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

In the opinion of Co-Bond Counsel, under existing law, interest on the 2013A Bonds is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, such interest is included in adjusted current earnings for purposes of the federal alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes). Co-Bond Counsel is also of the opinion that, under existing law, the 2013A Bonds are exempt from personal property taxes in Pennsylvania, and the interest on the 2013A Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. For a more complete discussion, see "TAX MATTERS" herein.

PENNSYLVANIA TURNPIKE COMMISSION
$176,075,000 VARIABLE RATE TURNPIKE REVENUE BONDS, SERIES A OF 2013

Dated: Date of Delivery **Due: See inside cover**

The Pennsylvania Turnpike Commission Variable Rate Turnpike Revenue Bonds, Series A of 2013 (the ***"2013A Bonds"***) are being issued pursuant to a Supplemental Trust Indenture No. 28 dated as of January 1, 2013 (***"Supplemental Indenture No. 28"***) to the Amended and Restated Trust Indenture dated as of March 1, 2001, as previously amended and supplemented (together with Supplemental Indenture No. 28, the ***"Senior Indenture"***), between the Pennsylvania Turnpike Commission (the ***"Commission"***) and U.S. Bank National Association, as trustee (the ***"Trustee"***). The 2013A Bonds are being issued to provide funds to finance the costs of (i) various capital expenditures set forth in the Commission's current ten-year capital plan and (ii) issuing the 2013A Bonds.

The 2013A Bonds will be dated the date of initial issuance and delivery thereof. The 2013A Bonds will bear interest from their delivery date at a variable rate equal to the Adjusted SIFMA Rate, as further described herein. See "DESCRIPTION OF THE 2013A BONDS – Determination of Interest Rate for 2013A Bonds" herein for a description of the SIFMA Rate, the Adjusted SIFMA Rate and the determination thereof. The Adjusted SIFMA Rate for the 2013A Bonds of each maturity shall equal the SIFMA Rate, as further described herein, plus the per annum spread applicable to such maturity set forth on the inside front cover page hereof. The Adjusted SIFMA Rate will be adjusted Wednesday of each week, or if such day is not a U.S. Government Securities Business Day (as defined herein), the next succeeding U.S. Government Securities Business Day, and shall be effective each Thursday. Interest on the 2013A 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 2013A BONDS – Determination of Interest Rate for 2013A Bonds" herein. Interest on the 2013A Bonds will be payable monthly on the first business day of each calendar month commencing on March 1, 2013.

The 2013A 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, which will act as securities depository for the 2013A Bonds. Beneficial ownership interests in the 2013A Bonds will be recorded in book-entry only form in denominations of $5,000 or any integral multiple thereof. Purchasers of the 2013A Bonds will not receive bonds representing their beneficial ownership in the 2013A 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 2013A Bonds, principal of and interest on the 2013A 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 2013A Bonds will be transferable or exchangeable to another nominee of The Depository Trust Company or as otherwise described herein. So long as Cede & Co. is the registered owner of the 2013A Bonds, payments of principal and interest on the 2013A Bonds will be made directly by the Trustee under the Senior Indenture, as described herein. See "DESCRIPTION OF THE 2013A BONDS – Book-Entry Only System." The 2013A Bonds will be subject to redemption prior to maturity as described herein.

THE 2013A BONDS ARE LIMITED OBLIGATIONS OF THE COMMISSION AND SHALL NOT BE DEEMED TO BE A DEBT OF THE COMMONWEALTH OF PENNSYLVANIA (THE "COMMONWEALTH") OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH, BUT THE 2013A BONDS SHALL BE PAYABLE SOLELY FROM THE TRUST ESTATE (AS DEFINED HEREIN) WHICH CONSISTS PRIMARILY OF TOLLS FROM THE SYSTEM (AS DEFINED HEREIN). THE COMMONWEALTH IS NOT OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION WHATSOEVER FOR PAYMENT OF THE 2013A BONDS OR TO MAKE ANY APPROPRIATION FOR THE PAYMENT OF THE 2013A BONDS. 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 2013A 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 Thorp Reed & Armstrong, LLP and Houston Harbaugh, P.C., both of Pittsburgh, Pennsylvania, Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Underwriters by Campbell & Levine, LLC, Pittsburgh, Pennsylvania, Counsel for the Underwriters. Certain legal matters will be passed upon for the Commission by its Chief Counsel, Doreen A. McCall, Esquire, and by Drinker Biddle & Reath, LLP, Philadelphia, Pennsylvania, Disclosure Counsel to the Commission. It is anticipated that delivery of the 2013A Bonds in book-entry form will be made through the facilities of DTC in New York, New York on or about January 31, 2013.

J.P. Morgan

PNC Capital Markets LLC **RBC Capital Markets**

Morgan Stanley **Quoin Capital LLC** **BofA Merrill Lynch**

This Official Statement is dated January 24, 2013.

$176,075,000
PENNSYLVANIA TURNPIKE COMMISSION
VARIABLE RATE TURNPIKE REVENUE BONDS,
SERIES A OF 2013

MATURITY SCHEDULE

Maturity (December 1)	Principal Amount	Interest Rate (variable)	Price	CUSIP* No.
2017	$100,000,000	SIFMA Rate†† plus 0.60%	100.000%	7092235D9
2018	$76,075,000	SIFMA Rate†† plus 0.68%	100.000%	7092235E7

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

†† See "DESCRIPTION OF THE 2013A BONDS – Determination of Interest Rate for 2013A Bonds" herein for a description of the SIFMA Rate, the Adjusted SIFMA Rate and the determination thereof.

PENNSYLVANIA TURNPIKE COMMISSION

COMMISSIONERS

WILLIAM K. LIEBERMAN
Chairman

A. MICHAEL PRATT
Vice Chairman

J. WILLIAM LINCOLN
Secretary/Treasurer

PASQUALE T. DEON, SR.
Commissioner

BARRY J. SCHOCH
Commissioner

ADMINISTRATION

MARK COMPTON
Chief Executive Officer (effective February 2013)

CRAIG R. SHUEY
Acting Chief Executive Officer and Chief Operating Officer

NIKOLAUS H. GRIESHABER
Chief Financial Officer

BRADLEY J. HEIGEL
Chief Engineer

DOREEN A. MCCALL
Chief Counsel

DAVID A. GENTILE
Chief Compliance Officer

U. S. BANK NATIONAL ASSOCIATION
Trustee and Authenticating Agent

PUBLIC FINANCIAL MANAGEMENT, INC.
Financial Advisor

G-ENTRY PRINCIPLE, P.C.
Co-Financial Advisor

No dealer, broker, salesman or other person has been authorized by the Commission or the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any or either of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2013A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Commission and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as representations by, the Underwriters. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof.

The 2013A Bonds are not and will not be registered under the Securities Act of 1933, or under any state securities laws, and the Senior 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 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," "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.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2013A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT NOTICE. THE COMMISSION RESERVES THE RIGHT TO INCREASE THE SIZE OF THIS OFFERING SUBJECT TO PREVAILING MARKET CONDITIONS.

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 2013A BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

The CUSIP (Committee on Uniform Securities Identification Procedures) number for the 2013A Bonds shown on the cover page hereof has been assigned by an organization not affiliated with the Commission or the Underwriters, and such parties are not responsible for the selection or use of the CUSIP number. The CUSIP number is included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP number. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. None of the Commission or the Underwriters has agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP number set forth herein.

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OFFICIAL STATEMENT

PENNSYLVANIA TURNPIKE COMMISSION
$176,075,000
VARIABLE RATE TURNPIKE REVENUE BONDS, SERIES A OF 2013

INTRODUCTION

This Official Statement, which includes the cover page, the inside front cover and the Appendices hereto, is furnished by the Pennsylvania Turnpike Commission (the "***Commission***") in connection with the issuance of $176,075,000 aggregate principal amount of Pennsylvania Turnpike Commission Variable Rate Turnpike Revenue Bonds, Series A of 2013 (the "***2013A Bonds***").

All capitalized terms not otherwise defined herein shall have the same meanings ascribed to them in the definitions set forth in APPENDIX C – "SUMMARIES OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE - DEFINITIONS OF CERTAIN TERMS." All references herein to the Enabling Acts (as defined below), the 2013A Bonds, the Senior 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, may be obtained during the initial offering period from the principal offices of the Underwriters and, thereafter, executed copies may be obtained from U.S. Bank National Association, as 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.

THIS OFFICIAL STATEMENT PROVIDES CERTAIN INFORMATION CONCERNING THE 2013A BONDS AS OF THE DATE OF THIS OFFICIAL STATEMENT. OWNERS AND PROSPECTIVE PURCHASERS OF THE 2013A BONDS SHOULD NOT RELY ON THIS OFFICIAL STATEMENT FOR INFORMATION CONCERNING THE 2013A BONDS ON AND AFTER ANY SUCH DATE, BUT SHOULD LOOK TO ANY REVISIONS, AMENDMENTS, SUPPLEMENTS OR SUBSTITUTIONS HEREOF FOR INFORMATION CONCERNING THE 2013A BONDS ON OR AFTER ANY SUCH DATE.

Pennsylvania Turnpike Commission

The Commission is an instrumentality of the Commonwealth of Pennsylvania (the "***Commonwealth***") created by the Enabling Acts (as defined below), with the power to construct, operate and maintain the System (as defined below) and to perform other functions authorized by Act 44 (as defined below). Its composition, powers, duties, functions, duration and all other attributes are derived from the Enabling Acts as amended and supplemented from time to time. See APPENDIX A, "THE PENNSYLVANIA TURNPIKE COMMISSION" herein. Except as provided therein, the Enabling Acts may be modified, extended, suspended or terminated at any time by further legislation.

Senior Indenture and Enabling Acts

The 2013A Bonds are being issued pursuant to Supplemental Trust Indenture No. 28 dated as of January 1, 2013 ("***Supplemental Indenture No. 28***") between the Commission and U.S. Bank National Association (successor to First Union National Bank), as Trustee, which supplements the Amended and Restated Trust Indenture dated as of March 1, 2001, between the Commission and the Trustee (as previously amended and supplemented, and as supplemented by Supplemental Indenture No. 28, the "***Senior Indenture***"), pursuant to and authorized by an Act of the General Assembly of Pennsylvania approved July 18, 2007, P. L. 169, No. 44 ("***Act 44***") and various Acts of the General Assembly approved on several dates, including the Act of May 21, 1937, P. L. 774, Act 211; the Act of May 24, 1945, P. L. 972; the Act of February 26, 1947, P. L. 17; the Act of May 23, 1951, P. L. 335; the Act of August 14, 1951, P. L. 1232; and the Act of September 30, 1985, P. L. 240, No. 61 ("***Act 61***") to the extent not repealed by Act 44 (collectively, the "***Enabling Acts***"), and the Resolutions adopted by the Commission on November 6, 2012 (the "***Bond Resolution***").

Plan of Financing

The 2013A Bonds are being issued for the purpose of financing the costs of: (i) various capital expenditures set forth in the Commission's current 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 the rehabilitation of certain interchanges; and (ii) issuing the 2013A Bonds.

DESCRIPTION OF THE 2013A BONDS

General

The 2013A Bonds will bear interest at the variable rate described below under "DESCRIPTION OF THE 2013A BONDS—Determination of Interest Rate for 2013A Bonds", payable monthly on the first Business Day of each calendar month commencing on March 1, 2013 (each, an "***Interest Payment Date***"), and mature on the dates and in the amounts set forth on the cover page of this Official Statement. The 2013A Bonds shall bear interest from and including the Dated Date thereof until payment of the principal thereof shall have been made or provided for in accordance with the provisions thereof, whether at maturity, upon redemption or otherwise.

The 2013A Bonds shall have a Series Issue Date which shall be the date of original issuance and first authentication and delivery against payment therefor. 2013A Bonds issued prior to the first Interest Payment Date shall have a "Dated Date" that is the same as the Series Issue Date. 2013A Bonds issued on or subsequent to the first Interest Payment Date shall have a "Dated Date" which is the same as the Interest Payment Date next preceding the date of authentication hereof, unless such date of authentication shall be an Interest Payment Date to which interest on the 2013A Bonds has been paid in full or duly provided for, in which case they shall have a "Dated Date" which is the same as such date of authentication; provided that if, as shown by the records of the Trustee, interest on any of the 2013A Bonds shall be in default, 2013A Bonds issued in exchange for such 2013A Bonds surrendered for transfer or exchange shall have a "Dated Date" which is the same as the date to which interest has been paid in full on such 2013A Bonds or, if no interest has been paid on such 2013A Bonds, the Series Issue Date of such 2013A Bonds.

CUSIP numbers for the 2013A Bonds as shown on the inside front cover page of this Official Statement have been assigned by the Committee on Uniform Securities Identification Procedures Bureau, an organization not affiliated with the Commission. The CUSIP numbers are being provided solely for the convenience of the holders of the 2013A Bonds. The Commission is not responsible for the selection or uses of the CUSIP numbers, nor is any representation made as to the correctness or accuracy of the numbers on the 2013A Bonds or as referenced on the cover page of this Official Statement.

Payment of Principal of and Interest on the 2013A Bonds. The principal of and interest on the 2013A Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of all 2013A Bonds shall be payable by check at maturity or upon earlier redemption to the Persons in whose names such 2013A Bonds are registered on the Bond Register at the maturity or redemption date thereof, upon the presentation and surrender of such 2013A Bonds at the Principal Office of the Trustee or of any Paying Agent named in the 2013A Bonds.

The interest payable on each 2013A Bond on any Interest Payment Date shall be paid by the Trustee to the Person in whose name such Bond is registered on the Bond Register at the close of business on the Record Date (as defined below) for such interest, such payment to be made (i) by check mailed on the applicable Interest Payment Date to such Registered Owner at the address as it appears on such Bond Register or at such other address as is furnished to the Trustee in writing by such Owner or (ii) by electronic transfer in immediately available funds, if the 2013A Bonds are held by a Securities Depository, or at the written request addressed to the Trustee by any Owner of 2013A Bonds in the aggregate principal amount of not less than $1,000,000, such request to be signed by such Owner, and containing the name of the bank (which shall be in the continental United States), its address, its ABA routing number, the name and account number to which credit shall be made and an acknowledgment by the Owner that an electronic transfer fee is payable. Any such written request must be filed with the Trustee no later than ten (10) Business Days before the applicable Record Date preceding such Interest Payment Date.

The "***Record Date***" for determining the Owner entitled to payment of interest with respect to the 2013A Bonds on any given Interest Payment Date is the fifteenth (15th) day (whether or not a Business Day) of the month immediately preceding such Interest Payment Date.

Defaulted Interest with respect to any 2013A Bond shall cease to be payable to the Owner of such 2013A Bond on the relevant Record Date and shall be payable to the Owner in whose name such Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner: The Commission shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each 2013A Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment; money deposited with the Trustee shall be held in trust for the benefit of the Owners of the 2013A Bonds entitled to such Defaulted Interest. Following receipt of such funds the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Commission of such Special Record Date and, in the name and at the expense of the Commission, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Owner of a 2013A Bond entitled to such notice at the address of such owner as it appears on the Bond Register not less than 10 days prior to such Special Record Date.

So long as the 2013A Bonds are in book-entry only form, the principal and redemption price of, and interest on, such 2013A Bonds is payable by check mailed or wire transferred to Cede & Co., as nominee for DTC and Registered Owner of the 2013A Bonds, for redistribution by DTC to its Participants and in turn to Beneficial Owners as described under "DESCRIPTION OF THE 2013A BONDS – Book-Entry Only System."

Authorized Denominations. The 2013A Bonds will be issued as fully registered bonds in authorized denominations of $5,000 and any multiple thereof.

Registration, Transfer and Exchange. The Trustee has been appointed Bond Registrar and as such shall keep the Bond Register at its Principal Office. The Person in whose name any 2013A Bond shall be registered on the Bond Register shall be deemed and regarded as the absolute owner of such 2013A Bond for all purposes, and payment of or on account of the principal and interest on any such 2013A Bond shall be made only to or upon the order of the Registered Owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such 2013A Bond, including the interest thereon, to the extent of the sum or sums so paid.

Any 2013A Bond may be transferred only upon the Bond Register upon surrender thereof to the Trustee duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee. Upon any such transfer, the Commission shall execute and the Trustee shall authenticate and deliver in exchange for such 2013A Bond a new 2013A Bond or 2013A Bonds, registered in the name of the transferee, of any Authorized Denomination and of the same maturity and series and bearing interest at the same rate.

The Commission, the Securities Depository or the Trustee may charge an amount sufficient to reimburse it for any tax, fee or other governmental charge required to be paid in connection with any such transfer or exchange. The Trustee shall not be required to (i) transfer or exchange any 2013A Bond during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of such 2013A Bond and ending at the close of business on the day of such mailing, or (ii) transfer or exchange any 2013A Bond so selected for redemption in whole or in part, or (iii) transfer or exchange any 2013A Bond during a period beginning at the opening of business on any Record Date for such 2013A Bond and ending at the close of business on the relevant Interest Payment Date therefor. See also "DESCRIPTION OF THE 2013A BONDS - Book-Entry Only System" herein for further information regarding registration, transfer and exchange of the 2013A Bonds.

The 2013A Bonds provide that each Registered Owner, Beneficial Owner, Participant or Indirect Participant (as such terms are defined hereinafter), by acceptance of a 2013A Bond (including receipt of a book-entry credit evidencing an interest therein), assents to all of the provisions of the Senior Indenture.

Redemption of 2013A Bonds

Optional Redemption. The 2013A Bonds maturing on December 1, 2017 are subject to optional redemption by the Commission, in whole or in part on or after June 1, 2017, at any time and from time to time, at a redemption price of 100% of the principal amount thereof to be redeemed plus, in each case, accrued interest on the 2013A Bonds to be redeemed to the redemption date.

The 2013A Bonds maturing on December 1, 2018 are subject to optional redemption by the Commission, in whole or in part on or after June 1, 2018, at any time and from time to time, at a redemption price of 100% of the principal amount thereof to be redeemed plus, in each case, accrued interest on the 2013A Bonds to be redeemed to the redemption date.

Selection of 2013A Bonds to be Redeemed. 2013A Bonds shall be redeemed only in Authorized Denominations. Any partial optional redemption of the 2013A Bonds may be made in any order of maturity and in any principal amount within a maturity as designated by the Commission. The particular 2013A Bonds within a maturity to be redeemed, in whole or in part, shall be determined by the Trustee by lot or by such other method as the Trustee deems fair and appropriate.

When 2013A Bonds of denominations greater than the minimum Authorized Denomination are then Outstanding, then for all purposes in connection with such redemption each principal amount equal to the minimum Authorized Denomination shall be treated as though it was a separate 2013A Bond of the minimum Authorized Denomination. If it is determined that a portion, but not all, of the principal amount represented by any 2013A Bond is to be selected for redemption, then upon notice of intention to redeem such portion, the Owner of such 2013A Bond or such Owner's attorney or legal representative shall forthwith present and surrender such 2013A Bond to the Trustee (1) for payment of the redemption price (including interest to the date fixed for redemption) of the principal amount called for redemption, and (2) for exchange, without charge to the Owner thereof for a new 2013A Bond or 2013A Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such 2013A Bond. If the Owner of any such 2013A Bond shall fail to present such 2013A Bond to the Trustee for payment and exchange as aforesaid, said 2013A Bond shall, nevertheless, become due and payable on the redemption date to the extent of the principal amount called for redemption (and to that extent only).

***Notice and Effect of Call for Redemption*.** Official notice of any such redemption shall be given by the Trustee on behalf of the Commission by mailing a copy of an official redemption notice by first class mail at least 30 days and not more than 60 days prior to the redemption date to each Registered Owner of the 2013A Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Trustee. Official notice of redemption having been given as aforesaid, the 2013A Bonds or portions of 2013A Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price specified therein, and from and after such date (unless the Commission shall default in the payment of the redemption price) such 2013A Bonds or portions of 2013A Bonds shall cease to bear interest.

As long as DTC remains the sole Registered Owner of the 2013A Bonds, notice of redemption shall be sent to DTC as provided in the Senior Indenture. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the 2013A Bonds called for redemption or of any other action premised on such notice. See "BOOK – ENTRY ONLY SYSTEM."

