	12,884	305,548
Deferred outflows of resources from pensions	50,676	-	-	50,676
Deferred outflows of resources from OPEB	70,674	-	-	70,674
Total deferred outflows of resources	445,618	9,792	90,546	545,956
Total assets and deferred outflows of resources	$ 9,532,548	$ 282,177	$ 155,945	$ 9,970,670

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Section Information *(continued)*
Schedule of Net Position – Business-type activities *(continued)*

	May 31, 2021			
	Mainline	**Oil Franchise**	**Motor License**	**Total**
	(In thousands)			
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Current liabilities				
Accounts payable and accrued liabilities	$ 494,410	$ 51,995	$ 2,832	$ 549,237
Current portion of debt	450,455	19,670	10,045	480,170
Unearned income	105,702	-	-	105,702
Total current liabilities	1,050,567	71,665	12,877	1,135,109
Noncurrent liabilities				
Debt, less current portion, net of unamortized premium	13,860,817	1,113,396	349,147	15,323,360
Net pension liability	288,472	-	-	288,472
Net OPEB liability	14,791	-	-	14,791
Other noncurrent liabilities	194,848	-	84,080	278,928
Total noncurrent liabilities	14,358,928	1,113,396	433,227	15,905,551
Total liabilities	15,409,495	1,185,061	446,104	17,040,660
Deferred inflows of resources from hedging derivatives	7,688	-	-	7,688
Deferred inflows of resources from service concession arrangements	101,028	-	-	101,028
Deferred inflows of resources from refunding bonds	7,078	1,337	-	8,415
Deferred inflows of resources from pensions	83,563	-	-	83,563
Deferred inflows of resources from OPEB	4,284	-	-	4,284
Total deferred inflows of resources	203,641	1,337	-	204,978
Total liabilities and deferred inflows of resources	15,613,136	1,186,398	446,104	17,245,638
NET POSITION				
Net investment in capital assets	367,608	(1,131,750)	(351,703)	(1,115,845)
Restricted for construction purposes	-	215,303	61,544	276,847
Restricted for debt service	33,687	12,226	-	45,913
Unrestricted	(6,481,883)	-	-	(6,481,883)
Total net position	$ (6,080,588)	$ (904,221)	$ (290,159)	$ (7,274,968)

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, 2021			
	Mainline	**Oil Franchise**	**Motor License**	**Total**
	(In thousands)			
Operating revenue				
Net fares	$ 1,190,419	$ -	$ -	$ 1,190,419
Other	41,130	-	-	41,130
Total operating revenue	1,231,549	-	-	1,231,549
Operating expenses				
Cost of services	501,782	7,599	-	509,381
Depreciation	373,924	-	-	373,924
Total operating expenses	875,706	7,599	-	883,305
Operating income (loss)	355,843	(7,599)	-	348,244
Nonoperating revenue (expenses)				
Investment earnings (losses)	10,759	4,678	(101)	15,336
Other nonoperating revenue	8,384	4,612	-	12,996
Act 44 and Act 89 payments to PennDOT	(450,000)	-	-	(450,000)
Capital assets transferred to the Commonwealth	(2,769)	-	-	(2,769)
Interest and bond expense	(606,116)	(47,761)	(17,897)	(671,774)
Nonoperating expenses, net	(1,039,742)	(38,471)	(17,998)	(1,096,211)
Loss before capital contributions	(683,899)	(46,070)	(17,998)	(747,967)
Capital contributions	11,969	124,178	28,000	164,147
(Decrease) increase in net position	(671,930)	78,108	10,002	(583,820)
Net position, at beginning of year	(5,646,186)	(744,801)	(300,161)	(6,691,148)
Intersection transfers	237,528	(237,528)	-	-
Net position, at end of year	$ (6,080,588)	$ (904,221)	$ (290,159)	$ (7,274,968)

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Section Information *(continued)*
Schedule of Cash Flows – Business-type activities