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

Any Conditional Redemption may be rescinded in whole or in part at any time prior to the redemption date if the Commission delivers a certificate of a Commission Official to the Trustee instructing the Trustee to rescind the redemption notice. The Trustee shall give prompt notice of such rescission to the affected Bondholders. Any Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default.

Further, in the case of a Conditional Redemption, the failure of the Commission to make funds available in part or in whole on or before the redemption date shall not constitute an Event of Default.

Failure to give any notice to any Owner, or any defect therein, shall not affect the validity of any proceedings for the redemption of any other 2013A Bonds. Any notice mailed shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any Owner receives the notice.

Determination of Interest Rate for 2013A Bonds

The 2013A Bonds shall bear interest at the Adjusted SIFMA Rate. Pursuant to the Senior Indenture, the "Adjusted SIFMA Rate" shall equal the sum of the SIFMA Rate plus (i) for the 2013A Bonds maturing on December 1, 2017, 0.60% (60 basis points) and (ii) for the 2013A Bonds maturing on December 1, 2018, 0.68% (68 basis points). The Adjusted SIFMA Rate for each maturity of the 2013A Bonds shall be adjusted Wednesday of each week, or if such day is not a U.S. Government Securities Business Day, the next succeeding U.S. Government Securities Business Day (each an "***Adjustment Date***"), based upon changes in the SIFMA Rate, as further described below, with the effective date for each adjustment of the Adjusted SIFMA Rate to be each Thursday. Interest on the 2013A 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 Adjusted SIFMA Rate shall never exceed the Maximum Rate.

Pursuant to the Senior Indenture, "***SIFMA Rate***" 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 meets specific criteria established from time to time by the Securities Industry and Financial Markets Association ("***SIFMA***") and is issued on Wednesday of each week, or if any Wednesday is not a U.S. Government Securities Business Day, the next succeeding U.S. Governmental Securities Business Day. If such index is no longer published or otherwise not available, the "***SIFMA Rate***" for any day will mean the level of the "S&P Weekly High Grade Index" (formerly the J.J. Kenny Index) maintained by Standard & Poor's Securities Evaluations Inc. for a 7-day maturity as published on the Adjustment Date or most recently published prior to the Adjustment Date. If at any time neither such index is available, the Calculation Agent shall calculate the SIFMA Rate as of the Adjustment Date based upon such index that the Calculation Agent, in consultation with the Commission, determines most closely approximates the SIFMA index.

"***U.S. Government Securities Business Day***" is defined in the Senior Indenture as any day other than (a) a Saturday, a Sunday, or (b) a day on which the SIFMA recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities, or (c) a day on which the Calculation Agent is required or permitted by law to close.

The Trustee is acting as the initial Calculation Agent with respect to the 2013A Bonds.

Except for the initial Adjusted SIFMA Rate applicable to the 2013A Bonds upon their issuance, which shall be determined by J.P. Morgan Securities LLC, as representative of the Underwriters, on or prior to the date of issuance of the 2013A Bonds, the Adjusted SIFMA Rate will be determined by the Calculation Agent and the authority to so determine the rate is delegated by the Commission to the Calculation Agent; provided, however, that the Adjusted SIFMA Rate shall not exceed the Maximum Rate.

The "***Maximum Rate***" for the 2013A Bonds is equal to the lesser of the maximum rate permitted by law and 12% per annum.

The determination of the Adjusted SIFMA Rate (absent manifest error) shall be conclusive and binding upon the Commission and the Owners of the 2013A Bonds. If for any reason the Adjusted SIFMA Rate shall not be established for any determination date, the 2013A Bonds shall bear interest at the Adjusted SIFMA Rate last in effect until such time as a new Adjusted SIFMA Rate shall be established pursuant to the terms of the Senior Indenture.

Book-Entry Only System

The Depository Trust Company ("***DTC***"), New York, New York, will act as securities depository for the 2013A Bonds. The 2013A 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 2013A Bond certificate will be issued in the aggregate principal amount of each maturity of the 2013A Bonds, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market 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 Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2013A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2013A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2013A 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 2013A 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 2013A Bonds, except in the event that use of the book-entry system for the 2013A Bonds is discontinued.

To facilitate subsequent transfers, all 2013A 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 2013A 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 2013A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2013A 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 2013A Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2013A Bonds, such as redemptions, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of 2013A Bonds may wish to ascertain that the nominee holding the 2013A 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 2013A 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 2013A Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commission as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2013A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, premium, if any, and interest on the 2013A 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 dates 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) are 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 2013A 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, 2013A 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, 2013A Bond certificates will be printed and delivered to DTC.

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

NEITHER THE COMMISSION NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT OR INDIRECT PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR: (1) SENDING TRANSACTION STATEMENTS; (2) MAINTAINING, SUPERVISING OR REVIEWING, OR THE ACCURACY OF,

ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (3) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY DIRECT PARTICIPANT, OR BY ANY DIRECT OR INDIRECT PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON BOOK-ENTRY 2013A 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 SENIOR INDENTURE TO BE GIVEN HOLDERS OR OWNERS OF BOOK-ENTRY 2013A BONDS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF BOOK-ENTRY 2013A BONDS; OR (6) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF BOOK-ENTRY 2013A BONDS.

In the event that the Book-Entry Only System is discontinued and the Beneficial Owners become Registered Owners of the 2013A Bonds, the 2013A Bonds will be transferable in accordance with the provisions of the Senior Indenture.

PENNSYLVANIA TURNPIKE SYSTEM

The following provides a general description of the Pennsylvania Turnpike System and certain other information relating to operations of the Commission. Such information is not complete and is qualified by reference to the more complete information set forth in this Official Statement in APPENDIX A, "THE PENNSYLVANIA TURNPIKE COMMISSION".

The present System is composed of the following: (i) the 359 mile Turnpike Mainline traversing the southern portion of Pennsylvania from east to west; (ii) the 110 mile north-south section identified as the Northeast Extension; (iii) the 18 mile north-south connection, known as the Beaver Valley Expressway which intersects the Turnpike Mainline in the southwestern portion of the Commonwealth; (iv) the approximately 13 mile Amos K. Hutchinson Bypass, which adjoins the Turnpike Mainline near the New Stanton Interchange; (v) completed segments of the Mon/Fayette Expressway project totaling approximately 47 miles; and (vi) a six mile Southern Beltway project from PA 60 to US 22, near the Greater Pittsburgh International Airport. Such roads, together with any other roads for which the Commission has operational responsibility and is collecting Tolls (as defined below), presently constitute the "***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 has a total of 65 interchanges which connect it with major arteries and population centers in its 553 mile traffic corridor. Thirty-two of the interchanges are located on the Turnpike Mainline, including barriers at the New Jersey and Ohio state lines, and 10 interchanges are situated on the Northeast Extension. The additional 23 interchanges are located on the three extensions previously noted. There are 17 service plazas along the System providing gasoline and diesel fuel, other automotive supplies and services, and restaurant services.

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; and revenue derived from a portion of the Commonwealth's vehicle registration fee revenues.

Tolls. The largest part of the Commission's revenues is derived from the collection of all rates, rents, fees, charges, fines or other income derived by the Commission from the vehicular usage of the System and all rights to receive the same (as defined in the Senior Indenture, collectively the "***Tolls***"). The Tolls are pledged to secure the Commission's outstanding turnpike revenue bonds issued under the Senior Indenture (collectively, the "***Turnpike Revenue Bonds***") and other parity obligations under the Senior Indenture (including certain interest rate swap agreements), which are subject to or may be issued under the terms of the Senior Indenture. Upon the issuance of the 2013A Bonds, $3,137,000,000 in aggregate principal amount of Turnpike Revenue Bonds will be Outstanding under the Senior Indenture. Other obligations issued and Outstanding under the Senior Indenture include the Commission's obligations under various interest rate swap agreements having a total current notional amount of $1,562,777,000, as well as obligations under various letter of credit reimbursement agreements and standby bond purchase agreements relating to outstanding variable rate Turnpike Revenue Bonds. The Tolls are not pledged to secure the Subordinate Revenue Bonds, the Special Revenue Bonds, the Oil Franchise Tax Revenue Bonds (as defined below) and the Registration Fee Revenue Bonds (as defined below). Certain payments made from moneys in the General Reserve Fund which are derived from Tolls are, however, pledged on a wholly subordinate basis to secure payments due on Subordinate Revenue Bonds and Special Revenue Bonds.

Since 2009, the Commission has implemented annual increases in toll rates and other charges, as well as modifications to its commercial discounts, and expects to continue to implement future toll increases as determined by the Commission to be necessary to meet the then existing debt, capital and operational obligations of the Commission, including its payment obligations under Act 44. For a discussion of the Commission's revenue sources, including current rates and tolls, see APPENDIX A, "THE PENNSYLVANIA TURNPIKE COMMISSION – CERTAIN FINANCIAL INFORMATION – Revenue Sources of the Commission," and "– Toll Schedule and Rates."

The Commission is permitted under the terms of the Senior Indenture to exclude certain roads, other than the Mainline Section and the Northeast Extension, from the System for the purposes of the Senior Indenture which would eliminate toll revenues from such roads from the definition of Tolls under the Senior Indenture. However, the Commission currently has no plans to remove any roads from the System.

Oil Franchise Tax Revenues. The Commission's second principal stream of revenues consists of that portion of the Commonwealth's Oil Franchise Tax revenues (the "***Oil Franchise Tax Revenues***") allocated by statute to the Commission or the holders of the Commission's Oil Franchise Tax Revenue Bonds (the "***Oil Franchise Tax Revenue Bonds***"), $771,140,523.80 of which are currently issued and outstanding (including compounded amounts as of December 1, 2012 for capital appreciation bonds). The Oil Franchise Tax Revenue Bonds, the proceeds of which were spent on portions of the Mon/Fayette Expressway and the Southern Beltway, are secured solely by Oil Franchise Tax Revenues. **The Oil Franchise Tax Revenues are not pledged to secure the 2013A Bonds, other Turnpike Revenue Bonds, the Subordinate Indenture Bonds or the Registration Fee Revenue Bonds.**

<u>Registration Fee Revenues</u>. The Commission's third principal stream of revenues consists of that portion of the Commonwealth's vehicle registration fee revenues (the "***Registration Fee Revenues***") allocated by statute to the Commission or the holders of any of the Commission's Registration Fee Revenue Bonds (the "***Registration Fee Revenue Bonds***"), $423,650,000 of which are currently issued and outstanding. The Registration Fee Revenue Bonds, the proceeds of which were spent on portions of the Mon/Fayette Expressway and the Southern Beltway, are secured by Registration Fee Revenues. Registration Fee Revenue Bonds are to be paid solely from the Registration Fee Revenues. **The Registration Fee Revenues are not pledged to secure the 2013A Bonds, other Turnpike Revenue Bonds, the Subordinate Indenture Bonds or the Oil Franchise Tax Revenue Bonds.**

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

Act 44 and Act 44 Financial Plan

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

As more fully discussed in APPENDIX A hereto, Act 44 obligated the Commission, among other things, to enter into an agreement with PennDOT to effectuate the provisions of Act 44 requiring the Commission to make substantial annual payments to PennDOT to provide funds for various transportation needs in the Commonwealth. The Commission and PennDOT entered into a Lease and Funding Agreement, dated October 14, 2007 (the "***Funding Agreement***"), pursuant to which the Commission is required to make certain payments to PennDOT in quarterly installments. The term of the Funding Agreement is 50 years from its effective date, October 14, 2007.

Pursuant to the provisions of Act 44, payments to PennDOT are currently set at $450,000,000 annually for the remaining term of the Funding Agreement. See APPENDIX A, "THE PENNSYLVANIA TURNPIKE COMMISSION — THE COMMISSION – Act 44."

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

On June 1, 2012, the Commission submitted its financial plan for Fiscal Year 2012-13 (the "***Financial Plan***"). The Financial Plan incorporates the Commission's Capital Plan, which provides for $6.76 billion in capital spending over the period from Fiscal Year 2012-2013 through the Fiscal Year 2021-2022. This Capital Plan allows the Commission to accelerate a number of capital improvements and to pursue new initiatives to maintain and improve the System. The Financial Plan indicates that in Fiscal Year 2011-12 it was able to meet all of its financial covenants and Act 44 obligations and was able to progress with its Capital Plan. Given the slow recovery of the economy, the Commission plans to continue the cost containment and efficiency measures it implemented within the past few years. These measures, together with future toll increases, are expected to allow the Commission to meet its financial covenants, Act 44 obligations, and capital needs during Fiscal Year 2012-13.

The Financial Plan concludes that the Commission will continue to meet all of its indenture covenants and all of its other obligations through the 2056-2057 Fiscal Year. However, as a forward-looking report, the Financial Plan makes certain assumptions, including future toll increases, to reach its conclusion that the financial covenants, Act 44 obligations and capital needs will be met beyond Fiscal Year 2012-2013. Key among these assumptions is the Commission's ability to raise all tolls throughout the System. The Financial Plan reflects the expected full year effects of the January 2012 toll increase and the expected partial year impacts of the planned January 2013 toll increase. The Financial Plan does not assume any tolling of I-80 and assumes the $450 million reduced level of funding obligations required by Act 44. No assurances can be made by the Commission with respect to the assumptions made or conclusions reached in the Financial Plan. A complete copy of the Financial Plan can be obtained by contacting the Commission. See APPENDIX A, "THE PENNSYLVANIA TURNPIKE COMMISSION — THE COMMISSION – Act 44".

Traffic and Revenue Study

Attached hereto as APPENDIX F is the Pennsylvania Turnpike 2012 Traffic and Revenue Forecast Study prepared by CDM Smith (formerly Wilbur Smith Associates) dated March 9, 2012 (the "***Traffic Study***"). The Traffic Study updates the study conducted by Wilbur Smith Associates in January 2009, together with "bring down" letters developed by Wilbur Smith Associates in March 2010 and February 2011, updating forecasts developed in the January 2009 study. Total adjusted gross toll revenue is estimated to increase from $739.7 million in Fiscal Year 2010-11 to $3.5 billion by Fiscal Year 2040-41, representing 5.3% annualized growth. The Traffic Study forecasts are slightly lower than reflected in the February 2011 "bring down" letter, due to a slower than expected economic recovery. As noted in the Traffic Study, the forecasts made in the Traffic Study assume a relatively subdued growth rate in 2012 and into 2013 as economic activity begins to pick up after the severe recession. A somewhat larger recovery impact is forecast for 2014 and 2015. Beyond 2015, growth is assumed to be moderate. Preliminary unaudited traffic data for the six months ended November 30, 2012 indicates a 3.3% increase in adjusted gross toll revenue, with a decline in traffic volume of 0.7% as compared to Fiscal Year 2011-12. Economic conditions and gasoline price increases have impacted traffic volumes during Fiscal Year 2011-12 and in the first six months of Fiscal Year 2012-13. See APPENDIX A, "THE PENNSYLVANIA TURNPIKE COMMISSION—CERTAIN FINANCIAL INFORMATION – Five-Year Financial History." The Traffic Study should be read in its entirety for a full description of the assumptions and methodologies used to develop such forecasts. The Commission believes that it will have sufficient revenue to meet the debt, capital and operational obligations of the Commission in future years. See "CERTAIN RISK FACTORS" and APPENDIX F – "TRAFFIC AND REVENUE STUDY".

PLAN OF FINANCING

The 2013A Bonds are being issued for the purpose of financing costs of: (i) various capital expenditures set forth in the Commission's current 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 the rehabilitation of certain interchanges (collectively, the "***Capital Projects***"); and (ii) issuing the 2013A Bonds.

A portion of the proceeds of the 2013A Bonds will be deposited into the 2013A Account of the Construction Fund to provide funds to finance the Capital Projects. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE – THE SENIOR INDENTURE – Construction Fund."

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES OF FUNDS	
Par Amount of 2013A Bonds	$176,075,000.00
TOTAL SOURCES	**$176,075,000.00**
USES OF FUNDS	
Deposit to 2013A Account of Construction Fund	$175,000,000.00
Costs of Issuance of 2013A Bonds(1)	1,075,000.00
TOTAL USES	**$176,075,000.00**

(1) Costs of Issuance include, but are not limited to, Underwriters' discount, legal fees, rating agency fees, printing expenses, Financial Advisor fees, Trustee's fees and other miscellaneous costs and expenses.

SECURITY FOR THE 2013A BONDS

Security

The 2013A Bonds are limited obligations of the Commission. They are secured, along with the other outstanding Bonds and certain other Parity Obligations, under the Senior Indenture by the pledge by the Commission to the Trustee of (1) all Revenues (which includes all Tolls), (2) all moneys deposited into accounts or funds, other than the Rebate Fund, created by the Senior Indenture, (3) any insurance proceeds required to be deposited under the Senior Indenture, (4) all payments received pursuant to Parity Swap Agreements, and (5) all investment earnings on all moneys held in accounts and funds, other than the Rebate Fund, established by the Senior Indenture (all five of these items being collectively referred to as the "***Trust Estate***"). OIL FRANCHISE TAX REVENUES AND REGISTRATION FEE REVENUES, AS WELL AS OTHER SOURCES OF THE COMMISSION'S REVENUES NOT DERIVED FROM TOLL REVENUE, INCLUDING CONCESSION REVENUE, ARE EXCLUDED FROM THE TRUST ESTATE. THE TRUST ESTATE ALSO EXCLUDES ALL MONEYS HELD IN THE REBATE FUND. ANY ADDITIONAL BONDS AND PARITY OBLIGATIONS ISSUED PURSUANT TO THE SENIOR INDENTURE (OTHER THAN SUBORDINATE INDEBTEDNESS) WILL BE EQUALLY AND RATABLY SECURED UNDER THE SENIOR INDENTURE, EXCEPT TO THE EXTENT SUCH ADDITIONAL BONDS ARE NOT DEBT SERVICE RESERVE FUND BONDS.

THE 2013A BONDS SHALL NOT BE DEEMED TO BE A DEBT OF THE COMMONWEALTH OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH. THE COMMONWEALTH IS NOT OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION WHATSOEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THE PAYMENT OF ANY OF THE 2013A BONDS.

Payments of the principal of and the interest on the Bonds, including the 2013A Bonds and any Additional Bonds and payments on certain other Parity Obligations, are secured, pro rata and without preference or priority of one Bond or Parity Obligation over another, by a valid pledge of the Trust Estate and by the Senior Indenture, except to the extent that such Bonds are not Debt Service Reserve Fund

Bonds. **The 2013A Bonds are not Debt Service Reserve Fund Bonds and, accordingly, are not secured by moneys in the Debt Service Reserve Fund.**

The Senior Indenture further provides that the Commission may not issue Additional Bonds or incur other Parity Obligations except upon satisfaction of various requirements as expressly provided in the Senior Indenture. See "SECURITY FOR THE 2013A BONDS – Additional Bonds Test" and APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE."

Rate Covenant

The Commission has agreed in the Senior Indenture that it will at all times establish and maintain schedules of Tolls for traffic over the System so that the Net Revenues of the System in each Fiscal Year will at all times be at least sufficient to provide funds in an amount not less than (1) the greater of (i) 130% of the Annual Debt Service for such Fiscal Year on account of all Applicable Long-Term Indebtedness then outstanding under the provisions of the Senior Indenture; or (ii) 100% of the Maximum Annual Debt Service on all Applicable Long-Term Indebtedness, plus (a) the amount of required transfers from the Revenue Fund to the credit of the Reserve Maintenance Fund pursuant to the Annual Capital Budget, and (b) an amount sufficient to restore any deficiency in the Debt Service Reserve Fund, if applicable, within an 18-month period; plus (2) the amount of any Short-Term Indebtedness outstanding pursuant to the Senior Indenture for more than 365 consecutive days. In addition, the amount of Net Revenues in excess of the sum of the amounts set forth in clauses (1) and (2) above, together with Other Revenues pledged to the payment of Subordinated Indebtedness, shall be sufficient to pay the Annual Debt Service for any Subordinated Indebtedness. See also "SECURITY FOR THE 2013A BONDS – General Reserve Fund" below for discussion of the rate covenant applicable to Subordinate Indenture Bonds under the Subordinate Trust Indenture, dated as of April 1, 2008, between the Commission and TD Bank, National Association, as successor trustee, as heretofore amended and supplemented (the "***Subordinate Indenture***").

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

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

In preparing its recommendations, the Consultant may rely upon written estimates of Revenues prepared by the other Consultants of the Commission. Copies of such written estimates signed by such Consultants shall be attached to such recommendations. The Commission covenants that promptly after receipt of such recommendations and the adoption of any revised schedules of Tolls, certified copies thereof will be filed with the Trustee. The ability of the Commission to collect Tolls in an amount sufficient to comply with the Rate Covenant could be adversely affected by many factors, some of which are beyond the Commission's control.

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

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

In addition, in the event the Commission did not meet the Rate Covenant for the preceding Fiscal Year, any reduced Toll or free passage shall be subject to a Consultant approving the same before it is implemented by the Commission unless the circumstances require immediate implementation, in which event the Commission shall obtain such approval promptly following implementation. In all events, the Commission shall not reduce Tolls or grant free passage if it would cause the Commission to fail to meet the Rate Covenant.

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

Revenue Fund

All Revenues will be deposited daily, as near as practicable, with the Trustee or in the name of the Trustee with a depositary or depositaries designated by the Commission and approved by the Trustee, to the credit of the Revenue Fund. The moneys in the Revenue Fund are to be held by the Trustee in trust and applied in accordance with the Senior Indenture.

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

(a) Rebate Fund;

(b) Operating Account;

(c) Debt Service Fund;

(d) Reserve Maintenance Fund;

(e) Debt Service Reserve Fund, if applicable; and

(f) General Reserve Fund.

Operating Account

The Commission shall establish an account known as the Operating Account which shall be held by the Commission in the name of the Commission outside of the Senior Indenture until applied as set forth in the Senior Indenture. The Trustee shall transfer from the Revenue Fund on or before the last Business Day of each month to the credit of the Operating Account an amount equal to (a) the amount shown by the Annual Operating Budget to be necessary to pay Current Expenses for the ensuing month and (b) an amount certified by a Commission Official as being reasonably necessary to pay Current Expenses which are expected for such month, after taking into account the amount on deposit in the Operating Account (including the amount described in clause (a) above).

Debt Service Fund

After first having made the foregoing specified deposits to the Operating Account, the Trustee is required to withdraw from the Revenue Fund and deposit to the applicable account in the Debt Service Fund held by the Trustee under the Senior Indenture, the amounts hereinafter specified which shall be applied by the Trustee for the purposes for which the same shall be deposited:

(a) On or before the last business day preceding an Interest Payment Date, an amount which equals the interest due on such Interest Payment Date on any Bonds or Parity Obligations; provided, however, that in the case of any fixed rate bonds, term mode bonds and multi-modal fixed mode bonds (collectively, "***Fixed Rate Bonds***"), the withdrawal from the Revenue Fund and deposit to the Debt Service Fund shall be made on or before the first Business Day of each calendar month in an amount which equals the amount necessary to pay, and for the purpose of paying, one-sixth (1/6) of the interest due on any Fixed Rate Bonds issued under the Senior Indenture on the next succeeding Interest Payment Date (or, in the case of the period from the date of issuance of such Fixed Rate Bonds to the first Interest Payment Date for the applicable Fixed Rate Bonds, a monthly amount equal to the interest amount owed on such first Interest Payment Date divided by the number of months from the date of issuance of such Fixed Rate Bond to such first Interest Payment Date) plus any accumulated unfunded balance relating to prior months' deposit requirements;

(b) On or before the last business day preceding a principal payment date, an amount which equals the principal amount of the Bonds or Parity Obligations maturing on such principal payment date; provided, however, that in the case of any Fixed Rate Bonds, the withdrawal from the Revenue Fund and deposit to the Debt Service Fund shall be made on or before the first Business Day of each calendar month in an amount which equals one-twelfth (1/12) of the amount necessary to pay and for the purpose of paying the principal amount of any Fixed Rate Bonds issued under the Senior Indenture maturing (including mandatory sinking fund installments) on the next succeeding principal payment date (or, in the case of the period from the date of issuance of such Fixed Rate Bonds to the first date on which principal is due on such Fixed Rate Bonds, a monthly amount equal to the principal amount owed on such first principal maturity date divided by the number of months from the date of issuance of such Fixed Rate Bond to such first principal maturity date) plus any accumulated unfunded balance relating to prior months' deposit requirements; and

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

The 2013A Bonds are not Fixed Rate Bonds.

The Trustee is required to pay out of the Interest Account, from time to time, without further authorization from the Commission, and as the same shall become due and payable, the interest upon the Bonds, except to the extent payable from funds and accounts other than the Debt Service Fund, as provided in any Supplemental Indenture. The Trustee is required likewise to pay out of the Principal Account, from time to time, without further authorization from the Commission, as the same shall become due and payable, the principal of the Bonds, except to the extent payable from funds and accounts other than the Debt Service Fund, as provided in any Supplemental Indenture.

If at the time the Trustee is required to make a withdrawal from the Debt Service Fund and the moneys therein shall not be sufficient for such purpose, the Trustee shall withdraw the amount of such deficiency from the moneys on deposit in the following funds or accounts and transfer the same to the Debt Service Fund in the following order: the Debt Service Reserve Fund, if applicable, the General Reserve Fund, and the Reserve Maintenance Fund.

Reserve Maintenance Fund

In each Fiscal Year, after first having made the deposits provided by the Senior Indenture with respect to the Rebate Fund, the Operating Account and the Debt Service Fund, the Trustee shall transfer from the Revenue Fund on or before the last Business Day of each month to the credit of the Reserve Maintenance Fund the amount shown in the Annual Capital Budget for the ensuing month.

Except as otherwise provided in the Senior Indenture, or except in case of an emergency, as characterized in a certificate signed by a Commission Official stating that the moneys to the credit of the Operating Account are insufficient to meet such emergency, moneys in the Reserve Maintenance Fund shall be disbursed to pay current capital expenditures shown in the Annual Capital Budget for the System, plus the cost of unusual or extraordinary maintenance (as determined solely by the Commission) and shall be disbursed only for such purposes, except to the extent hereinafter provided. Such purposes shall include, but not be limited to, paying the cost of constructing, improving and reconstructing improvements and betterments to all parts of the System now or hereafter open to vehicular traffic, including, without limitation, additional lanes, tunnels, interchanges, toll plazas, bridges and connecting roads, transit interface facilities and any other improvements deemed necessary or desirable by the Commission.

Payments from the Reserve Maintenance Fund, except the transfers which the Trustee is authorized to make, shall be made pursuant to a requisition process which follows the process described in the Senior Indenture for payments from the Construction Fund.

The Trustee shall transfer any moneys from the Reserve Maintenance Fund to the credit of the General Reserve Fund from time to time upon the receipt of a certificate of a Commission Official certifying that the amount so to be transferred is not required for the purposes for which the Reserve Maintenance Fund has been created.

Debt Service Reserve Fund

A Debt Service Reserve Fund has been established under the Senior Indenture to provide additional security for Debt Service Reserve Fund Bonds. **The 2013A Bonds are not Debt Service Reserve Fund Bonds and, accordingly, are not secured by moneys in the Debt Service Reserve Fund.**

The Senior Indenture requires that the balance in the Debt Service Reserve Fund be maintained at the Debt Service Reserve Requirement, which is an amount equal to the Maximum Annual Debt Service on account of all the Debt Service Reserve Fund Bonds. Debt Service Reserve Fund Bonds include Long-Term Indebtedness specified by the Commission in the Senior Indenture as being secured by the Debt Service Reserve Fund. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE – THE SENIOR INDENTURE - Debt Service Reserve Fund" for information with respect to the Debt Service Reserve Fund under the Senior Indenture.

General Reserve Fund

After first having made the above specified deposits to the Operating Account, the Debt Service Fund, the Reserve Maintenance Fund and the Debt Service Reserve Fund, and while any Bonds are outstanding, the Trustee is required to transfer from the Revenue Fund on or before the last Business Day of each Fiscal Year (or more frequently if requested by a Commission Official) to the credit of the General Reserve Fund any funds which a Commission Official determines to be in excess of the amount required to be reserved therein for future transfers to the Debt Service Fund. Moneys in the General Reserve Fund may be expended by the Commission to restore deficiencies in any funds or accounts created under the Senior Indenture, and absent any such deficiency, for any of the following purposes, with no one item having priority over any of the others:

(a) to purchase or redeem Bonds;

(b) to secure and pay the principal or redemption price of, and interest on, any Subordinated Indebtedness;

(c) to make payments into the Construction Fund;

(d) to fund improvements, extensions and replacements of the System; or

(e) to further any corporate purpose.

The Trustee has been directed to disburse from the General Reserve Fund, to the trustee under the Subordinate Indenture, funds sufficient to meet debt service requirements on the Subordinate Indenture Bonds. Under the Subordinate 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 Subordinate Indenture to restore within 18 months any deficiency in the debt service reserve fund held under the Subordinate Indenture. Failure to meet this covenant will not constitute a default under the Subordinate Indenture (or the Senior 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 Bonds outstanding under the Senior Indenture nor has the General Reserve Fund been used to restore any shortfalls in any Debt Service Reserve Fund for any Bonds. See also "ADDITIONAL INDEBTEDNESS – Subordinate Indenture Bonds."

Additional Bonds Test

The Commission is permitted to issue Additional Bonds and other Indebtedness under the terms of the Senior Indenture, having a parity lien on the Trust Estate, in the form of Short-Term Indebtedness, Long-Term Indebtedness, Subordinated Indebtedness and Approved Swap Agreements, provided that there is no default, that certain resolutions, opinions, supplemental indentures, certifications and moneys and securities, if necessary, are delivered to the Trustee and that the following conditions are met:

(a) with respect to Short-Term Indebtedness, (1) immediately after the incurrence of such Short-Term Indebtedness, the outstanding principal amount of all Short-Term Indebtedness issued pursuant to the Senior Indenture may not exceed 30% of the Revenues for the most recent Fiscal Year for which audited financial statements are available; and (2) for a period of not fewer than seven consecutive days within each Fiscal Year, commencing with the Fiscal Year following the issuance of such Short-Term Indebtedness, the aggregate principal amount of all outstanding Short-Term Indebtedness is reduced to less than 5% of the Revenues for the immediately preceding Fiscal Year for which audited financial statements are available. Short-Term Indebtedness issued pursuant to the Senior Indenture will be on a parity with other Additional Bonds;

(b) with respect to Long-Term Indebtedness, prior to or contemporaneously with the incurrence thereof (1) a certificate of a Commission Official certifying that the Historical Pro Forma Debt Service Coverage Ratio for the most recent Fiscal Year preceding the delivery of such certificate for which audited financial statements are available was not less than 1.75; or (2) a report of a Consultant to the effect that (i) the Net Revenues of the Commission during the preceding Fiscal Year were at least 130% of the Maximum Annual Debt Service on all Applicable Long-Term Indebtedness then Outstanding and on any Applicable Long-Term Indebtedness proposed to be issued (which report may assume any revisions of the Tolls which have been approved by the Commission after the beginning of such Fiscal Year were in effect for the entire Fiscal Year) and (ii) the Projected Debt Service Coverage Ratio is not less than 1.30; or (3) if the Long-Term Indebtedness is being incurred solely for the purpose of refunding, repurchasing or refinancing (whether in advance or otherwise) any outstanding Long-Term Indebtedness, a certificate of a Commission Official certifying the Maximum Annual Debt Service on all Applicable Long-Term Indebtedness prior to the issuance of the proposed Long-Term Indebtedness is greater than the Maximum Annual Debt Service on all Applicable Long-Term Indebtedness after the issuance of such proposed Long-Term Indebtedness;

(c) with respect to Subordinated Indebtedness, there is no limit, provided that the Subordinate Indebtedness is subordinate and junior in all respect to payment of all Bonds and other Parity Obligations incurred under the Senior Indenture so that the same is payable as to principal and interest once all other payments have been made under the Senior Indenture from amounts on deposit to the credit of the General Reserve Fund as long as prior to or contemporaneously with the incurrence there is delivered to the Trustee, a certificate of a Commission Official certifying that the Rate Covenant would have been met during the preceding Fiscal Year taking into account the Maximum Annual Debt Service on such Subordinated Indebtedness. Such Subordinated Indebtedness and the payment thereof may be secured by a lien and pledge (a) subordinate to that of the Bonds on the Revenues or (b) prior to, on a parity with or subordinate to, that of the Bonds on Other Revenues, in which event the Commission and the Trustee may establish such other accounts under the Senior Indenture as they deem necessary or appropriate; and

(d) with respect to Approved Swap Agreements, no Approved Swap Agreement will be entered into unless prior to or contemporaneously with the incurrence thereof, a certificate of a Commission Official as described in (b)(1) above, or a report of a Consultant as described in (b)(2) above, which takes into account the expected payments by and to the Commission pursuant to such Approved Swap Agreement in calculating Annual Debt Service is delivered.

ADDITIONAL INDEBTEDNESS OF THE COMMISSION

Bonds and Other Parity Obligations

The Commission has previously issued Bonds and Notes under the terms of the Senior Indenture that have an equal claim to the Trust Estate with the 2013A Bonds. Currently there are $2,960,925,000 aggregate principal amount of such Bonds Outstanding. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE."

In addition to the Outstanding Bonds, the Commission has entered into various interest rate swap agreements with a total current notional amount of $1,562,777,000 that constitute Parity Swap Agreements under the Senior Indenture. Under the terms of the Senior Indenture, regularly scheduled amounts payable under Parity Swap Agreements, and in certain cases termination payments, are secured on a parity with the Bonds by the Trust Estate. See APPENDIX A, "THE PENNSYLVANIA TURNPIKE COMMISSION — CERTAIN FINANCIAL INFORMATION – Financial Policies and Guidelines" and APPENDIX C, "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE."

Subordinate Indenture Bonds

Act 44 authorizes the Commission to issue bonds for the purpose of paying costs of PennDOT and bond-related expenses. Proceeds of such bonds may be applied toward the satisfaction of the Commission's annual payment obligations to PennDOT under the Funding Agreement. The Commission currently has $3,475,740,221.05 (including compounded amounts as of December 1, 2012 for the Commission's outstanding capital appreciation bonds) of the Subordinate Revenue Bonds (the "***Subordinate Revenue Bonds***") outstanding under the Subordinate Indenture under the authorization of Act 44 to be paid solely from moneys released from the General Reserve Fund (such bonds are therefore subordinate to Bonds and other Parity Obligations under the Senior Indenture).

Upon fulfillment of conditions set forth in the Subordinate Indenture, the Commission may issue additional Subordinate Revenue Bonds under the terms of the Subordinate Indenture. In addition to any Subordinate Revenue Bonds, the Commission is authorized under the terms of the Subordinate Indenture to enter into various interest rate exchange agreements that will constitute parity swap agreements under the Subordinate Indenture. Under the terms of the Subordinate Indenture, amounts payable under parity swap agreements, including termination payments, may be secured on a parity with the Subordinate Revenue Bonds. The Commission has not entered into any parity swap agreements under the Subordinate Indenture.

There is no statutory limit on the amount of Subordinate Revenue Bonds that may be issued by the Commission. To date, the Commission has issued Subordinate Revenue Bonds under the Subordinate Indenture, but has not issued any Subordinated Indebtedness under the Senior Indenture. The Commission has no plans to issue any Subordinated Indebtedness under the Senior Indenture.

Under Act 44, the Commission may also issue up to $5 billion of Special Revenue Bonds guaranteed by the Motor License Fund under Act 44 (the "***Special Revenue Bonds***" and, together with the Subordinate Revenue Bonds, the "***Subordinate Indenture Bonds***") which are subordinate to Parity Obligations issued under the Senior Indenture and to the Subordinate Revenue Bonds issued under the Subordinate Indenture. 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 billion; no more than $600,000,000 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 a pledge of amounts in the Motor License Fund created under Act 44 required to pay any debt service shortfall; all such debt service payments are subordinate obligations of the Commission payable solely from certain money in, or periodically released from, the General Reserve Fund after meeting all other Commission requirements pursuant to any financial documents, financial covenants, insurance policies, liquidity policies or agreements in effect at the Commission; and the proceeds from the issuance of the Special Revenue Bonds may only be used for roads and bridges. The Commission has issued Special Revenue Bonds in the original aggregate principal amount of $682,360,584.30, of which $701,749,108.60 are currently outstanding (inclusive of compounded amounts as of December 1, 2012 for capital appreciation bonds). The Commission may issue additional Special Revenue Bonds in the future. See APPENDIX A, "THE PENNSYLVANIA TURNPIKE COMMISSION – THE COMMISSION – Act 44," for a description of the Subordinate Revenue Bonds and Special Revenue Bonds which the Commission is authorized to issue under Act 44.

Other Bonds Issued by Commission – No Claim on Trust Estate

The Commission has also issued Oil Franchise Tax Revenue Bonds that are currently outstanding in the aggregate principal amount of $771,140,523.80 (inclusive of compounded amounts as of December 1, 2012 for capital appreciation bonds) and Registration Fee Revenue Bonds that are currently outstanding in the aggregate principal amount of $423,650,000. The Commission has entered into various interest rate exchange agreements (swaps) with respect to certain of the Oil Franchise Tax Revenue Bonds and Registration Fee Revenue Bonds. Neither the Oil Franchise Tax Revenue Bonds nor the Registration Fee Revenue Bonds are secured by or have any interest in the Trust Estate. Furthermore, neither the Oil Franchise Tax Revenues nor the Registration Fee Revenues are pledged to secure the 2013A Bonds.

Upcoming Commission Financings

The Commission expects to issue one or more series of additional bonds, including one or more series of Special Revenue Bonds, under the Subordinate Indenture during 2013 to finance some or all of its quarterly payments to PennDOT pursuant to the Funding Agreement under Act 44. See APPENDIX A – "CERTAIN FINANCIAL INFORMATION – Future Financing Considerations."

CERTAIN RISK FACTORS

There are various factors which could adversely affect the sufficiency of the Trust Estate and which, if present, may result in an inability to meet the debt service requirements on the 2013A Bonds. The following is intended only as a summary of certain risk factors attendant to an investment in the 2013A Bonds and is not intended to be exhaustive. In order 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 Bond Documents in order to make a judgment as to whether the 2013A Bonds are an appropriate investment. The following risk factors are among those which should be considered by a potential investor:

Commission Revenues may decline

The actual amount of future toll revenues collected by the Commission depends upon a number of factors, including rates established by the Commission and the level and composition of traffic on the System. Many of these factors are beyond the control of the Commission. The Commission is obligated under the terms of the Funding Agreement, Act 44, the Senior Indenture and the Subordinate Indenture to fix and revise tolls at levels that will generate revenues (together with other available moneys) sufficient to pay all of its obligations under the Funding Agreement, to construct and maintain the System and to pay debt service obligations and other amounts payable to PennDOT or the Commonwealth. However, the amount of traffic on the System cannot be predicted with certainty and may decline due to general economic conditions, diversion of some traffic to alternative non-toll routes to avoid toll rate increases or because of increased fuel costs, increased mileage standards, higher fuel taxes or other factors. There is insufficient data to assess these risk factors fully. However, based on historical variations in such factors and the recent toll increases, the Commission reasonably expects to have sufficient revenues to meet its payment obligations, including payment obligations with respect to the 2013A Bonds.

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

If the Commission experiences financial problems, delays in payment or losses on the 2013A Bonds may result

Adverse changes in the Commission's financial condition could result in a failure to make its payments, or a delay in payments, to the Trustee with respect to the 2013A Bonds. In addition to a potential decline in revenues, the Commission's financial condition could be adversely affected by a number of factors including, but not limited to:

- Increased and/or unanticipated costs of operation and maintenance of the System;
- Decreased toll revenues due to declines in usage or otherwise;

- Increased mass transit systems;
- Work stoppage, slowdown or action by unionized employees;
- Complete or partial destruction or temporary closure of the System due to events beyond the control of the Commission;
- Increased unfunded healthcare and other non-pension post-employment benefits;
- Increased pension costs; and
- Increased fuel costs.

The Commission's financial condition may be adversely affected as a consequence of adverse changes in the financial condition of third-party financial institutions

Adverse changes in the financial condition of certain third-party financial institutions may adversely affect the Commission's financial position. Different types of investment and contractual arrangements may create exposure for the Commission to such institutions including:

- Risk to the Commission's investment portfolio due to defaults or changes in market valuation of the debt securities of such institutions;
- Counterparty risk related to swaps used by the Commission to hedge its cost of funds; and
- Risk of rating changes of the Commission's credit enhancers or liquidity providers which may adversely affect the interest costs on the Commission's variable rate debt or which may render such variable rate debt unmarketable.