	May 31, 2021			
	Mainline	Oil Franchise	Motor License	Total
		(In Thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customer tolls and deposits	$ 1,196,461	$ -	$ -	$ 1,196,461
Cash payments for goods and services	(388,620)	(5,881)	-	(394,501)
Cash payments to employees	(152,545)	(1,779)	-	(154,324)
Cash received from other operating activities	9,082	-	-	9,082
Net cash provided by (used in) operating activities	664,378	(7,660)	-	656,718
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	2,416,147	279,284	51,057	2,746,488
Interest received on investments	19,544	5,126	665	25,335
Purchases of investments	(2,655,856)	(133,383)	(51,399)	(2,840,638)
Net cash (used in) provided by investing activities	(220,165)	151,027	323	(68,815)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital grants received from other governments	1,262	-	-	1,262
Proceeds from Motor License Registration fees	-	-	28,000	28,000
Proceeds from Oil Company Franchise Tax	-	114,176	-	114,176
Construction and acquisition of capital assets	(405,105)	(241,498)	-	(646,603)
Proceeds from sale of capital assets	2,431	-	-	2,431
Payments for bond and swap expenses	(7,275)	(40)	-	(7,315)
Payments for cash defeasances	(66,225)	-	-	(66,225)
Payments for debt refundings	(225,000)	-	-	(225,000)
Payments for bond maturities	(435)	(18,720)	(9,545)	(28,700)
Repayment of EB-5 Loan	(200,442)	-	-	(200,442)
Interest paid on debt	(261,865)	(52,384)	(18,284)	(332,533)
Interest subsidy from Build America Bonds	24,719	6,914	-	31,633
Proceeds from draw on line of credit	150,000	-	-	150,000
Repayment of draw on line of credit	(150,000)	-	-	(150,000)
Proceeds from debt issuances	936,604	-	-	936,604
Net cash (used in) provided by capital and related financing activities	(201,331)	(191,552)	171	(392,712)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash payments to PennDOT	(450,000)	-	-	(450,000)
Payments for bond and swap expenses	(2,744)	-	-	(2,744)
Payments for cash defeasances	(43,092)	-	-	(43,092)
Payments for debt refundings	-	-	-	-
Payments for debt maturities	(13,075)	-	-	(13,075)
Interest paid on debt	(297,054)	-	-	(297,054)
Proceeds from debt issuances	531,612	-	-	531,612
Net cash used in noncapital financing activities	(274,353)	-	-	(274,353)
(Decrease) increase in cash and cash equivalents	(31,471)	(48,185)	494	(79,162)
Cash and cash equivalents at beginning of year	743,595	148,780	13,955	906,330
Cash and cash equivalents at end of year	$ 712,124	$ 100,595	$ 14,449	$ 827,168

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Section Information *(continued)*
Schedule of Cash Flows – Business-type activities *(continued)*

	May 31, 2021			
	Mainline	Oil Franchise	Motor License	Total
	(In Thousands)			
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	$ 355,843	$ (7,599)	$ -	$ 348,244
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	373,924	-	-	373,924
Change in operating assets and liabilities				
Accounts receivable	(52,669)	-	-	(52,669)
Inventories	5,482	-	-	5,482
Other assets	(16)	-	-	(16)
Deferred outflows of resources from pensions	(12,839)	-	-	(12,839)
Deferred outflows of resources from OPEB	(42,959)	-	-	(42,959)
Accounts payable and accrued liabilities	25,611	(126)	-	25,485
Net pension liability	(40,717)	-	-	(40,717)
Net OPEB liability	12,946	-	-	12,946
Other noncurrent liabilities	(142)	65	-	(77)
Deferred inflows of resources from pensions	41,071	-	-	41,071
Deferred inflows of resources from OPEB	(1,157)	-	-	(1,157)
Net cash provided by (used in) operating activities	$ 664,378	$ (7,660)	$ -	$ 656,718
Reconciliation of cash and cash equivalents to the statements of net position				
Cash and cash equivalents	$ 225,679	$ -	$ -	$ 225,679
Restricted cash and cash equivalents	486,445	100,595	14,449	601,489
Total cash and cash equivalents	$ 712,124	$ 100,595	$ 14,449	$ 827,168

Noncash Investing, Capital and Related Financing and Noncapital Financing Activities

The Commission recorded a net decrease of $10.1 million in the fair value of its investments not reported as cash equivalents for the year ended May 31, 2021. Decreases by section were: Mainline, $8.6 million; Oil Franchise, $0.8 million; and Motor License, $0.7 million.

The Commission recorded $58.9 million for the amortization of bond premium for the year ended May 31, 2021. Amortization by section was: Mainline, $50.8 million; Oil Franchise, $7.2 million; and Motor License, $0.9 million.

As indicated in Note 7 to the financial statements (Debt), the Commission refunded and cash defeased various bonds in fiscal year 2021. The fiscal year 2021 refundings and cash defeasances resulted in a $5.8 million reclassification from Mainline bond premiums (discounts) to deferred inflows of resources from refundings. Additionally, the Commission recorded $64.5 million for the amortization of deferred outflows/inflows of resources from refunding bonds for the year ended May 31, 2021. Amortization by section was: Mainline, $63.1 million; Oil Franchise, $0.5 million; and Motor License, $0.9 million.

The Commission recorded $0.3 million for the amortization of prepaid bond insurance costs for the year ended May 31, 2021. Amortization by section was: Mainline, $0.2 million; and Motor License, $0.1 million.

Noncash Investing, Capital and Related Financing and Noncapital Financing Activities *(continued)*

The Commission recorded an interest expense reduction of $5.7 million in the Mainline section and $0.2 million in the Motor License section for the year ended May 31, 2021 related to terminated derivative instruments.