The 2013A Bonds may be repaid early due to the exercise of the redemption option. If this happens, yield may be affected and Bondholders will bear reinvestment risk

The 2013A Bonds may be redeemed prior to their final maturity if the Commission exercises its option to redeem the 2013A Bonds. Bondholders bear the risk that monies received upon such redemption cannot be reinvested in comparable securities or at comparable yields.

Certain legislative actions may result in adverse changes to the Commission or Act 44

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 timely pay the 2013A Bonds. See APPENDIX A, "THE PENNSYLVANIA TURNPIKE COMMISSION — THE COMMISSION – Recent Developments and Future Legislation".

Bankruptcy risk; Lien position

The rights and remedies of Bondholders could be limited by the provisions of the Federal Bankruptcy Code, as now or hereafter enacted (the "***Bankruptcy Code***"), or by other laws or legal or equitable principles which may affect the enforcement of creditors' rights. Chapter 9 of the Bankruptcy Code permits, under prescribed circumstances, a political subdivision or public agency or instrumentality of a state, such as the Commission, to commence a voluntary bankruptcy proceeding and to file a plan of adjustment in the repayment of its debts, if such entity is generally not paying its debts as they become due (unless such debts are the subject of a bona fide dispute), or is unable to pay its debts as they become due. Under the Bankruptcy Code, an involuntary petition cannot be filed against a political subdivision, public agency or instrumentality of a state.

In order to proceed under Chapter 9 of the Bankruptcy Code, state law must authorize the political subdivision, public agency or instrumentality to file a petition under the Bankruptcy Code. THE ENABLING ACTS DO NOT CURRENTLY AUTHORIZE THE COMMISSION TO FILE A PETITION UNDER THE BANKRUPTCY CODE.

Possible reductions in federal subsidy payable to the Commission for its outstanding Build America Bonds due to sequestration

A series of automatic federal deficit reduction spending cuts known as "sequestration" is scheduled to take effect on March 1, 2013 unless Congress adopts alternative deficit reduction legislation. Such spending cuts were originally scheduled to take effect January 1, 2013 but the effectiveness of such cuts was delayed by legislation signed into law by President Obama on January 2, 2013. This could affect the federal subsidy payable to the Commission with respect to its outstanding Build America Bonds. The Commission currently has $1,104,675,000 in principal amount of Build America Bonds outstanding, and is entitled to receive approximately $22,387,000 in federal subsidy annually with respect to such Build America Bonds, of which, it is believed based upon currently available information, approximately $1,701,000 could be affected. Adverse changes in the amount of the federal subsidy the Commission receives on its Build America Bonds would require the Commission to use other funds to offset the loss of this subsidy.

Possible changes in federal tax laws could affect the excludability or deductibility of interest on tax-exempt bonds such as the 2013A Bonds

Current and future legislative proposals, if enacted into law, could cause interest on the 2013A Bonds to be subject, directly or indirectly, to federal income taxation, or to be subject to or not be exempted from state income taxation, or otherwise prevent the owners of the 2013A 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 2013A Bonds. Prospective purchasers of the 2013A 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."

Uncertainty as to available remedies The remedies available to owners of the 2013A Bonds upon an Event of Default under the Senior 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 Senior 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 2013A 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.

AUDITED FINANCIAL STATEMENTS

The financial statements of the Commission for the years ended May 31, 2012 and May 31, 2011 are set forth in APPENDIX B – "AUDITED 2012 AND 2011 FINANCIAL STATEMENTS" certified by Zelenkofske Axelrod, LLC, in its capacity as Independent Auditor. The Commission has not asked Zelenkofske Axelrod, LLC to perform any additional review procedures in connection with this Official Statement.

CONTINUING DISCLOSURE

The Commission will enter into a Continuing Disclosure Undertaking for the benefit of the Registered Owners from time to time of the 2013A Bonds (the "***Disclosure Undertaking***") pursuant to Rule 15c2-12 promulgated by the United States Securities and Exchange Commission (the "***SEC***") under the Securities Act of 1933, as amended (the "***Rule***").

Pursuant to the Disclosure Undertaking, 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 ("***Repository***") under the Rule, via electronic transmissions pursuant to the MSRB's Electronic Municipal Market Access System ("***EMMA***"), accessible at http://emma.msrb.org, the following information and notices:

(a) Within 180 days of the end of each fiscal year of the Commission commencing with the fiscal year ending May 31, 2013, annual financial information (collectively, the "***Annual Financial Information***"), consisting of: (i) financial and operating data of the type set forth in this Official Statement in Tables I, II and III contained in APPENDIX A, "THE PENNSYLVANIA TURNPIKE COMMISSION – CERTAIN FINANCIAL INFORMATION"; (ii) the Commission's audited financial statements for such fiscal year; and (iii) a summary of any material legislative or regulatory developments affecting Act 44 since the Commission's most recent annual financial information filing. In the event that the Commission's audited financial statements are not available within 180 days of the close of the applicable fiscal year, the Annual Financial Information will contain unaudited financial statements and the audited financial statements will be provided for filing when available.

(b) Notice of the occurrence of any of the following events with respect to the 2013A Bonds, within ten (10) business days after the occurrence of such event: (i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service (the "***IRS***") 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 2013A Bonds or other events affecting the tax status of the 2013A Bonds; (vii) modifications to rights of holders of the 2013A Bonds, if material; (viii) 2013A Bond calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the 2013A Bonds, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar proceeding of the Commission; (xiii) 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 of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; and (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

The foregoing fourteen (14) events are quoted from the Rule. The SEC requires the listing of the events listed in clauses (i) through (xiv) above, although some of such events may not be applicable to the 2013A Bonds. For example, the events listed in clauses (iv) and (v) are not applicable to the 2013A Bonds because there is no credit or liquidity enhancement providing for the payment of the 2013A Bonds.

The Commission may amend the Disclosure Undertaking and waive any of the provisions thereof, but no such amendment or waiver shall be executed and effective unless: (i) the amendment or waiver is made in connection with a change in legal requirements, change in law or change in the identity, nature or status of the Commission or the governmental operations conducted by the Commission; (ii) the Disclosure Undertaking, as modified by the amendment or waiver, would have been the written undertaking contemplated by the Rule at the time of original issuance of the 2013A Bonds, taking into account any amendments or interpretations of the Rule; and (iii) the amendment or waiver does not materially impair the interests of the Registered Owners of the 2013A Bonds. Evidence of compliance with the foregoing conditions shall be satisfied by delivery to the Commission of an opinion of counsel having recognized skill and experience in the issuance of municipal securities and federal securities law to the effect that the amendment or waiver satisfies the conditions set forth in the preceding sentence. Notice of any amendment or waiver shall be filed by the Commission with each Repository (presently only the MSRB by electronic transmissions under EMMA) and shall be sent to the Registered Owners of the 2013A Bonds.

The Disclosure Undertaking will recite that it is entered into for the benefit of the Registered Owners from time to time of the 2013A Bonds. For the purposes of the Disclosure Undertaking, for so long as the 2013A Bonds are registered in the name of DTC or its nominee, "***Registered Owner***" shall mean and include the holder of a book-entry credit evidencing an interest in the 2013A Bonds. Holders of book-entry credits may file their names and addresses with the Commission for the purposes of receiving notices or giving direction under the Disclosure Undertaking.

A default under the Disclosure Undertaking shall not be deemed to be a default under the 2013A Bonds or the Senior Indenture, and the sole remedy to enforce the provisions of the Disclosure Undertaking shall be the right of any Registered Owner, by mandamus, suit, action or proceeding at law or in equity, to compel the Commission to perform the provisions and covenants contained in the Disclosure Undertaking.

The Disclosure Undertaking will terminate (1) upon payment or provision for payment in full of the 2013A Bonds, (2) upon repeal or rescission of Section (b)(5) of the Rule, or (3) upon a final determination that Section (b)(5) of the Rule is invalid or unenforceable. A copy of the Disclosure Undertaking is on file at the principal office of the Commission.

During the five (5) year period preceding the date of this Official Statement, the Commission has complied in all material respects with all of its continuing disclosure requirements pursuant to the Rule with respect to its other series of bonds.

RELATIONSHIPS OF CERTAIN PARTIES

Public Financial Management, Inc, Financial Advisor to the Commission, and its affiliate PFM Asset Management, LLC are engaged to provide other services to the Commission.

Drinker Biddle & Reath LLP, which is serving as Disclosure Counsel in this transaction, and Thorp Reed & Armstrong, LLP, which is serving as Co-Bond Counsel in this transaction, provide legal services to the Commission in various matters from time to time.

J.P. Morgan Securities LLC, one of the Underwriters of the 2013A Bonds, is an affiliate of JPMorgan Chase Bank, National Association, which currently provides credit and serves as a swap counterparty to the Commission.

From time to time, in the normal course of business, PNC Capital Markets LLC, one of the Underwriters of the 2013A Bonds, PNC Bank, National Association and/or affiliates of either of the same, may have a credit, investment banking or other financial relationship with the Commission. PNC Capital Markets LLC and PNC Bank, National Association are each wholly-owned subsidiaries of The PNC Financial Services Group, Inc.

UNDERWRITING

J.P. Morgan Securities LLC ("***JPMS***"), on behalf of itself and the other Underwriters shown on the cover page hereof (the "***Underwriters***"), are expected to enter into a purchase contract (the "***Purchase Contract***") with the Commission pursuant to which the Underwriters will agree, subject to certain customary conditions precedent to closing, to purchase the 2013A Bonds from the Commission at a purchase price equal to $175,402,393.48 (representing the par amount of the 2013A Bonds less an Underwriters' discount of $672,606.52).

JPMS, one of the Underwriters of the 2013A Bonds, has entered into negotiated dealer agreements (each, a "***Dealer Agreement***") with each of UBS Financial Services Inc. ("***UBSFS***") and Charles Schwab & Co., Inc. ("***CS&Co.***") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of UBSFS and CS&Co. will purchase 2013A Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2013A Bonds that such firm sells.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, one of the Underwriters of the 2013A Bonds, has entered into a retail brokerage joint venture with Citigroup Inc. As part of the joint venture, Morgan Stanley & Co. LLC will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Morgan Stanley & Co. LLC will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2013A Bonds.

Pursuant to the Purchase Contract, the Underwriters will be obligated to purchase all of the 2013A Bonds if any of such 2013A Bonds are purchased. The 2013A Bonds may be offered and sold to certain dealers (including the Underwriters and other dealers depositing such 2013A Bonds into investment trusts) at prices lower than such public offering prices (and such public offering prices may be changed, from time to time, by the Underwriters) only after a public offering of the 2013A Bonds at the initial offering price. The Commission has agreed to be liable to the Underwriters to the extent of all losses, claims, damages and liabilities arising out of incorrect statements or information contained in this Official Statement or material omissions therein, except for information furnished by the Underwriters, and with respect to certain other matters.

RATINGS

Moody's Investors Service, Inc. ("***Moody's***"), Standard & Poor's Ratings Services ("***Standard & Poor's***") and Fitch Ratings ("***Fitch***") have assigned their municipal bond ratings of "Aa3" (negative outlook), "A+" (stable outlook), and "A+" (stable outlook), respectively, to the 2013A 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; Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041; and Fitch Ratings, One State Street Plaza, 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 either of them, if, in their or its judgment, circumstances so warrant. Any such downward change in or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the 2013A Bonds.

Except as provided in the Disclosure Undertaking, neither the Underwriters nor the Commission have undertaken any responsibility to bring to the attention of the holders of the 2013A Bonds any proposed or actual change in or withdrawal of any rating or to oppose any proposed change or withdrawal.

LITIGATION

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the 2013A Bonds, or in any way contesting or affecting the validity of the 2013A Bonds or any proceedings of the Commission taken with respect to the offer or sale thereof, or the pledge or application of any moneys or security provided for the payment of the 2013A Bonds, the existence or powers of the Commission or the construction of the Commission's capital improvement program.

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

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

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

LEGAL MATTERS

Certain legal matters with respect to the 2013A Bonds will be passed upon by Thorp Reed & Armstrong, LLP and Houston Harbaugh, P.C., both of Pittsburgh, Pennsylvania, Co-Bond Counsel. A copy of the proposed form of opinion of Co-Bond Counsel which will be delivered on the date of issuance and delivery of the 2013A Bonds is set forth in APPENDIX D – "FORM OF OPINION OF CO-BOND COUNSEL." Certain other legal matters will be passed upon for the Underwriters by their Counsel, Campbell & Levine, LLC, Pittsburgh, Pennsylvania, and for the Commission by its Chief Counsel, Doreen A. McCall, Esquire, and Drinker Biddle & Reath, LLP, Philadelphia, Pennsylvania, Disclosure Counsel.

The various legal opinions to be delivered concurrently with the delivery of the 2013A 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.

FINANCIAL ADVISORS

The Commission has retained Public Financial Management, Inc., Philadelphia, Pennsylvania, and G-Entry Principle, P.C. as Co-Financial Advisors with respect to the authorization and issuance of the 2013A 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 of the Co-Financial Advisors is an independent advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities.

TRUSTEE

The Commission has appointed U.S. Bank National Association (successor to First Union National Bank), Philadelphia, Pennsylvania, as the Trustee and Authenticating Agent under the Senior Indenture. The obligations and duties of the Trustee are as described in the Senior Indenture. The Trustee has not evaluated the risks, benefits or propriety of any investment in the 2013A Bonds, and makes no representation, and has reached no conclusions, regarding the validity of the 2013A Bonds, the security therefor, the adequacy of the provisions for payment thereof or the tax status of the interest on the 2013A Bonds. The Trustee has relied upon the opinion of Co-Bond Counsel for the validity and tax status of the interest on the 2013A Bonds as well as other matters set out in that opinion. Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the Commission of any of the 2013A Bonds authenticated or delivered pursuant to the Senior Indenture or for the use or application of the proceeds of such 2013A Bonds by the Commission.

Under the terms of the Senior 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 Senior Indenture, the Trustee is not required to take notice, and is not deemed to have notice, of any default under the Senior Indenture (except for defaults in payment of debt service by the Commission), unless the Trustee has been specifically notified in writing of such default by the owners of at least 25% in aggregate principal amount of the Outstanding Bonds. In the absence of any such notice, the Trustee may conclusively assume no Event of Default exists. 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 Senior Indenture for a complete statement of the Trustee's rights, duties, obligations and immunities.

TAX MATTERS

Federal Tax Exemption

In the opinion of Co-Bond Counsel, under existing law, interest on the 2013A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, such interest is includable in adjusted current earnings for purposes of the federal alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes). For the purpose of rendering the opinion described in this paragraph, Co-Bond Counsel will assume compliance by the Commission with the requirements of the Internal Revenue Code of 1986, as amended (the "***Code***") that must be met subsequent to the issuance of the 2013A Bonds in order that interest thereon continues to be and remains excludable from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the 2013A Bonds to be included in gross income retroactive to the date of issuance of the 2013A Bonds.

Ownership of the 2013A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, S corporations with "excess net passive income" and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the 2013A Bonds. Co-Bond Counsel express no opinion as to such collateral federal income tax consequences.

The opinion of Co-Bond Counsel on federal tax matters will be based upon and will assume the accuracy of certain representations and certifications, and compliance with certain covenants, of the Commission to be contained in the transcript of proceedings for the issuance of the 2013A Bonds and that are intended to evidence and assure that the 2013A Bonds are and will remain obligations the interest on which is excludable from gross income for federal income tax purposes. Co-Bond Counsel will not independently verify the accuracy of those certifications and representations or covenants.

The Code prescribes a number of qualifications and conditions for the interest on state and local obligations to be and to remain excludable from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations in order for the interest to be and to continue to be so excluded from the date of issuance. Noncompliance with these requirements by the Commission may cause the interest on the 2013A Bonds to be included in gross income for federal income tax purposes and thus to be subject to federal income tax retroactively to their date of issuance. The Commission will covenant to take the actions required of it for the interest on the 2013A Bonds to be and to remain excludable from gross income for federal income tax purposes and not to take any actions that would adversely affect that exclusion.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2013A Bonds to be subject, directly or indirectly, to federal income taxation, or to be subject to or not be exempted from state income taxation, or otherwise prevent the owners of the 2013A Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the 2013A Bonds. Prospective purchasers of the 2013A Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation, as to which Co-Bond Counsel express no opinion.

The opinion of Co-Bond Counsel will be based on current legal authority, will cover certain matters not directly addressed by such authorities, and will represent Co-Bond Counsel's judgment as to the proper treatment of the 2013A Bonds for federal income tax purposes. It will not be binding on the IRS or the courts. Furthermore, Co-Bond Counsel cannot give and have not given any opinion or assurance about the future activities of the Commission or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS.

State Tax Exemption

In the opinion of Co-Bond Counsel, under existing law, the 2013A Bonds are exempt from personal property taxes in Pennsylvania, and the interest on the 2013A Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax.

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THE FOREGOING IS NOT INTENDED AS AN EXHAUSTIVE DESCRIPTION OF THE PROVISIONS OF FEDERAL OR STATE TAX LAW OR OTHER FACTORS WHICH MAY HAVE AN EFFECT ON INDIVIDUALS AND CORPORATIONS HOLDING THE 2013A BONDS OR RECEIVING INTEREST THEREON. PROSPECTIVE PURCHASERS OF THE 2013A BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS REGARDING THE EFFECT ON THEIR AFFAIRS OF HOLDING THE 2013A BONDS OR RECEIVING INTEREST THEREON, INCLUDING, BUT NOT LIMITED TO, THE EFFECT OF STATE AND LOCAL TAX LAWS.

MISCELLANEOUS

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

The references herein to the Enabling Acts, the 2013A Bonds, the Senior Indenture, Supplemental Indenture No. 28, the Subordinate Indenture and the Disclosure Undertaking are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and, accordingly, are qualified by reference and are subject to the full texts thereof.

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Neither this Official Statement nor any other disclosure in connection with the 2013A Bonds is to be construed as a contract with the holders of the 2013A 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.

PENNSYLVANIA TURNPIKE COMMISSION

By: /s/ Nikolaus Grieshaber
Chief Financial Officer

APPENDIX A

THE PENNSYLVANIA TURNPIKE COMMISSION

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APPENDIX A[1]

THE PENNSYLVANIA TURNPIKE COMMISSION

THE COMMISSION

General

The Commission is an instrumentality of the Commonwealth existing pursuant to an Act of the General Assembly of Pennsylvania approved on July 18, 2007, P. L. 169, No. 44 ("***Act 44***") and various previous Acts of the General Assembly (to the extent not repealed by Act 44), including the Act of May 21, 1937, P. L. 774; the Act of May 24, 1945, P. L. 972; the Act of February 26, 1947, P. L. 17; the Act of May 23, 1951, P. L. 335; the Act of August 14, 1951, P. L. 1232; and the Act of September 30, 1985, P. L. 240, No. 61 ("***Act 61***") (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***"). 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.

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

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

William K. Lieberman is the current Chairman of the Commission. He was appointed to serve as a Commissioner on July 1, 2010. Mr. Lieberman has been President of The Lieberman Companies, an insurance and pension provider, since 2003. He serves on the boards of AMPCO Pittsburgh and GENCO-ATC. A graduate of The Pennsylvania State University, he is a University of Pittsburgh Trustee and former Chairman of the Manchester-Bidwell Corp., Pittsburgh. His term expires on July 1, 2014.

A. Michael Pratt, Esq. is the current Vice Chairman of the Commission. He is a partner in the law firm of Pepper Hamilton LLP and was originally named to the Commission in June 2009, becoming the first African-American Commissioner in the Commission's 70-year history. Mr. Pratt joined Pepper Hamilton in 1986 and is a partner in the firm's Philadelphia and

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

Harrisburg offices, as well as the first African-American member of the firm's executive committee. He is an active member of the Philadelphia, Pennsylvania, and American Bar Associations and has served as the Chancellor of the Philadelphia Bar Association and President of the Barristers' Association of Philadelphia, an organization of African-American lawyers. He received a B.A. in Economics and English from Washington & Jefferson College, Washington, Pennsylvania, in 1981 and earned a law degree from Harvard Law School in 1985. His term expires on June 24, 2013.