The Commission recognized total capital contributions of $164.1 million for fiscal year ended May 31, 2021. Cash received of $143.4 million for fiscal year ended May 31, 2021 is reported in the capital and related financing activities of this schedule. The $20.7 million difference between capital contributions and cash received is the result of a $4.9 million net decrease in Mainline receivables and a $10.0 million net decrease in Oil Franchise receivables related to these capital contributions and a $5.8 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.

During fiscal year 2021, the Commission transferred portable radios with a book value of $2.8 million to the Pennsylvania State Police.

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, 2021 were: to Mainline, $237.5 million and from Oil Franchise, $237.5 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, 2022	Mainline Operating	Mainline Capital	Total Mainline	Oil Franchise	Motor License	Total
General and administrative	$ 63,196	$ 102,183	$ 165,379	$ 2,994	$ -	$ 168,373
Traffic engineering and operations	3,471	3,807	7,278	-	-	7,278
Service centers	59,688	-	59,688	-	-	59,688
Employee benefits	16,100	9,051	25,151	666	-	25,817
Toll collection	26,236	1,210	27,446	-	-	27,446
Normal maintenance	78,068	1,581	79,649	-	-	79,649
Facilities and energy mgmt. operations	11,761	5,173	16,934	-	-	16,934
Turnpike patrol	53,738	-	53,738	-	-	53,738
Total cost of services	$ 312,258	$ 123,005	$ 435,263	$ 3,660	$ -	$ 438,923

Fiscal Year Ended May 31, 2021	Mainline Operating	Mainline Capital	Total Mainline	Oil Franchise	Motor License	Total
General and administrative	$ 50,861	$ 115,506	$ 166,367	$ 6,731	$ -	$ 173,098
Traffic engineering and operations	3,396	3,888	7,284	-	-	7,284
Service centers	48,334	-	48,334	-	-	48,334
Employee benefits	86,087	10,321	96,408	868	-	97,276
Toll collection	31,261	938	32,199	-	-	32,199
Normal maintenance	74,890	2,197	77,087	-	-	77,087
Facilities and energy mgmt. operations	11,400	7,110	18,510	-	-	18,510
Turnpike patrol	55,593	-	55,593	-	-	55,593
Total cost of services	$ 361,822	$ 139,960	$ 501,782	$ 7,599	$ -	$ 509,381

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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 138-139
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 140-141
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 142-143
These schedules contain information to help the reader assess the Commission's most significant revenue source, fare revenues.

Demographic and Economic Information Pages 144-146
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 147-157
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

	2013	2014	2015	2016	2017	2018	2019	2020 *	2021	2022
Operating revenues										
Net fares	$ 811,542	$ 861,846	$ 932,146	$ 1,030,115	$ 1,111,061	$ 1,196,606	$ 1,327,031	$ 1,247,779	$ 1,190,419	$ 1,459,916
Other	20,094	18,909	17,589	22,576	23,335	4,668	9,574	36,004	41,130	47,603
Total operating revenues	831,636	880,755	949,735	1,052,691	1,134,396	1,201,274	1,336,605	1,283,783	1,231,549	1,507,519
Operating expenses										
Cost of services	412,484	438,981	459,780	471,132	517,103	494,742	509,753	533,931	509,381	438,923
Depreciation	311,735	324,010	337,664	332,941	354,343	379,401	384,104	382,088	373,924	431,195
Total operating expenses	724,219	762,991	797,444	804,073	871,446	874,143	893,857	916,019	883,305	870,118
Operating income	107,417	117,764	152,291	248,618	262,950	327,131	442,748	367,764	348,244	637,401
Nonoperating revenues (expenses)										
Investment earnings (loss)	30,048	27,570	17,502	29,069	14,225	18,809	83,072	90,345	15,336	(72,757)
Other nonoperating revenues	19,877	23,161	55,992	21,651	21,532	22,303	22,572	22,693	12,996	21,495
Act 44 and Act 89 payments to PennDOT	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)
Capital assets transferred to Commonwealth	-	(13,531)	(4,499)	(40,937)	(54,724)	-	(162,982)	(294)	(2,769)	(51,908)
Interest and bond expense	(394,919)	(427,047)	(465,869)	(521,021)	(560,660)	(566,137)	(620,584)	(652,901)	(671,774)	(716,212)
Nonoperating expenses, net	(794,994)	(839,847)	(846,874)	(961,238)	(1,029,627)	(975,025)	(1,127,922)	(990,157)	(1,096,211)	(1,269,382)
Loss before capital contributions and special item	(687,577)	(722,083)	(694,583)	(712,620)	(766,677)	(647,894)	(685,174)	(622,393)	(747,967)	(631,981)
Capital contributions	97,836	110,036	146,472	180,906	214,664	207,804	229,386	173,486	164,147	169,141
Discontinued project	(51,009)	-	-	-	-	-	-	-	-	-
Decrease in net position	$ (640,750)	$ (612,047)	$ (548,111)	$ (531,714)	$ (552,013)	$ (440,090)	$ (455,788)	$ (448,907)	$ (583,820)	$ (462,840)

* 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 68 & 71 in 2015 and GASB 75 in 2019; prior years have not been adjusted to reflect the implementation of these standards.

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 Assets	Restricted	Unrestricted	Total Net Position
2013	$ 613,422	$ 275,013	$ (3,576,843)	$ (2,688,408)
2014	372,750	273,843	(3,947,048)	(3,300,455)
2015	271,187	311,924	(4,698,056)	(4,114,945)
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)	375,826	(6,691,488)	(7,737,808)

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

	2013	2014	2015	2016	2017	2018 *	2019	2020	2021	2022
Revenues and capital contributions										
Operating revenues	$ 831,636	$ 880,755	$ 949,735	$ 1,052,691	$ 1,134,396	$ 1,201,274	$ 1,336,605	$ 1,283,783	$ 1,231,549	$ 1,507,519
Investment earnings**	24,588	19,030	17,356	24,527	23,693	25,569	39,019	39,670	25,473	27,641
Other nonoperating revenues	19,877	23,161	55,992	21,651	21,532	22,303	22,572	22,693	12,996	21,495
Capital contributions	97,836	110,036	146,472	180,906	214,664	207,804	229,386	173,486	164,147	169,141
Total revenues and capital contributions	973,937	1,032,982	1,169,555	1,279,775	1,394,285	1,456,950	1,627,582	1,519,632	1,434,165	1,725,796
Direct expenses										
Cost of services	412,484	438,981	459,780	471,132	517,103	494,742	509,753	533,931	509,381	438,923
Bond and swap expenses	9,376	12,526	10,620	14,258	16,990	11,002	8,180	12,223	10,308	12,140
Special item	51,009	-	-	-	-	-	-	-	-	-
Total direct expenses	472,869	451,507	470,400	485,390	534,093	505,744	517,933	546,154	519,689	451,063
Net revenues available for debt service payments	$ 501,068	$ 581,475	$ 699,155	$ 794,385	$ 860,192	$ 951,206	$ 1,109,649	$ 973,478	$ 914,476	$ 1,274,733
Debt service payments										
Debt maturity payments	$ 57,750	$ 124,700	$ 115,150	$ 138,630	$ 122,630	$ 251,375	$ 224,365	$ 186,055	$ 41,775	$ 218,105
Interest payments	343,123	368,582	395,223	436,073	494,301	519,173	591,837	616,570	629,587	669,651
Total debt service payments	$ 400,873	$ 493,282	$ 510,373	$ 574,703	$ 616,931	$ 770,548	$ 816,202	$ 802,625	$ 671,362	$ 887,756
Coverage	1.25	1.18	1.37	1.38	1.39	1.23	1.36	1.21	1.36	1.44

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 68 and 71 in 2015 and GASB 75 in 2019; prior years have not been adjusted to reflect the implementation of these standards.

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

	Number of Vehicles ***	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**	Mainline Debt Service Payments Per Vehicle**
2013	191,945	$ 7,647,034	$ 786,224	$ 443,912	$ 8,877,170	$ 318,865	$ 55,364	$ 26,644	$ 400,873	$ 39.84	$ 1.66
2014	193,116	8,502,700	768,732	436,473	9,707,905	411,019	55,748	26,515	493,282	44.03	2.13
2015	197,501	9,254,750	751,955	428,703	10,435,408	430,138	53,888	26,347	510,373	46.86	2.18
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	12,354,555	1,182,302	379,752	13,916,609	725,630	61,372	29,200	816,202	57.92	3.40
2020	189,340	13,429,674	1,157,517	369,709	14,956,900	700,962	73,787	27,876	802,625	70.93	3.70
2021	169,601	14,311,272	1,133,066	359,192	15,803,530	572,429	71,104	27,829	671,362	84.38	3.38
2022	200,103	15,089,256	1,720,097	348,175	17,157,528	786,862	73,099	27,795	887,756	75.41	3.93

* 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 2013 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.