J. William Lincoln is the current Secretary Treasurer of the Commission. He was initially appointed to the Commission in May 2004 and reappointed in May 2009. Mr. Lincoln, who was a state Senator for 16 years, and Senate Majority Leader during his final term, also served as a state Representative for six years. Mr. Lincoln, of Uniontown, Pennsylvania, is a former member of the State Transportation Advisory Committee and a former University of Pittsburgh Trustee. He attended The Pennsylvania State University and is owner of Linc Consultants. His term expires on June 24, 2013.

Pasquale T. Deon, Sr., an established businessman and lifelong resident of Bucks County, Pennsylvania, has served as a member of the Commission since 2002. Mr. Deon is Chairman of the Board 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, and co-owner of Temperance House Restaurant & Inn, Newtown, Pennsylvania. His term expired on June 30, 2010, but he continues to serve as Commissioner for an indefinite term until he is reappointed or a successor is appointed and confirmed.

Barry J. Schoch, P.E. is the Secretary of Transportation of the Commonwealth of Pennsylvania and an *ex officio* member of the Commission. Mr. Schoch was nominated by Governor Tom Corbett to be the Secretary of Transportation, and his nomination was confirmed by the state Senate on April 12, 2011. Mr. Schoch, a graduate of The Pennsylvania State University, has more than 25 years of experience in the engineering field. He began his career with the Delaware Department of Transportation and worked for two private-sector firms before joining McCormick Taylor Inc., a Philadelphia-based engineering-consulting firm, in 1995. He was Vice President for McCormick Taylor and Manager of its Harrisburg office Engineering Department when he was confirmed as Secretary of Transportation.

Executive Personnel

Craig R. Shuey is the Acting Chief Executive Officer and 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, and has served as Acting Chief Executive Officer since October 31, 2012. 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 State Transportation Commission and on various advisory committees in areas such as air, rail, freight movement and safety.

On December 11, 2012, the Commission announced the selection of Mark P. Compton as Chief Executive Officer. Until Mr. Compton assumes the position of Chief Executive Officer on February 1, 2013, Mr. Shuey will continue to serve as Acting Chief Executive Officer.

Mr. Compton currently serves 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 civil construction company headquartered in Worcester, Pa. Prior to that, he worked in various public and private operations, focusing largely on transportation, construction and economic development.

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

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.

David A. Gentile was named Chief Compliance Officer in September 2012. Prior to joining the Commission, Mr. Gentile owned a private security firm specializing in investigations, training and consulting services. He has worked for various firms including Gomes and Cordish Gaming Group, where he served as Vice President, Administration, and Elliot-Lewis Corporation, where he was Director of Labor Operations. Mr. Gentile also served as a Special Agent for the Federal Bureau of Investigation, where he supervised and directed complex criminal investigations with specific focus on organized crime, labor racketeering and public corruption.

Act 44

On July 18, 2007, Act 44 was enacted, creating a "public-public partnership" between the Commission and PennDOT to provide funding for roads, bridges and transit throughout the Commonwealth. Subsequently, the Commission and PennDOT entered into a Lease and Funding Agreement (the "***Funding Agreement***") on October 14, 2007, incorporating many of the terms of Act 44. The term of the Funding Agreement is fifty (50) years.

Funding Agreement Between PennDOT and the Commission

The Funding Agreement requires the Commission to make scheduled annual payments to PennDOT, payable in equal quarterly installments, to be used to provide funding for roads, bridges and transit in the Commonwealth. The Commission's obligation to pay the annual debt service on any Special Revenue Bonds on a timely basis is also part of its payment obligation under the Funding Agreement. The Funding Agreement also granted the Commission the option to lease the portion of Interstate I-80 ("***I-80***") located in the Commonwealth from PennDOT upon the approval of the Federal Highway Administration ("***FHWA***") of the conversion of such portion into a toll road (the "***Conversion***"). The Funding Agreement granted the unilateral option (the "***Conversion Option***") to the Commission to effectuate the Conversion at any time before the third anniversary of the Funding Agreement (the "***Conversion Period***"), with the option to extend the Conversion Period for up to three one-year periods.

On October 13, 2007, the Commission and PennDOT submitted a joint application to the FHWA for approval of the Conversion. The FHWA ultimately denied the application on April 6, 2010, finding that the proposed lease payments to PennDOT under the Funding Agreement would have the effect of diverting toll revenues collected from the operation of I-80 to projects on other facilities, which it stated was contrary to the permitted uses of toll revenue under the federal Transportation Equity Act for the 21st Century.

Neither the Commission nor PennDOT has appealed the FHWA's decision, nor did the Commission extend the Conversion Period during the notice period under the Funding Agreement or give notice of Conversion. Therefore, the Conversion Option lapsed on October 14, 2010, without the Commission effectuating Conversion. Although the Commission and PennDOT could appeal the FHWA's decision, the Commission does not currently have statutory authority to revive the Conversion Option or to effect Conversion. Under existing law, all legal, financial and operational responsibility for I-80 remains with PennDOT.

Under the Funding Agreement, the Commission is required to make annual payments to PennDOT aggregating (i) for the Commission's Fiscal Year 2007-2008, $750 million; (ii) for the Commission's Fiscal Year 2008-2009, $850 million; (iii) for the Commission's Fiscal Year 2009-2010, $950 million; and (iv) for each Fiscal Year thereafter, the amount required for the previous Fiscal Year increased by 2.5%. However, the Funding Agreement further provides that the Commission's aggregate annual payments to PennDOT are limited to $450 million annually upon the lapse of the Conversion Option. PennDOT and the Commission disputed the timing of the reduction in the amount of payments as a consequence of the lapse of the Conversion Option upon the FHWA's failure to approve the Conversion. On September 30, 2011, the Commission, PennDOT, and the Commonwealth's Office of the Budget entered into a Settlement Agreement and Mutual Release Regarding Lease Payments confirming, among other things, that the Commission's aggregate annual payment obligation to PennDOT is limited to $450 million commencing with the Fiscal Year 2010-2011.

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

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

Act 44 Payments to PennDOT for Roads, Bridges and Transit

Act 44 provides that all required payments under the Funding Agreement or as required by Act 44 shall be subordinate obligations of the Commission payable solely from the General Reserve Fund after meeting all other Commission requirements pursuant to any financial documents, financial covenants, liquidity policies or agreements in effect at the Commission. Pursuant to the Funding Agreement, the Commission's payments to PennDOT over the last five Fiscal Years and the current Fiscal Year to date have been allocated between deposits to 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, as set forth in the following table (dollar amounts in millions):

Fiscal Year Ended May 31,	Payments to PennDOT	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*	100.0	125.0	225.0

* Fiscal Year to date (does not include anticipated January and April payments).

Notwithstanding the foregoing, as provided in Act 44, no portion of the payments of the Commission to be deposited into the Public Transportation Trust Fund may be made with proceeds of Special Revenue Bonds.

To date, the Commission has paid PennDOT a total of $3,625,000,000 under the Funding Agreement.

Issuance of Bonds; Commission Payments

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

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

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

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

Under the Subordinate Indenture, the Commission may, from time to time, issue additional bonds, including Subordinate Revenue Bonds and Special Revenue Bonds, to satisfy its payment obligations under Act 44. The Commission intends any long-term indebtedness to be issued under the Subordinate Indenture to be paid solely from Commission Payments. Such obligations, if issued, are subordinate to the Turnpike Revenue Bonds issued under the Senior

Indenture. Such Subordinate Revenue Bonds will be parity obligations with the outstanding Subordinate Revenue Bonds under the Subordinate Indenture. The Special Revenue Bonds will have a subordinate right to payment from Commission Payments to the rights of payment in favor of the holders of the Subordinate Revenue Bonds issued under the Subordinate Indenture. **APPENDIX E to the Official Statement sets forth the existing debt service schedule for the Turnpike Revenue Bonds.**

Statutory Limitations on the Incurrence of Special Revenue Bonds

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

Special Revenue Bonds have been issued in the original aggregate principal amount of $682,360,584.30, of which $701,749,108.60 (including compounded amounts to December 1, 2012 for capital appreciation bonds) is outstanding.

Should the Commission fail to timely make required debt service deposits for Special Revenue Bonds, the Subordinate Indenture Trustee shall proceed under the terms of Act 44 and a Memorandum of Agreement between PennDOT, the Office of the Budget of the Commonwealth and the Pennsylvania State Treasurer, dated July 16, 2010 (the "***MOA***"), to notify PennDOT of such default, and PennDOT shall give notice to the Treasurer of the Commonwealth of such deficiency and shall request the payment of funds necessary to cure such deficiency only from funds available for such purpose in the Motor License Fund. The appropriation of money in the Commonwealth's Motor License Fund in respect of Special Revenue Bonds issued by the Commission under Act 44 is continuing and non-lapsing. The Commonwealth has no obligation to appropriate any funds, other than available funds on deposit in the Motor License Fund, for the payment of any such Special Revenue Bonds. Pursuant to the MOA, certain funds equal to 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 the Commission's Motor License Fund-Enhanced Turnpike Subordinate Special Revenue Bonds, Series A of 2010, Series B of 2010, Series A of 2011, Series 2011B MLF Special Revenue Bonds, Series 2012A MLF Special Revenue Bonds, and the Series 2012B MLF Special Revenue Bonds. The Commission is obligated pursuant to the Funding Agreement to reimburse the Treasurer of the Commonwealth for any amounts withdrawn from the Motor License Fund in order to cure a default in the payment by the Commission with respect to the annual debt service on any such Special Revenue Bonds. This reimbursement obligation is subject to and junior to the payment obligations of the Commission under the Special Revenue Bonds.

Rules Relating to Governance and Accountability Under Act 44

Act 44 sets forth certain rules relating to governance and accountability of the Commission, including, but not limited to, requiring the Commission to file an annual financial plan (the "***Financial Plan***") with the Pennsylvania Secretary of the Budget no later than June 1 of each year, to provide updates to the Chairman and Minority Chairman of the Pennsylvania House and Senate Transportation Committees regarding the status of the I-80 conversion, and to have 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 four years (such audit is to be paid for by the Commission). Under Act 44, the Commission is also required to adopt a comprehensive code of conduct for Commissioners and executive-level employees, which the Commission adopted with an effective date of October 31, 2007. The Commission submitted its Financial Plan for Fiscal Year 2012-13 on June 1, 2012. For a copy, see *http://www.paturnpike.com/financial/pdf/PTC_Fiscal_2013_Act44_Financial_Plan_6_1_2012.pdf*. For a more detailed discussion thereof, see "PENNSYLVANIA TURNPIKE SYSTEM – Act 44 and Act 44 Financial Plan" in the forepart of this Official Statement. For information on the most recent audit by the Auditor General, see "CERTAIN FINANCIAL INFORMATION – Performance Audit by the Auditor General" below.

Pending Legislation and Recent Developments

From time to time, legislation is introduced in the Pennsylvania General Assembly (with respect to Act 44 and otherwise) and in the United States Congress, the nature and content of which may affect the Commission. The Commission cannot predict if any such legislation will be enacted into law, or how any such legislation may affect the Commission's ability to pay the Senior Indenture Obligations (as defined herein) or the Subordinate Indenture Obligations (as defined herein), or to perform its financial obligations pursuant to Act 44.

Commonwealth Transportation Funding and Reform Efforts

In April 2011, Governor Corbett appointed a 40-member Transportation Funding Advisory Commission (the "**TFAC**"), chaired by Secretary of Transportation and Pennsylvania Turnpike Commissioner Barry Schoch, to develop a "comprehensive, strategic proposal for addressing the transportation funding needs of Pennsylvania." In August 2011, the TFAC provided its findings and recommendations to the Governor. Specific to the Commission were certain TFAC proposals for legislative action by the General Assembly, including: amending Act 44 to shift Commission payments to PennDOT under the Funding Agreement exclusively to public transportation purposes; considering a TFAC-proposed funding package which identified specific sources to produce an annual $2.5 billion increase for transportation; expanding tolling authority to all Pennsylvania interstate highways; and passing public-private partnership enabling legislation.

Various bills were introduced in the General Assembly during its most recent session that ended on November 30, 2012, and have been or are expected to be re-introduced in the current legislative session that commenced on January 1, 2013, to implement one or more recommendations of the TFAC, including bills which would:

- Amend Act 44 to shift Commission payments exclusively to public transportation purposes.

- Increase various motor vehicle penalties and fees and redefine the calculation of the "average wholesale price" on taxable liquid fuels for purposes of increasing revenues available for transportation purposes.

Act 88 of 2012 (formerly House Bill 3 and Senate Bill 344) was signed into law by Governor Corbett on July 5, 2012. Act 88 authorizes "public-private" transportation partnership arrangements in the Commonwealth. The law allows the Commission, among other public entities, to enter into public-private partnerships for the construction of transportation infrastructure and facilities and for the lease of such facilities through long-term agreements. Act 88 prohibits a lease of the Turnpike Mainline without the further express approval of the General Assembly. However, the law does not restrict the Commission from entering into public-private partnership agreements which do not involve granting substantial oversight and control over the Turnpike Mainline to another entity, nor does it limit or preempt in any way the Commission's ability to enter into certain types of public-private partnership agreements currently allowed under its Enabling Acts.

The Public Private Transportation Partnership Board established under Act 88 has recently circulated in draft form for public comment an Implementation Manual & Guidelines for public private transportation projects in Pennsylvania.

Other Legislative Proposals

On January 8, 2013, Representative Robert Godshall announced that he expects to reintroduce legislation proposing to terminate the Commission's payment obligations under the Funding Agreement on the grounds that they are unsustainable because the projected revenue to the Commission from the Conversion never materialized.

Among other legislation introduced in the most recent session of the General Assembly that could have affected the Commission were the following bills which would have accomplished the following:

- Required that PennDOT assume the operating functions of the Commission and that the Commonwealth assume the financing functions of the Commission, that certain assets of the Commission be transferred to PennDOT and the State Treasurer, and that the Commission and the office of Turnpike Commissioner be abolished.

- Affected future pension contributions by the Commission (and other Commonwealth employers) by switching future public employees (including Commission employees) from a defined benefit plan to a defined contribution plan. For more details about this proposed legislation, see "CERTAIN OTHER INFORMATION – Retirement Plan" below.

In accordance with the Pennsylvania Constitution, all pending legislation in the General Assembly expired on November 30, 2012, and must be reintroduced in the 2013-14 session (which commenced on January 1, 2013), if it is to remain under consideration by the General Assembly.

The Commission cannot predict what other legislation may be considered by the General Assembly during the 2013-2014 or future legislative sessions or if any other proposals or initiatives may lead to the adoption of legislation that may affect the Commission.

Recent Statements by Governor Corbett and Others Regarding Potential Statewide Transportation Funding Initiatives

In recent public statements, both Governor Tom Corbett and Secretary of Transportation and Pennsylvania Turnpike Commissioner Barry Schoch have referenced the Corbett administration's intention to present a comprehensive, multi-modal statewide transportation funding plan early in 2013. While details of such a plan have not been generally disclosed pending discussion with House and Senate leaders, Secretary Schoch has stated that it would draw upon recommendations in the TFAC report.

Senator John Rafferty, Senate Transportation Committee Chairman, has also announced plans to introduce his own "very encompassing bill" early in 2013 to raise between $1.1 billion and $2.2 billion in Fiscal Year 2013-14.

It is premature at this time to assess the prospects of such proposed transportation funding initiatives and how such potential legislation might impact the Commission.

Public Debate over Commission's Obligations under Act 44 Funding Agreement

There is ongoing public debate as to whether to maintain, modify or discontinue the current transportation funding requirements reflected in Act 44 (i.e., $450 million each year payable to PennDOT – see "*Funding Agreement between PennDOT and the Commission*" above). See also, "Pending Legislation and Recent Developments – *Other Pennsylvania Legislative Proposals*" above with respect to proposed House Bill 1686.

Pennsylvania's Auditor General has issued public letters, and testified at joint public hearings before the House and Senate Transportation Committees of the Pennsylvania General Assembly held on September 25, 2012, and November 13, 2012, asserting that the Commission's payment obligations under Act 44 (and the underlying debt load required to fund such payments) are of an unsustainable magnitude and constitute a long-term threat to the financial well-being and even continued existence of the Commission, and he has urged the General Assembly to eliminate such obligations.

The Commission has responded (both in public letters and at the joint legislative hearings) that it acknowledges that managing the debt load imposed by Act 44 is an ongoing challenge but denies that it is facing a financial crisis. The Commission is confident that it has developed a sound, financially responsible, long-term plan under which it will be able to meet all its future payment obligations, including the $450 million annual payments to PennDOT under Act 44, while continuing to operate and maintain the Turnpike in a state of good repair, support a newly-enhanced capital investment program, and ensure customer safety and convenience.

For copies of the public letters exchanged between the Auditor General and the Commission, see *www.paturnpike.com/Press/2012/20120105171343.htm*; and for copies of the written hearing testimony of the Auditor General and the Commission on September 25, 2012 and on November 13, 2012, see *http://pasenategop.com/committees/transportation.htm*.

Federal Surface Transportation Reauthorization

On July 6, 2012, President Obama signed into law a two-year federal transportation funding bill (the "**2012 Transportation Act**") passed by the United States House of Representatives and the United States Senate. The 2012 Transportation Act provides funding for federal transportation programs over two years at approximately $54 billion per year. Because neither the operations of the Commission nor its capital program depend, to any material extent, upon the continuing availability of federal funding, the Commission does not believe that the 2012 Transportation Act will have a material effect on the financial condition or results of operations of the Commission.

Additional Matters

Consistent with recommendations of the TFAC, 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 the development of a pilot program with the Department of Environmental Protection (PaDEP) for more expeditious third-party review of environmental permits, and 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 (all as outlined in an August 2011 report entitled *Mapping the Future between the Pennsylvania Turnpike Commission and the Pennsylvania Department of Transportation*). Meetings of Commission management with executives of both PaDEP and PennDOT continue to be held on a regular basis to discuss issues, define direction and explore future collaborative initiatives.

THE TURNPIKE SYSTEM

General

The present Pennsylvania 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 18-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 47 miles; and

- a six-mile section of the Southern Beltway project from PA 60 to US 22.

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

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. 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 crosses the System and the Valley Forge Interchange. The portion of the Turnpike Mainline west of the Valley Forge Interchange to the western terminus at the Ohio state line has been designated as Interstate Route 76. In addition, the Turnpike Mainline between the New Stanton and Breezewood Interchanges has been designated as Interstate Route 70. The Northeast Extension has been designated as Interstate Route 476.

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

Interchanges and Service Plazas

The System has a total of 65 interchanges which connect it with major arteries and population centers in its 553 mile traffic corridor. Thirty-two of the interchanges are located on the Turnpike Mainline, including Turnpike Mainline barriers at the New Jersey and Ohio state lines, and 10 interchanges are situated on the Northeast Extension. The additional 23 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. The Commission has entered into long term service plaza redevelopment agreements with HMSHost Restaurants, LLC and Sunoco, Inc. to design, reconstruct, finance, operate and maintain all of the service plazas. The Commission has no responsibility for maintaining the service plazas under the agreements. Since the Commission entered the agreements in 2005, 12 rebuilt service plazas have opened. Two of the remaining plazas were closed for redevelopment after Labor Day 2012 and are expected to re-open by Memorial Day 2013. The two companies are expected to invest approximately $190 million in the project, at no cost to the Commission. The Commission recorded income of approximately $3.2 million and $2.7 million under the service plaza agreements in Fiscal Years 2012 and 2011, respectively, which is based on fixed rental payments plus a percentage of revenue generated.

Additional Services

In addition to 800 field personnel in 22 facilities available to keep the roadway open and safe in the event of unfavorable road conditions, the Commission has a 24/7 Traffic Operations Center which monitors conditions on the System and provides emergency dispatch.

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

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

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

In December 2011, the Pennsylvania Department of Environmental Protection announced a $1 million grant award to help develop electric vehicle infrastructure on the System. The grant recipient, Car Charging Group Inc., will install charging stations at 17 service plazas on the

System. The Commission has also committed additional funding of up to $500,000 to upgrade the electrical systems at the plazas to accommodate the charging stations. The first phase of the work will be incorporated into ongoing service-plaza renovations between Harrisburg and New Jersey. Later phases will involve service plazas between Harrisburg and Ohio, and then along the Northeast Extension. The project is expected to be completed by June 30, 2013.

E-ZPass Lanes

The Commission has installed E-ZPass, a form of electronic toll collection, throughout the System. Not only has E-ZPass enhanced safety and convenience for users of the System, but the technology has improved traffic flow and reduced congestion at the System's busiest interchanges, especially in southeastern Pennsylvania. The use of electronic tolling has enhanced the overall efficiency of the Commission's toll collections operations and has resulted in a reduction in the number of required full-time and part-time toll collectors. Express E-ZPass lanes have been constructed at five interchanges and permit E-ZPass customers to travel through the toll plaza at highway speeds. In addition, E-ZPass customers traveling in 14 other states that have implemented E-ZPass technology are able to use E-ZPass. Currently, E-ZPass is available on the entire System, including the western extensions. The Commission has not experienced any material problems in connection with the installation or operation of the E-ZPass system.

To help ensure, protect and preserve the collection of toll revenue due the Commission, a violation enforcement system ("***VES***") has been installed at all interchanges where E-ZPass has been installed to identify violators (customers who travel through E-ZPass lanes and do not have E-ZPass) and motorists with problem tags that are unreadable. VES enables the Commission to collect appropriate tolls and other additional fees relating to violations. Legislation passed in 2000 included enforcement provisions for E-ZPass, including, among other things, certain evidentiary presumptions with respect to whether the registered vehicle owner was the operator of the vehicle, procedures for notifying the vehicle owner of the violation charged and the imposition upon the vehicle owner of civil penalties for violations.

The Commission's annual revenues from E-ZPass users have increased to $532.81 million during the Fiscal Year ended May 31, 2012 from $496.37 million for the Fiscal Year ended May 31, 2011. The Commission's annual revenues from ticketed drivers (i.e., those not using E-ZPass) decreased to $265.04 million during the Fiscal Year ended May 31, 2012 from $267.49 million for the Fiscal Year ended May 31, 2011. The Commission expects that E-ZPass usage will continue to increase.

The Commission is a member of the E-ZPass Interagency Group ("***IAG***"), a coalition of toll authorities throughout the United States. IAG includes the following agencies: Peace Bridge Authority; Burlington County Bridge Commission; Delaware Department of Transportation; Delaware River and Bay Authority; Delaware River Joint Toll Bridge Commission; Delaware River Port Authority; Illinois State Toll Highway Authority; ITR Concession Company (Indiana Turnpike); Maine Turnpike Authority; Maryland Transportation Authority; Massachusetts Department of Transportation; Metropolitan Transportation Authority Bridges & Tunnels; New Hampshire Department of Transportation, Bureau of Turnpikes; New Jersey Turnpike Authority; New Jersey Highway Authority; New York State Bridge Authority; New York State Thruway Authority; Ohio Turnpike Commission; Port Authority of New York and New Jersey; Rhode

Island Turnpike and Bridge Authority; South Jersey Transportation Authority; Virginia Department of Transportation; and West Virginia Parkways Authority. IAG's stated mission is "to enable E-ZPass members and affiliated toll operators to provide the public with a seamless, accurate, interoperable electronic method of paying tolls and fees while preserving and enhancing the E-ZPass program."

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

See "CERTAIN FINANCIAL INFORMATION – Toll Schedule and Rates" below for a discussion of the Commission's toll rates, including recent revisions for E-ZPass customers.

E-ZPass Plus

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

All Electronic Tolling

The Commission has constructed three all-electronic-tolling ("***AET***") interchanges in the Philadelphia area which are designed for the exclusive use of E-ZPass customers: Virginia Drive (located east of the Fort Washington interchange); Street Road (located west of the Bensalem interchange); and Route 29 (located west of the Valley Forge interchange). There are also two AET interchanges that are currently in design: one at Route 903 in Carbon County; and one at the Delaware River Bridge (westbound) as part of the I-95 Connector in Bucks County. It is anticipated that the Route 903 interchange will be in construction by the summer of 2013. These AET interchanges and other similarly planned interchanges are expected to reduce congestion at the System's busier interchanges and are expected to provide convenient access to industrial parks and job centers.

Early in 2011, the Commission initiated a feasibility study to examine the benefits and potential issues associated with converting the toll road to a cashless, AET system. The team of McCormick Taylor/CDM Smith (formerly Wilbur Smith Associates) was selected to conduct the AET study which includes an overview of the existing toll collection system and an analysis of AET systems throughout the United States, comparing the costs and benefits of various electronic tolling options. The AET feasibility report (the "***AET Feasibility Report***") was completed in March 2012. The Commission has determined, based on the assumptions in the AET Feasibility Report, that conversion to AET is feasible from both a financial and physical perspective. The AET Feasibility Report is available for review on the Commission's Website at *www.paturnpike.com/aet_public/aet.asp*. 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 AET system.

CAPITAL IMPROVEMENTS

Act 61 Projects

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

System Maintenance and Inspection

The Commission's engineering and maintenance staff performs maintenance on and repairs to the System. In addition, the Commission also uses staff and consultants to perform periodic inspections of the System. Pursuant to the terms of the Senior Indenture, the Commission must arrange for the System to be inspected at least once every three years by engaging one or more consultants to conduct inspections and prepare a report. The report must state (a) whether the System has been maintained in good repair, working order and condition since the last inspection report and (b) any recommendations which such consultants may have as to revisions or additions to the Commission's annual capital budget. The most recent inspection report, the Pennsylvania Turnpike Condition Assessment Report 2011 (submitted to the Commission in January 2012), was prepared by Michael Baker Jr., Inc. (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 and in inspection data gathered in 2011.

Roadway

A top priority of the Commission is to entirely reconstruct the System roadways, completely removing all original pavement and sub-base and replacing it with an entirely new roadway, including all facets of the highway such as barriers and guide rails, noise and retention walls and drainage systems. To date, the Commission has rebuilt approximately 87 miles of roadways and bridges and much of the reconstructed roadway has been widened to accommodate six lanes. An October 2011 Pavement Condition Survey indicates the average rating for System roadways was 88.9 (100 maximum), which was consistent with recent years. International Roughness Index (IRI) measurements support these results. Further, no roadway segments exceeded established criteria for skid resistance and rutting. The average age of the base pavement is approximately 46 years.

Bridges

The percentage of structurally deficient bridges for 2011 was 8.1%, or 69 out of 852 bridges inspected, as compared to 8.3% in 2010. A structurally deficient bridge typically requires significant maintenance and repair to remain in service and eventual rehabilitation or replacement to address deficiencies. Structural deficiency is an indication of a bridge's overall status in terms of structural soundness. The fact that a bridge is classified as structurally deficient does not imply that it is unsafe. The percentage of structurally deficient ("***SD***") bridges is below the national average for similar systems. Of the 69 bridges identified as SD, 13 are currently being replaced or repaired, an additional 47 are currently in design, and four are identified for repair or replacement in the Commission's Capital Plan. The Commission closely monitors all SD bridges to assure that they are maintained in a satisfactory condition.

Tunnels

The ten System tunnels vary in age from 20 to 71 years; therefore the Commission is focusing on the maintenance and rehabilitation of the mechanical, electrical and structural elements of the tunnels. The Tunnel Management Committee, which is represented by all of the Commission's functional departments, has improved identification of concerns that need to be monitored.

Toll Facilities

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

Ten-Year Capital Plan

The Commission has a Ten-Year Capital Plan for its facilities and equipment (exclusive of the Mon/Fayette and Southern Beltway projects), consisting of the Highway Program, Technology Program, Fleet Equipment and Facilities and Energy Management Operations, which it updates each year. The current Ten-Year Capital Plan for Fiscal Year 2012-13 (the "***Current Capital Plan***") was adopted by the Commission on May 15, 2012. The Current Capital Plan calls for investment of $6.76 billion over the coming decade and will support approximately 19,200 jobs each year for the next 10 years. Exhibit I attached to this Appendix A indicates budget allocations by program.

The Current Capital Plan includes approximately $383 million to fund the implementation of an AET system. This amount is consistent with the AET Feasibility Study. The Current Capital Plan will require the issuance of additional debt throughout the ten-year period. The Commission believes that the increased spending and increased debt may require the imposition of higher annual toll increases than previously contemplated during a portion of the ten-year period. The Traffic Study (as defined in the forepart of this Official Statement and attached to this Official Statement as Appendix F) prepared by CDM Smith (formerly Wilbur Smith Associates) contemplates increases of 3.0% to 5.5% in each year.

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 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, approximately 102 miles of total reconstruction has been completed and approximately 8 miles are currently in construction. Total reconstruction projects from Milepost 199 to Milepost 202, and from the Mid-County Interchange (Milepost A-20) to Milepost A-26 are under construction. The Milepost 206 to Milepost 210 project will be bid in March 2013. Currently, approximately 134 miles are in design with design expected to commence on another 20 miles by the end of calendar year 2013. The Commission currently plans to spend approximately $3.2 billion on total reconstruction projects and approximately $953 million on various bridge and tunnel projects over the next ten years.

The Technology Program includes funding of $181 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.

The Fleet Program includes funding of $120.5 million to purchase rolling stock to insure adequate maintenance of the roadway system.

The Facilities and Energy Management Program includes funding of $391 million to repair and replace the aging facilities of the Commission. This commitment will ensure that major equipment and facilities are in good repair to support ongoing Turnpike operations.

Mon/Fayette Expressway and Southern Beltway

Four projects constructed as part of the Mon/Fayette Expressway are now in operation. One is a six-mile toll road between Interstate Route 70 and U.S. Route 40 in Washington County. This project was built by PennDOT and turned over to the Commission upon its opening in 1990. The second is a 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 a 17-mile section of the Mon/Fayette Expressway from Interstate Route 70 in Washington County to Pennsylvania Route 51 in Allegheny County, which opened in April 2002. The fourth is a sixteen mile section from Uniontown to Brownsville, including a 3,022-foot bridge over the Monongahela River, opened to traffic in August 2012. These four contiguous projects, which total 51 miles from Morgantown, WV to PA Route 51 south of Pittsburgh, are now part of the System. The final 26-mile section of the Mon/Fayette Expressway, extending from PA Route 51 to Interstate Route 376 in Pittsburgh, received environmental clearance in December 2004. Final design through design field view has been completed. Additional design, right-of-way acquisition and construction cannot progress until additional funding is identified.

When eventually completed, the Mon/Fayette Expressway would extend from Interstate 68 in West Virginia to Interstate Route 376 near Pittsburgh.

The proposed Southern Beltway is to be constructed from the Mon/Fayette Expressway, near Finleyville, extending as part of a beltway south of Pittsburgh to Interstate 376 at the Pittsburgh International Airport. It is comprised of three distinct projects. The six-mile project from I-376 to U.S. 22 (also known as the Findlay Connector) opened to traffic in October 2006. The project from U.S. 22 to I-79 received environmental clearance for its 13 miles in September, 2008 and is in final design. The first construction contract, the bridge over Route 22, is expected to begin in Spring 2014. A series of construction contracts will follow for the remaining roadway work. The final Southern Beltway project, from I-79 to the Mon/Fayette Expressway, received environmental clearance in May 2009. Further advancement of the I-79 to Mon/Fayette Expressway section cannot proceed until additional funding is identified.

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

The Commission has no legal obligation to complete the unfinished portions of the Mon/Fayette Expressway and Southern Beltway projects at this time. However, the Commission has considered other approaches to completing such projects, due in large part to an estimated cost of $5.2 billion to complete them. On September 17, 2008, the Commission issued a Request for Concepts/Solutions to complete such projects. The Commission received and evaluated three responses and conducted oral interviews with all respondents in March 2009. After evaluating the three responses, the Commission determined not to move forward with a request for proposals.

I-95 Interchange

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

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

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

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; 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***"). The Tolls are presently pledged to secure the Commission's Turnpike Revenue Bonds and other Senior Indenture Parity Obligations, as well as any subordinated indebtedness that may be issued under the Senior Indenture (collectively, the "***Senior Indenture Obligations***"). Upon the issuance of the 2013A Bonds offered pursuant to this Official Statement, $3,137,000,000 aggregate principal amount of Turnpike Revenue Bonds will be outstanding under the Senior Indenture. Other Senior Indenture Parity Obligations include interest rate swap agreements with a total current notional amount of $1,562,777,000, as well as reimbursement and standby bond purchase agreements.

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

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

Oil Franchise Tax Revenues

The Commission's second principal stream of revenues consists of that portion of the Commonwealth's oil franchise tax revenues (the "***Oil Franchise Tax Revenues***") allocated by statute to the Commission or the holders of the Commission's Oil Franchise Tax Revenue Bonds (the "***Oil Franchise Tax Revenue Bonds***"), $771,140,523.80 (including compounded amounts as of December 1, 2012 for capital appreciation bonds) of which are issued and outstanding. The Oil Franchise Tax Revenue Bonds, the proceeds of which were spent on portions of the Mon/Fayette Expressway and the Southern Beltway, are secured solely by Oil Franchise Tax Revenues. The Oil Franchise Tax Revenues are not pledged to secure any Senior Indenture Obligations, any Subordinate Indenture Obligations or any Registration Fee Revenue Bonds.

Registration Fee Revenues

The Commission's third principal stream of revenues consists of that portion of the Commonwealth's vehicle registration fee revenues (the "***Registration Fee Revenues***") allocated by statute to the Commission or the holders of any of the Commission's Registration Fee Revenue Bonds (the "***Registration Fee Revenue Bonds***"), $423,650,000 of which are issued and outstanding. The Registration Fee Revenue Bonds, the proceeds of which were spent on portions of the Mon/Fayette Expressway and the Southern Beltway, are secured by Registration Fee Revenues. Registration Fee Revenue Bonds are to be paid solely from the Registration Fee Revenues. The Registration Fee Revenues are not pledged to secure any Senior Indenture Obligations, Subordinate Indenture Obligations or the Oil Franchise Tax Revenue Bonds.

Toll Schedule and Rates

The current System generally employs a closed or ticket system method for toll collection. Tolls are determined on the basis of the length of the trip and vehicle class. There are 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. Electronic toll collection methods, however, have been implemented throughout the System. See "THE TURNPIKE SYSTEM – E-ZPass Lanes."

Between 1957 and 2008, the Commission implemented only five revisions in its toll schedule, effective on September 1, 1969, August 1, 1978, January 2, 1987, June 1, 1991 and August 1, 2004. On August 1, 2004, Turnpike tolls increased by 1.8 cents per mile for passenger vehicles from 4.1 to 5.9 cents per mile. Commercial vehicles had an average increase of 5.3 cents per mile. Such toll increase was consistent with the rate of inflation over the 13 years since the Commission's prior toll increase in 1991. All incremental revenue generated by such toll increase has been used to fund capital improvements to the System's roads, tunnels and other upgrades.

Since 2008, the Commission has implemented rate increases as follows:

- On July 22, 2008, the Commission approved a toll increase in the amount of 25% which became effective on January 4, 2009, with the expectation that it would implement annual increases thereafter.

- On August 18, 2009, the Commission approved a toll increase in the amount of 3% which became effective on January 3, 2010.

- On July 13, 2010, the Commission adopted several revenue enhancement measures that took effect on January 2, 2011. For E-ZPass users, tolls increased by 3%. For cash customers, tolls increased by 10% (rounded to the nearest $0.05). Annual fees for use of E-ZPass transponders increased from $3 per transponder to $6 per transponder. Finally, the commercial discount program, which provided for tiered discounts of 10%, 15% and 20% off published toll rates depending on total monthly fares, was adjusted to provide tiered discounts of 5%, 10% and 15%. These revenue enhancements are being used to provide funds for payments under the Funding Agreement and other Act 44 purposes, including funding of the Commission's capital expenditure program and normal operating expenditures.

- On July 19, 2011, the Commission approved a toll increase which became effective on January 2, 2012. E-ZPass users did not see a toll increase, and cash customers saw an increase of 10%. In addition, commercial discounts were reduced. The 15% volume discount was eliminated and the remaining discounts were a 5% discount for $5,000-$10,000 in monthly tolls and a 10% discount for more than $10,000 in monthly tolls.

- At meetings on July 18, 2012, and September 4, 2012, the Commission approved toll increases which became effective on January 6, 2013. Tolls for cash customers generally increased by 10%, except as to the Southern Beltway, and tolls for E-Z Pass users increased by 2%. On the Southern Beltway, cash tolls for all classes (which had never increased since its opening in 2006) increased by 50%, and EZPass rates increased by 25%. Annual fees for non-commercial use of E-ZPass transponders decreased from $6 per transponder to $3 per transponder. Finally, the commercial discount program was further adjusted. The 10% discount was eliminated and the minimum toll amount for discount eligibility increased from $5,000 to $10,000. The revised discount program now provides for a 5% discount on total monthly fares of $10,000 or more.

Preliminary unaudited traffic data for the six months ended November 30, 2012 indicates a 3.3% increase in adjusted gross toll revenue, with a modest decrease in traffic volume of 0.7%, as compared to the same period in Fiscal Year 2011-12. Economic conditions and gasoline price increases have impacted traffic volumes during Fiscal Year 2011-12 and in the first six months of Fiscal Year 2012-13.

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

TABLE 1
Current Tolls and Per Mile Rates for Mainline
Roadway East - West Complete Trip
Delaware River Bridge - Warrendale (Ticket System)

Vehicle Toll Class	Gross Vehicle Weight (Thousand Pound)	Toll Rate Cash Effective 1/2013	Per Mile Cash Rate	Toll Rate EZ-Pass Effective 1/2013	Per Mile EZ-Pass Rate
1	1-7	$ 33.90	$ 0.103	$ 26.71	$ 0.081
2	7-15	49.80	0.151	39.23	0.119
3	15-19	61.75	0.188	48.69	0.148
4	19-30	72.15	0.219	56.81	0.173
5	30-45	101.20	0.308	79.80	0.243
6	45-62	128.65	0.391	101.45	0.308
7	62-80	183.50	0.558	144.73	0.440
8	80-100	240.00	0.729	189.37	0.576
9	Over 100	1,360.80	4.136	1,074.01	3.264

Notes:

(1) The above rates represent an "East West" trip for the ticket toll system between Warrendale (#30) and the Delaware River Bridge (#359) interchanges. The 30-mile Gateway to Warrendale roadway between Warrendale and the Ohio Turnpike has a barrier toll at the Gateway Mainline interchange (#2). For purposes of the Senior Indenture, the Mainline is the entire length of the roadway between Ohio and the Delaware River Bridge. The toll on the Gateway connector is payable only when traveling eastbound and is standard for all vehicles of a class, regardless of distance traveled.

The cash rate as of January 6, 2013 is $5.25 for the first two axles, $10.40 for three axles, $15.55 for four axles, $20.60 for five axles and $25.80 for six axles. The E-ZPass rate is $4.06 for the first two axles, $8.12 for three axles, $12.18 for four axles, $16.23 for five axles, and $20.29 for six axles.

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

Five-Year Financial History

The following Tables II and III summarize certain operating and revenue information with respect to the System for the Fiscal Years from 2008 to 2012, and for the six-month periods ended November 30, 2011 and November 30, 2012. 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. *Such information is not presented in accordance with general accepted accounting principles and has not been audited.* In the opinion of management of the Commission, the financial information for the six months ended November 30, 2011, and November 30, 2012, is presented on a basis consistent with the presentation of the annual information below. Such interim information is not indicative of the results that may be expected for the entire current fiscal year.

Tables II and III should be read in conjunction with the financial statements prepared in accordance with generally accepted accounting principles and related notes included in

"APPENDIX B – AUDITED FINANCIAL STATEMENTS: 2012 AND 2011" to this Official Statement (the ***"Financial Statements"***).

The Commission currently makes certain operating and financial information, including its audited annual financial statements and information corresponding to the information set forth below in Tables II and III, available through the Municipal Securities Rulemaking Board -- Electronic Municipal Market Access (*www.emma.msrb.org*) pursuant to its undertakings in accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended. Information to be provided pursuant to the Commission's undertaking in connection with the 2013A Bonds is described in this Official Statement under the caption "CONTINUING DISCLOSURE."