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*	Gross Fare Revenue	Gross Fare Revenue Per Vehicle Transaction
Passenger			
2013	166,960	$ 471,514	$ 2.82
2014	167,387	497,671	2.97
2015	170,371	533,054	3.13
2016	176,369	588,295	3.34
2017	178,244	638,787	3.58
2018	179,125	678,720	3.79
2019	181,946	740,205	4.07
2020	158,738	683,511	4.31
2021	137,714	610,353	4.43
2022	165,128	819,784	4.96
Commercial			
2013	24,985	$ 350,226	$ 14.02
2014	25,729	368,395	14.32
2015	27,130	401,198	14.79
2016	28,414	443,325	15.60
2017	28,898	476,189	16.48
2018	29,985	524,438	17.49
2019	31,346	595,180	18.99
2020	30,602	606,050	19.80
2021	31,887	648,458	20.34
2022	34,975	749,243	21.42
Total			
2013	191,945	$ 821,740	$ 4.28
2014	193,116	866,066	4.48
2015	197,501	934,252	4.73
2016	204,783	1,031,620	5.04
2017	207,142	1,114,976	5.38
2018	209,110	1,203,158	5.75
2019	213,292	1,335,385	6.26
2020	189,340	1,289,561	6.81
2021	169,601	1,258,811	7.42
2022	200,103	1,569,027	7.84

* The number of vehicle transactions presented for fiscal years 2013 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.

Refer to page 148 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

				Electronic Toll Collection			
	Passenger	Commercial	Total	EZPass/VES	Toll By Plate	Non-ETC	Total
2013	57.38%	42.62%	100.00%	68.34%	0.00%	31.66%	100.00%
2014	57.46	42.54	100.00	69.99	0.00	30.01	100.00
2015	57.06	42.94	100.00	71.48	0.00	28.52	100.00
2016	57.03	42.97	100.00	74.28	0.26	25.46	100.00
2017	57.29	42.71	100.00	76.55	0.59	22.86	100.00
2018	56.41	43.59	100.00	78.86	0.81	20.33	100.00
2019	55.43	44.57	100.00	81.38	1.10	17.52	100.00
2020	53.00	47.00	100.00	84.00	2.80	13.20	100.00
2021	48.49	51.51	100.00	84.94	15.04	0.02	100.00
2022	52.25	47.75	100.00	83.47	16.53	0.00	100.00

Traffic Composition as a Percentage of Total Vehicles

				Electronic Toll Collection (ETC)			
	Passenger	Commercial	Total	EZPass/VES	Toll By Plate	Non-ETC	Total
2013	86.98%	13.02%	100.00%	68.57%	0.00%	31.43%	100.00%
2014	86.68	13.32	100.00	72.36	0.00	27.64	100.00
2015	86.26	13.74	100.00	74.95	0.00	25.05	100.00
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	85.30	14.70	100.00	82.58	3.03	14.39	100.00
2020	83.84	16.16	100.00	83.51	5.36	11.13	100.00
2021	81.20	18.80	100.00	77.28	22.68	0.04	100.00
2022	82.52	17.48	100.00	77.21	22.79	0.00	100.00

Note: The number of vehicle transactions presented for fiscal years 2013 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.

Refer to page 148 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

	2022		2013	
	Annual Fares	Rank	Annual Fares	Rank
Best Pass, Inc.	$ 194,674	1	$ 35,207	2
Heavy Vehicle Electronic License Plate, Inc.	145,660	2	49,504	1
ECM Transport LLC	3,735	3	-	
Acme Markets, Inc.	1,967	4	-	
Central Transport LLC	1,152	5	-	
Food Haulers, Inc.	1,071	6	-	
New Bern Transport Corp.	715	7	-	
Giant Eagle/OK Grocery	702	8	-	
Pepsi Bottling Group	574	9	-	
Reinhart Transportation, LLC	473	10	-	
FedEx Ground	-		3,402	3
United Parcel Service, Inc.	-		3,180	4
J. B. Hunt Transport, Inc.	-		2,743	5
YRC, Inc.	-		2,668	6
ABF Freight System, Inc.	-		2,092	7
New Century Transportation, Inc.	-		1,990	8
Estes Express Lines	-		1,715	9
Pitt-Ohio Express, Inc.	-		1,666	10
	$ 350,723		$ 104,167	

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Pennsylvania ^	**71.16%**	**71.89%**	**71.95%**	**71.58%**	**71.53%**	**71.01%**	**71.48%**	**71.98%**	**75.84%**	**75.22%**
New Jersey Agencies*	14.14	14.02	13.67	13.49	13.33	11.87	12.95	12.75	10.93	10.97
MTA Bridges & Tunnels	2.08	2.06	1.97	2.25	2.33	2.21	2.51	2.47	2.28	2.55
Port Authority NY & NJ	2.17	2.06	2.04	1.96	2.07	2.15	2.19	2.25	1.96	2.17
New York State Thruway	2.83	2.86	2.92	2.98	2.87	2.59	2.40	2.33	1.86	1.98
Ohio Turnpike	0.68	0.84	0.83	1.03	1.13	1.12	1.31	1.34	1.24	1.30
Maryland Transportation Authority	1.17	1.16	1.15	1.15	1.16	1.15	1.21	1.23	1.13	1.16
Illinois State Toll Highway Authority	1.06	1.08	1.11	1.11	1.12	1.09	1.30	1.34	1.25	1.13
Massachusetts Turnpike Authority	0.44	0.43	0.46	0.48	0.49	0.56	0.50	0.58	1.27	1.03
Virginia DOT	0.69	0.74	0.79	0.90	0.93	0.86	0.97	0.97	0.87	0.97
Delaware DOT	0.97	0.97	0.94	0.98	0.97	0.85	0.89	0.88	0.79	0.80
West Virginia Parkways Authority	0.18	0.17	0.19	0.17	0.17	1.23	0.16	0.17	0.15	0.13
Florida Turnpike	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.11
Delaware River Joint Toll Bridge Commission	1.12	1.03	0.98	0.82	0.72	0.57	0.44	0.12	0.09	0.07
Indiana DOT	0.10	0.10	0.11	0.11	0.11	0.14	0.10	0.09	0.08	0.08
Rhode Island Toll & Bridge Authority	0.02	0.02	0.03	0.03	0.03	0.13	0.04	0.03	0.03	0.03
Delaware River & Bay Authority	0.19	0.12	0.08	0.06	0.06	0.06	0.04	0.02	0.02	0.01
Delaware River Port Authority	0.87	0.31	0.04	0.03	0.01	0.20	0.00	0.00	0.00	0.00
Other	0.13	0.14	0.74	0.87	0.97	2.21	1.51	1.45	0.21	0.29
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**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]

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Employment by nonfarm related industries										
Private sector										
Goods producing										
Mining and logging	37,100	36,000	37,800	34,000	25,000	26,700	28,700	28,900	23,200	21,800
Construction	224,300	223,900	229,000	235,400	239,100	249,000	255,700	261,000	241,400	253,000
Manufacturing	568,100	565,500	568,500	568,900	560,700	562,900	570,800	574,700	537,200	542,500
Total goods producing	829,500	825,400	835,300	838,300	824,800	838,600	855,200	864,600	801,800	817,300
Service providing										
Trade, transportation and utilities	1,093,300	1,094,900	1,105,000	1,116,600	1,121,200	1,120,600	1,126,800	1,126,900	1,063,000	1,106,200
Information	90,600	88,000	85,600	85,200	84,700	84,500	86,300	87,500	83,400	86,200
Financial activities	309,500	313,300	315,400	316,300	317,300	321,100	326,000	331,000	326,500	327,100
Professional and business services	736,100	751,000	764,600	782,600	796,600	801,800	805,700	814,400	769,400	798,100
Education and health services	1,156,400	1,163,000	1,180,600	1,192,100	1,218,600	1,245,500	1,274,500	1,295,500	1,228,400	1,226,100
Leisure and hospitality	524,200	532,200	537,600	545,300	557,400	566,700	571,800	577,900	424,200	477,400
Other services	254,200	252,100	253,100	254,300	259,000	259,300	260,500	261,900	223,300	235,900
Total service providing	4,164,300	4,194,500	4,241,900	4,292,400	4,354,800	4,399,500	4,451,600	4,495,100	4,118,200	4,257,000
Total private sector	4,993,800	5,019,900	5,077,200	5,130,700	5,179,600	5,238,100	5,306,800	5,359,700	4,920,000	5,074,300
Government	732,300	720,700	711,400	704,700	703,300	703,200	703,000	706,300	684,800	676,100
Total employment by nonfarm related industries	5,726,100	5,740,600	5,788,600	5,835,400	5,882,900	5,941,300	6,009,800	6,066,000	5,604,800	5,750,400

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, 2021, ACFR as a result of the 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

	Management	Union	Total
2013	451	1,687	2,138
2014	449	1,640	2,089
2015	435	1,626	2,061
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

Bargaining Unit Affiliation: International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America

Number of Employees - Functional Area

	Toll Collection - Fares	Maintenance	Other	Total
2013	798	745	595	2,138
2014	763	748	578	2,089
2015	740	724	597	2,061
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

Note: Refer to Note 9 for discussion of the reduction in Toll Collection – Fares employees.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Vehicle Class Definitions
(Class Determines Fare)

E-ZPASS / TOLL BY PLATE ^

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.

^ Axle height definitions are used on the Southern Beltway, and at the Clarks Summit and Keyser Ave tolling points. All other TBP/AET In Place tolling points use classes listed above.

TOLL BY PLATE ^

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

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.