TABLE II
Number of Vehicles and Fare Revenues – Summarized by Fare Classification
(in thousands)

	Fiscal Year Ended May 31,					Six Months Ended November 30,	
	2008	**2009**	**2010**	**2011**	**2012**	**2011**	**2012**
Number of Vehicles:							
Passenger	164,097	162,637	163,599	165,230	164,960	86,060	85,462
Commercial	25,455	23,582	22,933	23,812	24,127	12,573	12,520
Total	189,552	186,219	186,532	189,042	189,087	98,633	97,982
Fare Revenue							
Passenger	$ 329,072	$ 353,885	$ 407,368	$ 435,751	$ 455,133	$ 240,835	$ 249,239
Commercial	290,078	284,359	310,670	328,105	342,646	175,494	176,765
Total	619,150	638,245	718,038	763,856	797,779	$ 416,329	426,004
Discount	-20,224	-22,640	-24,211	-24,152	-16,981	-9,950	-6,247
Net Fare Revenues	$ 598,926	$ 615,605	$ 693,827	$ 739,704	$ 780,798	$ 406,379	$ 419,757

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

	Fiscal year ended May 31					Six months ended November 30	
	2008	2009	2010	2011	2012	2011	2012
Revenues						(unaudited)	
Net Toll Revenues	$ 598,926	$ 615,605	$ 693,827	$ 739,704	$ 780,798	$ 406,379	$ 419,756
Concession Revenues	3,212	3,087	2,868	2,728	3,167	1,933	1,993
Interest Income (non bond proceeds)	13,566	6,478	5,560	11,089	15,771	7,576	10,159
Miscellaneous	17,699	14,816	13,337	16,202	19,923	10,265	10,176
Total Revenues	633,403	639,986	715,592	769,723	819,659	426,153	442,084
Operating Expenditures							
General & Administrative	47,177	43,378	41,467	33,528	40,335	19,925	19,815
Operations Safety & Incident Response	2,640	3,308	4,048	3,979	4,078	1,905	2,245
Service Centers	15,573	17,497	19,596	20,384	25,570	11,177	13,368
Employee Benefits	57,239	72,767	69,387	70,441	77,563	36,351	37,928
Fare Collection	60,344	60,318	63,087	64,944	61,884	30,264	30,121
Normal Maintenance	63,655	61,327	64,347	65,285	58,096	25,866	26,798
Facilities and Energy Mgmt. Operations	404	112	80	2,866	7,644	3,359	4,253
Turnpike Patrol	31,976	34,127	34,337	34,056	34,658	17,599	18,862
Total Operating Expenditures	279,008	292,834	296,349	295,483	309,828	146,446	153,390
Revenues less Operating Expenditures	$ 354,395	$ 347,152	$ 419,243	$ 474,240	$ 509,831	$ 279,707	$ 288,694
Senior Annual Debt Service Requirement	$126,058	$153,568	$127,866	$120,570	$145,906		
Coverage Ratio	2.81	2.26	3.28	3.93	3.49		
Annual Subordinate Debt Service Requirement		$ 12,066	$ 86,977	$123,186	$130,713		
Coverage Ratio		2.10	1.95	1.95	1.84		
Annual MLF Enhanced Debt Service Requirement				$ 1,541	$ 10,063		
Coverage Ratio				1.93	1.78		

(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 amounts expected to be funded from capitalized interest and the expected receipt of federal subsidy payments with respect to the Commission's outstanding Build-America Bonds.

Budget Process

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

In addition, Act 44 requires the Commission to prepare and submit to the Secretary of the Budget a Financial Plan no later than June 1 of each year for the ensuing Fiscal Year, describing its proposed operating and capital expenditures, borrowings, liquidity and other financial management covenants and policies, estimated toll rates and all other revenues and expenses. The purpose of the Financial Plan is to demonstrate that the Commission's operation in accordance with such plan can be reasonably anticipated to generate unencumbered funds sufficient to make all payments due to PennDOT under Act 44 and the Funding Agreement in the upcoming year after all other Commission Obligations have been met. Any deviations and the causes therefor in prior year plans must be explained. The Commission has delivered the Act 44 Financial Plan for Fiscal Year 2012-13 (June 1, 2012 through May 31, 2013) in a timely fashion to the Secretary of the Budget. See "THE COMMISSION – Act 44 – *Rules Relating to Governance and Accountability Under Act 44*" above. See also "THE COMMISSION – Pending Legislation and Recent Developments – *Public Debate over Commission's Obligations under Act 44 Funding Agreement*" above.

Performance Audit by the Auditor General

Act 44 requires the Auditor General of the Commonwealth to conduct an audit of the accounts of the Commission and to review its performance, procedures, operating budget, capital budget and debt every four years. The Act of October 23, 1988, P. L. 1059, No. 122 ("***Act 122***") also requires the Auditor General to periodically conduct a financial audit and a compliance audit of the Commission.

On January 8, 2013, the Auditor General issued a final report presenting the results of his quadrennial audit of the Commission under Act 44 and Act 122. The financial portion of the audit covered the period from June 1, 2005 to May 31, 2010, and the performance portion of the audit covered the period from June 1, 2007 to August 31, 2011. 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 five fiscal years ended May 31, 2006 through May 31, 2010.

The audit report included recommendations to the Commission with respect to the following areas:

- non-revenue use of the Turnpike by Commission employees;

- non-revenue use of the Turnpike by nearly 5,000 consultants, contractors, and other state government officials;
- the monitoring, audit and evaluation by the Commission of the E-ZPass system;
- continued or expanded monitoring, review and inspection of the Turnpike's tunnels;
- reimbursement of the travel and other expenses of Turnpike commissioners; and
- the Commission's use of interest rate swaps as part of its overall debt-management practices.

On January 2, 2013, in response to the release by the Auditor General of a draft report, the Commission's Acting Chief Executive Officer responded by letter to the Auditor General, addressing the proposed recommendations of the Auditor General. On January 8, 2012, upon release of the final report, the Commission issued a press release making available to the public the Commission's response to the audit report.

The full text of the Auditor General's final report may be found at http://www.auditorgen.state.pa.us/department/press/PTC_Report_final_01082013.pdf. For the Commission's response, see http://www.paturnpike.com/press/2013/20130108145419.htm.

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

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

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

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

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

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

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

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

Prohibited Agreements. The Commission will not use Swaps that:

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

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

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

The Commission has interest rate exchange agreements with respect to its Senior Revenue Bonds, Series 2006A, Series 2008B, Series 2009A, Series 2009C, Series 2010B, Series 2011C, Series 2011D and Series 2012B, as well as with respect to its Registration Fee Revenue Bonds, Series 2005, and Oil Franchise Tax Revenue Bonds, Series 2003C. As of December 1, 2012, the aggregate market value of all such swaps to the counterparties thereto from the Commission (negative value to the Commission) was calculated to be approximately $201,240,113.16. See Note 4, Note 8, and Note 13 to the Financial Statements. The Commission does not have any interest rate exchange agreements associated with its Subordinate Revenue Bonds or Special Revenue Bonds.

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

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

Credit Enhancement

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

Series	Maturity Range	Credit/Liquidity Enhancement	Expiration
$198,725,000 Pennsylvania Turnpike Commission Turnpike Multi-Modal Revenue Refunding Bonds, Series A-1 and Series A-2 of 2010	2035	Standby Bond Purchase Agreements for each series provided by JPMorgan Chase Bank, National Association	July 29, 2013
$50,000,000 Pennsylvania Turnpike Commission Turnpike Multi-Modal Revenue Bonds, Series C of 2008	2036 – 2038	Letter of Credit provided by Barclays Bank, PLC	May 25, 2014
$100,000,000 Pennsylvania Turnpike Commission Turnpike Multi-Modal Revenue Bonds, Series B-1 of 2008	2038	Letter of Credit provided by Barclays Bank, PLC	May 25, 2014

Direct Purchase of Commission Turnpike Revenue Bonds

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

Future Financing Considerations

The Commission may issue additional bonds under the Senior Indenture and the Subordinate Indenture. In addition, the Commission may, from time to time, issue other notes and bonds payable from such sources as may be available so long as the Tolls, the Oil Franchise Tax Revenues securing the Oil Franchise Tax Revenue Bonds or the Registration Fee Revenues securing the Registration Fee Revenue Bonds are not pledged to such other notes and bonds or, if pledged, are pledged on a subordinate basis. For the foreseeable future, the Commission anticipates that it will borrow substantial additional funds for purposes of funding capital expenditures for the System and payments under Act 44 and the Funding Agreement. Such borrowings are expected to be undertaken principally under the Senior Indenture and the Subordinate Indenture. In addition, 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 was effective January 6, 2013. See "CERTAIN FINANCIAL INFORMATION – Toll Schedule and Rates" above for further information.

The Commission expects to issue one or more additional series of Turnpike Revenue Bonds under the Senior Indenture during 2013 for the purpose of funding costs of capital projects included in the Commission's Ten-Year Capital Plan. The Commission also expects to issue one or more series of additional bonds, including one or more series of Special Revenue Bonds, under the Subordinate Indenture during 2013 to finance some or all of its quarterly payments to PennDOT pursuant to the Funding Agreement under Act 44. See APPENDIX A – "CERTAIN FINANCIAL INFORMATION – Future Financing Considerations." In addition, the Commission regularly evaluates market conditions with respect to the possible refunding of its outstanding Turnpike Revenue Bonds, Subordinate Revenue Bonds, Special Revenue Bonds, Oil Franchise Tax Revenue Bonds and Registration Fee Revenue Bonds.

The ability of the Commission to repay such borrowings could be adversely affected by many factors, some of which are beyond the control of the Commission. For example, economic circumstances which result in significant declines in motor vehicle acquisition or operating cost increases could adversely affect the number of motor vehicles in use. The cost of fuel could increase which could adversely affect both the number of motor vehicles using the System and the mileage that such vehicles travel. Government regulations, such as Clean Air Act requirements, might also significantly restrict motor vehicle use and therefore diminish Tolls.

CERTAIN OTHER INFORMATION

Insurance

The Commission maintains All-Risk Property, Builder's Risk, Public Official Bonds, 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 $125 million per occurrence policy limit.

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

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

Personnel and Labor Relations

As of December 31, 2012, the Commission employed 2,127 persons, consisting of 496 management employees, 1,529 full-time union members, and 102 temporary union employees. Seventy two and five-tenths percent (72.5%) of all employees are engaged in maintenance operations and fare collection.

In an effort to meet funding obligations and contain costs, in 2008 the Commission reduced overhead by eliminating vacant positions, offered early retirement incentives to eligible staff members, implemented a reduction-in-force program for positions no longer required, and reduced salary and benefit expenses by cutting 15 management positions. Subsequently, the Commission also reduced overtime by permanently shifting schedules, reduced expenses, and implemented a management pay freeze during Fiscal Years 2009-10 and 2010-11, and the first half of Fiscal Year 2011-12. As a result, the Commission currently employs 423, or 16.6%, fewer employees than it did in 2002, the most recent peak employment year.

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

The Commission is a party to the following three collective bargaining agreements, which became effective on October 1, 2007: i) agreement with Teamsters' Union Local No. 77 covering central office personnel; ii) agreement with Teamsters' Union Local No. 77 and Teamsters' Union Local No. 250 covering field personnel; and iii) agreement with Teamsters' Union Local No. 30 covering professional non-supervisory personnel. In addition, the Commission is a party to a memorandum of understanding with Teamsters' Union Local No. 30 covering first-level supervisory employees. The memorandum of understanding has no termination date. The collective bargaining agreements expired on September 30, 2011 and have not yet been extended, although negotiations are ongoing. The unions retain their right to strike during negotiations. Since union representation began, the Commission has experienced one work stoppage which occurred on November 24, 2004 and lasted for seven days.

Retirement Plan

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

Substantially all employees of the Commission are covered by SERS. The costs of the defined benefit plan are paid by the Commission quarterly based upon a stipulated contribution rate. Participating agency contributions, including those for the Commission, are mandated by statute and are based upon an actuarially determined percentage of gross pay that is necessary to provide 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 membership whereby, generally, annual full retirement benefits for electing active members is 2.5% of the member's highest three-year average salary (final average salary) multiplied by years of service. Commission employees hired after June 30, 2001, but before January 1, 2011, are Class AA members. Members hired on or before June 30, 2001 had the option, but were not required, to elect Class AA membership.

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

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

Covered Class A, Class AA, Class A-3 and A-4 employees are required by statute to contribute to SERS at a rate of 5.00%, 6.25%, 6.25% and 9.30% 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 required retirement contribution, as a percentage of covered payroll, by class for the most recent five Fiscal Years of the Commonwealth (including the current Fiscal Year is as follows:

Year Ended June 30 (Commonwealth's Fiscal Year)	Class A	Class AA	Class A-3	Class A-4
2013	8.43%	10.51%	7.29%	7.29%
2012	5.59	6.99	4.83	4.83
2011	3.29	4.11	4.11	4.11
2010	2.52	3.15		
2009	2.64	3.29		

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

Year Ended May 31	Commission Required Contribution (in millions)	Percent Contributed
2012	$ 7.9	100%
2011	5.3	100
2010	4.0	100
2009	3.8	100
2008	3.7	100

The Commission has budgeted $12.9 million for Fiscal Year 2012-13.

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 *www.sers.state.pa.us*.

On July 6, 2010, Pennsylvania Act 2010-46 was enacted which reduced the employer contribution rates for Fiscal Year 2010-11, thus reducing the Commission's contribution rates for the 2010-11 Fiscal Year from 3.80% for Class A employees and 4.75% for Class AA employees to 3.29% for Class A employees and 4.11% for Class AA employees. This rate reduction was only for one year.

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

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

For more information on SERS, including Act 120, see the SERS website at *www.portal.state.pa.us/portal/server.pt/community/pension_funding/19115* and the disclosure beginning on page 52 of the Official Statement for the Commonwealth's General Obligation Bonds, First Refunding Series of 2012, dated July 24, 2012, which may be found at *http://emma.msrb.org/EP672018-EP523665-EP924937.pdf*.

In the last session of the General Assembly, legislation was introduced (House Bill 2453 and Senate Bill 1540) which would have affected future required pension contributions by the Commission (and other Commonwealth employers) for its employees by changing Pennsylvania's pension system for future Commonwealth employees (including Commission employees) from a defined benefit plan to a defined contribution plan, similar to 401(k) plans prevalent in the private sector. This legislation expired at the conclusion of the 2011-12 session and would have to be reintroduced in the 2013-14 session (which convened on January 1, 2013) if it were to be continued to be considered by the General Assembly. It is premature to predict the prospects of this (or similar) legislation in the General Assembly.

Other Post-Employment Benefit Liabilities

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

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

The Commission established the Trust on May 30, 2008 as an irrevocable trust that is tax-exempt under the Internal Revenue Code. The Trust began making payments to benefit providers for retiree claims and related administrative fees in October 2008. Prior to that time, the Commission made such payments. The market value of assets on deposit in the Trust for the year ended May 31, 2012 was $143.4 million. For the year ended May 31, 2011, claims and administration expenses totaled $10.7 million.

Historically, the Commission has funded its post-employment benefit liabilities on a pay-as-you-go basis. In accordance with the pronouncements of the GASB applicable to the

Commission, the Commission began reporting its unfunded actuarial accrued liabilities for OPEB and its annual OPEB cost each year commencing with its audited financial statements for the Fiscal Year ended May 31, 2008. The Commission's unfunded actuarial accrued liability (the "***UAAL***") as of March 1, 2012 was $98.4 million, using a 7% discount rate and assuming that the annual required contribution would be invested in an irrevocable separate trust account.

The Commission has adopted a Retiree Medical Trust Funding Policy, effective September 17, 2008, whereby the Commission anticipates approving an annual contribution to the Trust in the amount of the annual required contribution as determined by the Commission's actuary during the approval of its annual operating budget. The Commission's annual required contribution for Fiscal Year 2011-12, which includes the normal costs for the year, a component for the level dollar amortization of the total UAAL and a mid-year contribution interest component, was $28.8 million. The Commission made contributions of $54.4 million towards the annual required contribution for Fiscal Year 2011-12. The Commission has budgeted an annual contribution of $29.8 million for the annual required contribution for Fiscal Year 2012-13. The Commission is required, pursuant to GASB rules, to have biennial actuarial valuations of its OPEB obligations. The last biennial actuarial valuation was as of March 1, 2012. The March 1, 2012 valuation's actuarial methods and assumptions included an amortization period of "10 years (closed)."

The Trust's financial statements are not included in the financial statements of the Commission. For additional information regarding the Benefits and the Trust, including funding status and actuarial methods and assumptions, see Note 10 to the Financial Statements.

Commission Compliance Department

The Commission recently created a Compliance Department, with the primary mission of developing, managing, and executing comprehensive audit and investigation programs that examine and promote the adequacy and effectiveness of the Commission's internal control system. The Compliance Department includes the offices of Chief Compliance Officer, Assistant Chief Compliance Officer, and Inspector General, and the existing departments of Toll Revenue Audit, and Operations Review. As head of the department, the Chief Compliance Officer oversees all aspects of operations auditing, toll revenue auditing, and internal and external investigations.

Commission Office of Inspector General

In 2009, an Office of Inspector General (the "**OIG**") was created within the Commission to maintain integrity and efficiency at the Commission, and to further maintain public confidence in the Commission. The OIG has conducted numerous investigations of fraud, waste, abuse and misconduct that have resulted in the termination of Commission employees and a vendor contract. When appropriate, the OIG refers cases to law enforcement authorities for possible criminal prosecution. In 2012, the OIG became a unit of the newly created Compliance Department.

EXHIBIT I

PENNSYLVANIA TURNPIKE COMMISSION
2013 TEN-YEAR CAPITAL PLAN

FY 2013 TEN - YEAR CAPITAL PLAN SUMMARY (YOE)

Program	Category	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	TOTALS
	Roadway/Safety	110,280,000	103,683,875	82,701,396	63,507,360	52,763,108	47,590,590	47,953,250	47,468,739	47,352,453	47,715,036	651,015,808
	Bridge,Tunnels & Misc Structure	101,585,548	121,282,463	78,901,335	63,862,150	52,441,801	78,149,759	168,162,129	167,686,407	163,942,725	164,638,000	1,160,652,316
	Total Reconstruction	203,460,000	257,064,875	313,486,939	361,912,410	360,011,083	357,903,000	356,577,945	359,878,120	355,301,877	355,980,192	3,281,576,439
	Interchange	57,311,000	93,018,750	104,144,040	101,336,814	116,129,328	92,877,069	0	0	0	0	564,817,001
	Highway Miscellaneous	27,055,000	36,715,500	29,360,088	25,766,603	19,863,623	20,950,786	22,015,963	22,850,136	23,452,369	24,205,057	252,235,125
Highway	**Total Highway**	**499,691,548**	**611,765,463**	**608,593,798**	**616,385,336**	**601,208,942**	**597,471,204**	**594,709,287**	**597,883,401**	**590,049,424**	**592,538,285**	**5,910,296,689**
Highway	**AET Implementation Project**	**1,400,000**	**8,200,000**	**34,333,200**	**121,958,966**	**134,260,191**	**83,138,041**	**0**	**0**	**0**	**0**	**383,290,399**
Highway	**Federally Reimbursed Funds**	**12,200,000**	**5,535,000**	**20,808,000**	**68,407,893**	**85,031,454**	**37,412,119**	**0**	**0**	**0**	**0**	**229,394,466**
Highway	**Highway Net**	**488,891,548**	**614,430,463**	**622,118,998**	**669,936,410**	**650,437,679**	**643,197,127**	**594,709,287**	**597,883,401**	**590,049,424**	**592,538,285**	**6,064,192,621**
	Re-capitalization	5,000,000	0	1,040,400	1,108,718	1,145,096	450,518	210,768	523,220	1,316,809	1,362,897	12,158,426
	Sustainment	12,715,000	13,340,375	16,662,006	12,571,458	14,590,755	15,115,833	15,635,945	16,193,881	16,482,713	14,838,023	148,145,989
	Compliance	3,000,000	3,075,000	4,161,600	4,434,872	4,590,092	4,750,745	4,917,021	5,089,117	5,267,236	5,451,589	44,737,273
	New Energy Initiative	2,405,242	1,451,324	964,433	962,339	1,090,147	1,128,302	1,167,793	1,208,665	1,250,969	1,294,752	12,923,966
	Facilities Design	22,312,000	24,066,158	11,159,905	16,879,762	15,530,319	16,033,765	16,594,947	17,175,770	16,460,113	17,036,217	173,248,956
FEMO	**Total FEMO**	**45,432,242**	**41,932,858**	**33,988,344**	**35,957,149**	**36,946,409**	**37,479,164**	**38,526,473**	**40,190,653**	**40,777,840**	**39,983,479**	**391,214,610**
	Fleet Equipment	10,922,335	12,794,898	8,771,187	8,583,319	9,534,556	12,090,053	12,427,894	12,964,727	19,731,213	12,720,080	120,540,262
Fleet Equipment	**Total Fleet Equipment**	**10,922,335**	**12,794,898**	**8,771,187**	**8,583,319**	**9,534,556**	**12,090,053**	**12,427,894**	**12,964,727**	**19,731,213**	**12,720,080**	**120,540,262**
	Functional Business Software	300,000	9,685,994	22,265,600	11,686,358	12,275,627	13,004,274	13,913,326	9,044,951	12,851,069	18,177,195	123,204,395
	Infrastructure HW / SW	5,060,000	7,134,000	4,317,660	4,556,830	4,945,824	4,881,391	5,298,090	4,847,384	1,527,498	1,580,961	44,149,639
	Toll Collect / Operations	12,428,316	1,240,250	0	0	0	0	0	0	0	0	13,668,566
Technology	**Total Technology**	**17,788,316**	**18,060,244**	**26,583,260**	**16,243,188**	**17,221,451**	**17,885,665**	**19,211,417**	**13,892,335**	**14,378,567**	**19,758,156**	**181,022,600**
Total Capital Plan		**563,034,441**	**687,218,462**	**691,461,789**	**730,720,066**	**714,140,096**	**710,652,008**	**664,875,071**	**664,931,116**	**664,937,044**	**665,000,001**	**6,756,970,094**

APPENDIX B

AUDITED 2012 AND 2011 FINANCIAL STATEMENTS

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BASIC FINANCIAL STATEMENTS

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania
Years Ended May 31, 2012 and 2011
With Report of Independent Auditors

Zelenkofske Axelrod LLC

A Certified Public Accounting and Auditing Firm

Table of Contents

INDEPENDENT AUDITORS' REPORT

The Commissioners
Pennsylvania Turnpike Commission
Middletown, Pennsylvania

We have audited the accompanying financial statements of the business-type activities of the Pennsylvania Turnpike Commission (the "Commission"), a component unit of the Commonwealth of Pennsylvania, as of and for the years ended May 31, 2012 and 2011, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Pennsylvania Turnpike Commission as of May 31, 2012 and 2011, and the changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, in 2012 the Pennsylvania Turnpike Commission adopted the provisions of Governmental Accounting Standards Board's Statement No. 59, *Financial Instrument Omnibus* and Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53.*

Zelenkofske Axelrod LLC

The Commissioners
Pennsylvania Turnpike Commission
Middletown, Pennsylvania

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

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedule of funding progress - postemployment healthcare benefits on pages 3 through 14 and page 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's financial statements as a whole. The section information on pages 70 through 82 is presented for the purpose of additional analysis and is not a required part of the financial statements. The section information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The section information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the section information is fairly stated in all material respects in relation to the financial statements as a whole.