Cash/E-ZPass classes 2 through 9 and Toll By Plate classes 3L through 7H may also be referred to as commercial vehicles.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Miscellaneous Statistics
Fiscal Years Ended May 31

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
LENGTH OF HIGHWAY										
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	83	83	83	96
NUMBER OF TOLL INTERCHANGES [1 2]										
Mainline										
Staffed interchanges/barriers	30	30	30	28	27	27	25	-	-	-
Cashless Tolling/Ramps	2	2	2	3	5	5	7	32	32	36
Total	32	32	32	31	32	32	32	32	32	36
Northeast Extension										
Staffed interchanges/barriers	10	10	10	10	10	8	8	-	-	-
Cashless Tolling/Ramps	-	-	1	1	1	3	3	11	11	11
Total	10	10	11	11	11	11	11	11	11	11
Western Expansions										
Staffed interchanges/barriers	25	25	25	25	20	-	-	-	-	-
Cashless Tolling/Ramps	-	-	-	-	5	25	25	25	25	26
Total	25	25	25	25	25	25	25	25	25	26
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	22	22	22	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.
[2] Effective March 16, 2020, due to the COVID-19 pandemic, the Commission implemented all-electronic tolling across the system.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Technical Data

Right-of-way width	Minimum	200 feet
Turnpike width	Delaware River to Ohio Line (4 lanes)	78 feet
	Northeastern Extension Junction to Philadelphia Interchange (6 lanes)	106 feet
	Northeastern Extension (4 lanes)	72 feet
	Southwestern Expansion	132 feet
	Totally Reconstructed Areas (various locations)	122 feet
Lane width	Standard	12 feet
	Northeastern Extension Junction to Philadelphia Interchange	12 feet
	Width of double lanes	24 feet
	Width of triple lanes	36 feet
Curves	Maximum (approximately 955 feet minimum radius) on Allegheny Mountain climbing lanes only	6 degrees
	Western Extension (Irwin - Ohio Line)	4 degrees
	Remainder of Turnpike	3 degrees
Grades	Mainline	3 percent
	Ramps	6 percent
	Extensions	5 percent
Tunnels	Allegheny	6,070 feet
	Tuscarora	5,326 feet
	Kittatinny	4,727 feet
	Lehigh	4,379 feet
	Blue Mountain	4,339 feet
Major bridges	Delaware River Bridge	6,571 feet
	Susquehanna River Bridges (EB/WB)*	5,918 feet
	Monongahela River Bridge	3,078 feet
	Joe Montana Bridges (NB/SB)*	2,516 feet
	Allegheny River Bridges (EB/WB)*	2,350 feet
	Park Avenue Bridges (NB/SB)*	1,788 feet
	Mahoning River Bridges (NB/SB)*	1,700 feet
	SR 51/SR 119 Interchange Bridges*	1,697 feet
	Dunlap Creek Bridges (NB/SB)*	1,675 feet
	Clarks Summit Bridge	1,627 feet
Highest elevation	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
Original Turnpike					
Carlisle - Irwin	159	$ 76	May 21, 1937	Oct. 27, 1938	Oct. 1, 1940
Philadelphia Extension					
Carlisle - Valley Forge	100	87	May 16, 1940	Sept. 28, 1948	Nov. 20, 1950
Western Extension:					
Irwin - Ohio Line	67	77.5	June 11, 1941	Oct. 24, 1949	Dec. 26, 1951
Delware River Extension:					
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
Northeastern Extension:					
East/West Turnpike to Scranton	110	233	Sept. 27, 1951	Mar. 25, 1954	Nov. 7, 1957
Mon/Fayette Expressway -					
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
Mon/Fayette Expressway -					
Mason-Dixon Link	8	132	Sept. 1985	Nov. 1, 1994	Mar. 1, 2000
Mon/Fayette Expressway - I-70					
to Coyle Curtain Road	4	90	Sept. 1985	June 19, 1997	May 11, 2001
Mon/Fayette Expressway - Coyle					
Curtain Road to SR 51	13	604	Sept. 1985	Sept. 1997	Apr. 12, 2002
Southern Beltway Findlay					
Connector	6	234	Aug. 1991	Nov. 12, 2003	Oct. 11, 2006
Mon/Fayette Expressway -					
Uniontown to Brownsville		859	Sept. 1985		
Phase 1	8			April 1, 2006	Oct. 23, 2008
Phase 2	9			April 24, 2008	July 16, 2012
Southern Beltway -					
US 22 to I-79	13	800	Aug. 1991	December 2016	October 15, 2021

Source: Pennsylvania Turnpike Commission

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. Hutchingson 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)

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 commerical 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

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 Reconstution 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

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)

Source: Pennsylvania Turnpike Commission

Chronology, Speed Limits

Date	Speed Limit
October 1, 1940	No speed limit established by law
April 15, 1941	70 MPH; various lower commerical 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	*Gateway to Breezewood*
	60 MPH for cars, buses
	45 MPH for trucks
May 7, 1956	*Breezewood to Valley Forge*
	70 MPH for cars, buses
	50 MPH for trucks
	Bridges
	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

	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	12.3	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

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 ticket toll system begins at Warrendale (Exit # 30) and ends at Neshaminy Falls (Exit #353).

^ 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.

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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 (Floating Rate Notes), Series of 2023			
Year Ending (5/31)	Existing Debt Service[1,2]	Principal	Interest[2,3]	Total[2,3]	Total Debt Service[1,2,3]
2024	$ 2,286,638	$ -	$ 8,085,883	$ 8,085,883	$ 10,372,521
2025	15,980,756	-	11,690,434	11,690,434	27,671,190
2026	15,964,575	-	11,690,434	11,690,434	27,655,009
2027	15,945,319	-	11,690,434	11,690,434	27,635,753
2028	15,931,150	-	11,690,434	11,690,434	27,621,584
2029	15,910,231	-	11,690,434	11,690,434	27,600,665
2030	15,890,725	-	11,690,434	11,690,434	27,581,159
2031	7,106,781	-	11,690,434	11,690,434	18,797,215
2032	-	16,760,000	10,984,908	27,744,908	27,744,908
2033	-	17,505,000	10,106,915	27,611,915	27,611,915
2034	-	18,285,000	9,189,815	27,474,815	27,474,815
2035	-	19,100,000	8,231,840	27,331,840	27,331,840
2036	-	19,950,000	7,231,222	27,181,222	27,181,222
2037	-	20,840,000	6,185,983	27,025,983	27,025,983
2038	-	21,765,000	5,094,311	26,859,311	26,859,311
2039	-	22,740,000	3,953,809	26,693,809	26,693,809
2040	-	23,755,000	2,762,371	26,517,371	26,517,371
2041	-	24,810,000	1,517,976	26,327,976	26,327,976
2042	-	25,915,000	218,183	26,133,183	26,133,183
TOTAL	**$ 105,016,175**	**$ 231,425,000**	**$ 155,396,253**	**$ 386,821,253**	**$ 491,837,428**

(1) Excludes the Refunded Variable Rate Bonds being refunded by the 2023 Bonds.

(2) Total may not add due to rounding.

(3) Interest on the 2023 Bonds is calculated at the fixed swap rate of the Swaps plus an additional fixed spread.

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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
(FLOATING RATE NOTES),
SERIES OF 2023

This Continuing Disclosure Agreement ("***Disclosure Agreement***") is executed and delivered this 6th day of September, 2023, by the Pennsylvania Turnpike Commission (the "***Commission***") in connection with the issuance and sale by the Commission of $231,425,000 aggregate principal amount of its Registration Fee Revenue Refunding Bonds (Floating Rate Notes), Series of 2023 (the "***2023 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. <u>DEFINITIONS</u>

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, 2023, 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 August 24, 2023 with respect to the public offering of the 2023 Bonds.

"***Registered Owner" or "Owners***" shall mean the person or persons in whose name a 2023 Bond is registered on the books of the Commission kept for that purpose. For so long as the 2023 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 2023 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, Stifel Nicolaus & Company, Incorporated, as representative of itself and the other Underwriters of the 2023 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 2023 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 2023 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 2023 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 2023 Bonds, or other material events affecting the tax status of the 2023 Bonds;

(7) Modifications to the rights of the holders of the 2023 Bonds, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasance of all or any portion of the 2023 Bonds;

(10) Release, substitution or sale of property securing repayment of the 2023 Bonds, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the Commission[1];

(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 2023 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 2023 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 2023 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 2023 Bonds.

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[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 2023 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 2023 Bonds within the meaning of the Rule.

SECTION 7. <u>OTHER INFORMATION</u>

Nothing in this Disclosure Agreement shall preclude the Commission from disseminating any other information with respect to the Commission or the 2023 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. <u>BENEFIT; DEFAULT</u>

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 2023 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 2023 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. 6 dated as of September 1, 2023, and as it may be further amended and supplemented from time to time, between the Commission and U.S. Bank Trust Company N.A., as successor trustee. In the event the Commission fails to comply with any provision of this Disclosure Agreement, any Registered Owner of the 2023 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. <u>FILING WITH EMMA; OTHER FILINGS</u>

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. <u>TERM OF DISCLOSURE AGREEMENT</u>

This Disclosure Agreement shall terminate (a) upon payment or provision for payment in full of the 2023 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. <u>BENEFICIARIES</u>

This Disclosure Agreement shall inure solely to the benefit of the Commission, the Underwriters and the Registered Owners from time to time of the 2023 Bonds, and nothing herein contained shall confer any right upon any other person.

SECTION 12. <u>NO PERSONAL RECOURSE</u>

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. <u>ENTIRE AGREEMENT</u>

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. <u>COUNTERPARTS; ELECTRONIC SIGNATURES</u>

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. <u>GOVERNING LAW</u>

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 2023 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
(FLOATING RATE NOTES),
SERIES OF 2023**

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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