Zelenkofske Axelrod LLC

ZELENKOFSKE AXELROD LLC

Harrisburg, Pennsylvania
August 30, 2012

The management of the Pennsylvania Turnpike Commission (hereinafter referred to as the Commission) offers this narrative overview and analysis of the Commission's financial activities for the year ended May 31, 2012, which should be read in conjunction with the Commission's basic financial statements. Certain amounts presented in the prior period have been reclassified to conform to the current period financial statements presentation.

Overview of the Basic Financial Statements

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

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

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

The statement of cash flows provides a detailed analysis of all sources and uses of cash. The direct method of cash flows is presented, 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.

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

Financial Analysis

Comparative Condensed Balance Sheets

	May 31		
	2012	2011	2010
		(In Thousands)	
Assets and deferred outflow of resources			
Current Assets	**$ 777,193**	$ 914,591	$ 834,547
Long-term investments	**898,014**	1,182,695	648,620
Capital assets, net of accumulated depreciation	**4,715,957**	4,564,858	4,390,675
Other assets	**100,316**	76,742	66,874
Total assets	**6,491,480**	6,738,886	5,940,716
Deferred outflow of resources	**198,518**	67,155	99,619
Total assets and deferred outflow of resources	**$ 6,689,998**	$ 6,806,041	$ 6,040,335
Liabilities, deferred inflow of resources, and net deficit			
Current liabilities	**$ 523,912**	$ 647,535	$ 488,003
Debt, net of unamortized premium and unamortized refunding losses	**7,776,161**	7,330,665	6,213,682
Other noncurrent liabilities	**284,892**	178,315	169,036
Total liabilities	**8,584,965**	8,156,515	6,870,721
Deferred inflow of resources	**33,229**	17,664	14,385
Net deficit:			
Invested in capital assets, net of related debt	**1,017,536**	1,086,340	1,186,992
Restricted for construction purposes	**235,965**	268,626	280,779
Restricted for debt service	**37,611**	39,433	59,706
Unrestricted deficit	**(3,219,308)**	(2,762,537)	(2,372,248)
Total net deficit	**(1,928,196)**	(1,368,138)	(844,771)
Total liabilities, deferred inflow of resources & net deficit	**$ 6,689,998**	$ 6,806,041	$ 6,040,335

Financial Analysis (continued)

The Commission's total net deficit was $1,928.2 million and $1,368.1 million as of May 31, 2012 and 2011, respectively. The large increases in net deficits in the fiscal years 2012 and 2011 were the result of the $450 million paid in both years to the Pennsylvania Department of Transportation (PennDOT) as required by Act 44 and the Lease and Funding Agreement (Funding Agreement) between the Commission and PennDOT. These payments were recorded as nonoperating expenses. Please refer to Note 8 (Commitments and Contingencies) of the financial statements and to the Events That Will Impact Financial Position section of this MD&A for additional information regarding Act 44 and the Funding Agreement between the Commission and PennDOT.

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

Total assets and deferred outflow of resources decreased by $116.0 million in fiscal year 2012. This 2012 decrease is mostly related to a decrease in cash and investments of $421.6 million offset by increases in capital assets and deferred outflow of resources of $151.1 million and $131.4 million, respectively. The decrease in cash & investments was mainly the result of the acquisition of capital assets and the payment of debt service. The increase in capital assets is related to capital asset additions of $476.6 million offset by $300.8 million of depreciation expense. See Note 5, Capital Assets, and the Capital Assets and Debt Administration section of this MD&A for additional information regarding the Commission's capital assets. The increase in deferred outflows of resources is the result of change in values of the Commission's hedging derivatives. See Note 8, Commitments and Contingencies for additional information regarding the Commission's hedging derivatives.

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

Total liabilities and deferred inflow of resources increased by $444.0 million in fiscal 2012 and by $1,289.1 million in fiscal 2011. The fiscal 2012 increase is largely due to the issuance of debt to fund payments to PennDOT as required by Act 44.

Financial Analysis (continued)

The fiscal 2011 increase is also mostly due to the issuance of new bonds which include the 2010 Series B Senior Build America Bonds, 2010 Series B Motor License Fund-Enhanced Special Revenue Bonds, 2010 Series C Subordinate Bonds, 2011 Series A Subordinate Bonds, 2011 Series A Motor License Fund-Enhanced Special Revenue Bonds, 2011 Series A Senior Bonds, and the 2011 Series B Senior Bonds. See Note 6, Debt and the Capital Assets and Debt Administration section of this MD&A for additional information.

Comparative Statements of Revenues and Expenses

	Year ended May 31		
	2012	2011	2010
	(In Thousands)		
Operating:			
Operating revenues	**$ 803,939**	$ 758,648	$ 710,101
Cost of services	**(387,506)**	(359,870)	(378,426)
Depreciation	**(300,777)**	(281,587)	(260,316)
Operating income	**115,656**	117,191	71,359
Nonoperating revenues (expenses):			
Investment earnings	**28,052**	24,566	18,030
Other nonoperating revenues	**21,196**	19,709	7,174
Act 44 payments to PennDOT	**(450,000)**	(450,000)	(900,000)
Capital assets transferred to PennDOT	**(22,783)**	-	(64,058)
Interest and bond expense	**(367,994)**	(333,275)	(263,931)
Nonoperating expenses, net	**(791,529)**	(739,000)	(1,202,785)
Loss before capital contributions	**(675,873)**	(621,809)	(1,131,426)
Capital contributions	**115,815**	98,442	130,172
Increase in net deficit	**$ (560,058)**	$ (523,367)	$ (1,001,254)

For fiscal years ended May 31, 2012, and 2011, operating and nonoperating revenues totaled $853.2 million, and $802.9 million, respectively, while expenses totaled $1,529.0 million, and $1,424.7 million, respectively.

Total revenues for fiscal 2012 were $50.3 million or 6.3% higher than fiscal 2011. The increase in total revenue was mainly related to a $41.1 increase in fare revenues resulting from a January 2012 toll increase of 10% for cash customers, the full year impact of the January 2011 toll increase of 3% for E-ZPass customers and 10% for cash customers and reductions in both January 2012 and January 2011 to the post-paid, commercial-volume-discount program. Total traffic volumes were flat in fiscal 2012 compared to fiscal 2011.

Financial Analysis (continued)

Additionally, other operating revenues were $4.2 million higher in fiscal 2012 than in fiscal 2011 due to a $5.7 million increase in fee revenues related to the E-ZPass program

Total revenues for fiscal 2011 were $67.6 million or 9.2% higher than fiscal 2010. The increase in total revenue was primarily due to an increase in operating revenues resulting from a 2011 toll increase of 3% for E-ZPass customers and 10% for cash customers and a reduction to the post-paid, commercial-volume-discount program implemented in January 2011. Traffic volumes grew 1.3% during fiscal 2011 which also contributed to the revenue growth. Additionally, other nonoperating revenues were $12.5 million higher in fiscal year 2011 than in fiscal year 2010. The increase was primarily related to a $10.7 million increase in the Build America Bond interest subsidy.

Total expenses for fiscal 2012 were $104.3 million higher than fiscal 2011 primarily due to increases in: cost of services of $27.6 million mainly related to increases in noncapitalizable contractor charges related to maintenance of the road, employee and retiree benefits, transponder expense and auto/general tort expense; depreciation expense of $19.2 related to an increase in assets being depreciated (see Note 5, Capital Assets); interest and bond expenses of $34.7 million related to the increase in debt (see Note 6, Debt); and capital assets transferred to PennDOT of $22.8 million as described in Note 2, Summary of Significant Accounting Policies.

Total expenses for fiscal 2011 were $442.0 million lower than fiscal 2010 as a result of a $450.0 million reduction in Act 44 payments to PennDOT.

Capital Assets and Debt Administration

Capital Assets

Capital assets consist of land and intangible assets (right-of-way easements), buildings, improvements, equipment, infrastructure, and assets under construction. Infrastructure assets are typically items that are immovable such as highways, bridges, and tunnels. The Commission's investment in capital assets at May 31, 2012 amounted to $9.3 billion of gross asset value with accumulated depreciation of $4.6 billion, leaving a net book value of $4.7 billion. The net book value of capital assets at May 31, 2011 was $4.6 billion. Capital assets represented 70.5% and 67.1% of the Commission's total assets and deferred outflow of resources at May 31, 2012 and 2011, respectively.

Assets under construction at the end of fiscal 2012 were $864.5 million, which was $287.0 million less than fiscal year 2011.

Financial Analysis (continued)

Capital Assets and Debt Administration (continued)

Capital Assets (continued)

In fiscal 2012, $708.5 million of constructed capital assets were completed which was $243.6 million more than the $464.9 million of constructed capital assets completed in fiscal year 2011. In addition to constructed capital assets, the Commission had capital asset additions of approximately $54.0 million and $41.0 million in fiscal years 2012 and 2011, respectively.

The Commission had $457.1 million of expenditures for the existing mainline system and $58.7 million to the Mon/Fayette Expressway and Southern Beltway roadway expansion (Act 61) projects during fiscal year 2012.

Roadway reconstruction totaling 79 miles has been completed. An additional 19 miles of roadway reconstruction has been initiated, and another 93 miles of reconstruction is currently in design. The Commission also completed 108 miles of roadway resurfacing, helping to maintain a quality-riding surface with a system wide median IRI (International Roughness Index) of 78 which is rated as good.

Construction of the new Monongahela River Bridge and replacement of the Lehigh River and Pohopoco Creek Bridges were completed in fiscal 2012. Of the Commission's bridges 7.2% are rated structurally deficient which is below the national average of 11.2%. Fifty-six of the 61 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. Equipment purchases and regular maintenance of existing equipment is ongoing to ensure the Turnpike fleet of dump trucks, plows, and other equipment is of sufficient number and functioning properly so that maintenance staff will be adequately equipped to maintain the roadway.

Phase 2 of the Uniontown to Brownsville project, a 7 mile section, recently opened to traffic on July 16, 2012. With the completion of Phase 2 for the Uniontown to Brownsville project, the Mon/Fayette Expressway is completed and open to traffic from the Pennsylvania/West Virginia Line to PA 51 in Jefferson Hills Borough, a distance of 54 miles.

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

Financial Analysis (continued)

Capital Assets and Debt Administration (continued)

Capital Assets (continued)

The Southern Beltway is a series of three independent projects that are planned to be constructed from the Mon/Fayette Expressway, near Finleyville, extending as part of a beltway south of Pittsburgh to Pennsylvania Route 60 at the Pittsburgh International Airport. One project constructed as part of the Southern Beltway is in operation. The S.R. 60 to U.S. 22, Findlay Connector, is a six-mile section of toll road in Allegheny County. The other two sections are in the design phase. I-79 to Mon/Fayette Expressway has completed the environmental phase and is inactive until additional financial resources are found.

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

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

A Federal Environmental Impact Statement Record of Decision was issued for the I-95 Turnpike interchange project in late 2004 and preliminary design for the project has been completed. Final design has been initiated for the proposed Stage 1 construction which would include the tolling modifications (such as a new mainline toll plaza near Milepost 352, open road tolling – westbound at the Delaware River Bridge and elimination of tolls at Delaware Valley Interchange) and the I-95 ramps which will bring the I-95 designation on the PA and NJ Turnpikes. There are also several early action overhead bridge replacements required prior to mainline construction. Two of the early action bridges replacements are completed and another two are in construction. An ITS project and wetland mitigation project is also in construction as part of Stage 1 construction. A Financial Plan has been developed that utilizes both federal funds and PTC funds for the Stage 1 construction. Additional funding is needed for the construction of the remaining two Stages of the project.

The above paragraphs describe the changes in capital assets occurring during the fiscal years ended May 31, 2012 and 2011. Please refer to the capital assets section in the notes to the financial statements (Note 5) for more detailed capital asset schedules.

Financial Analysis (continued)

Capital Assets and Debt Administration (continued)

Debt Administration

In April 2012, the Commission issued $94,935,000 2012 A Motor License Fund-Enhanced Subordinate Special Revenue Bonds at a fixed rate with a maturity date of December 1, 2042. The 2012 Series A Bonds were issued primarily to provide funds to finance the costs of making payments to PennDOT in accordance with Act 44.

In April 2012, the Commission issued $123,545,000 2012 Series A Subordinate Bonds at a fixed rate with a maturity date of December 1, 2042. The 2012 Series A Bonds were issued primarily to provide funds to finance the costs of making payments to PennDOT in accordance with Act 44.

In November 2011, the Commission issued $110,080,000 2011 Series E Senior Bonds at a fixed rate with a maturity date of December 1, 2030. The 2011 Series E Bonds were issued primarily to current refund the 2001 Series R Bonds.

In November 2011, the Commission issued $52,365,000 2011 Series D Senior Bonds at a variable rate with a maturity date of December 1, 2014. The 2011 Series D Bonds were issued primarily to partially refund the 2009 Series C Bonds.

In October 2011, the Commission issued $98,910,000 2011 Series B Motor License Fund Enhanced Subordinate Special Revenue Bonds at a fixed rate with a maturity date of December 1, 2041. The 2011 Series B Bonds were issued primarily to provide funds to finance the costs of making payments to PennDOT in accordance with Act 44.

In October 2011, the Commission issued $126,740,000 2011 Series B Subordinate Bonds at fixed rate with a maturity date of December 1, 2041. The 2011 Series B Bonds were issued primarily to provide funds to finance the costs of making payments to PennDOT in accordance with Act 44.

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

Financial Analysis (continued)

Capital Assets and Debt Administration (continued)

Debt Administration (continued)

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

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

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

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

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

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

Financial Analysis (continued)

Capital Assets and Debt Administration (continued)

Debt Administration (continued)

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

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

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

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

The above paragraphs describe debt activity occurring during the fiscal years ended May 31, 2012 and 2011. Please refer to the debt and commitments and contingencies sections in the notes to the financial statements (Notes 6 and 8) for more detailed schedules and descriptions of long-term debt and swap activity.

Events That Will Impact Financial Position

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

Act 44 obligated the Commission, among other things, to enter into an agreement with PennDOT to effectuate the provisions of Act 44 requiring the Commission to make substantial annual payments to PennDOT to provide funds for various transportation needs in the Commonwealth and granting the Commission the option to lease the Pennsylvania portion of Interstate 80 ("I-80") and to convert I-80 to a toll road (the "Conversion") subject to certain federal approvals and other conditions.

The Commission and PennDOT entered into a Lease and Funding Agreement, dated October 14, 2007 (the "Funding Agreement"), pursuant to which the Commission is required to make certain payments to PennDOT in quarterly installments and the Commission was granted the unilateral option to effectuate the Conversion at any time before the third anniversary of the Funding Agreement, which was October 14, 2010 (the "Conversion Period"), subject to extension as provided in the Funding Agreement. The term of the Funding Agreement is 50 years from its effective date, October 14, 2007.

The Federal Highway Administration's ("FHWA") approval of the tolling of I-80 was required in order for the Conversion to occur; however, the FHWA denied the Commission's application to toll I-80. The Commission has not appealed the FHWA's decision and did not extend the Conversion Period during the notice period under the Funding Agreement or give notice of Conversion.

Pursuant to the provisions of Act 44, payments to PennDOT have decreased to $450 million annually for the remaining term of the Funding Agreement effective beginning with Fiscal Year 2010-11.

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

Events That Will Impact Financial Position (continued)

The Commission submitted its Financial Plan for Fiscal Year 2012-13 on June 1, 2012 (the "Financial Plan"). The Financial Plan incorporates the Commission's Capital Plan, which provides for $6.76 billion in capital spending. This Capital Plan allows the Commission to accelerate a number of capital improvements and to pursue new initiatives to maintain and improve the System. The Commission's Financial Plan indicates that in fiscal Year 2011-12 it was able to meet all of its financial covenants and Act 44 obligations and was able to progress with its Capital Plan. Given the slow recovery of the economy, the Commission plans to continue the cost containment and efficiency measures it implemented within the past few years. These measures, together with future toll increases, are expected to allow the Commission to meet its financial covenants, Act 44 obligations, and capital needs during Fiscal Year 2012-13.

The Financial Plan concludes that the Commission will continue to meet all of its indenture covenants and all of its other obligations through the 2056-57 Fiscal Year. However, as a forward-looking report, the Financial Plan makes certain assumptions, including future toll increases, to reach its conclusion that the financial covenants, Act 44 obligations and capital needs will be met beyond Fiscal Year 2012-13. Key among these assumptions is the Commission's ability to raise all tolls throughout the System. The Financial Plan reflects the expected full year effects of the January 2012 toll increase and the expected partial year impacts of the planned January 2013 toll increase. The Financial Plan does not assume any tolling of I-80 and assumes the $450 million reduced level of funding obligations required by Act 44. No assurances can be made by the Commission with respect to the assumptions made or conclusions reached in the Financial Plan. A complete copy of the Financial Plan can be obtained by the contacting the Commission.

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

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania

Balance Sheets

	May 31 2012	May 31 2011
	(In Thousands)	
Assets and deferred outflow of resources		
Current assets:		
Cash and cash equivalents	**$ 100,804**	$ 126,084
Short-term investments	**25,545**	8,196
Accounts receivable	**36,254**	34,032
Accrued interest receivable	**2,252**	1,632
Inventories	**19,576**	23,549
Restricted current assets:		
Cash and cash equivalents	**351,584**	470,461
Short-term investments	**231,363**	241,482
Accounts receivable	**5,959**	3,707
Accrued interest receivable	**3,856**	5,448
Total current assets	**777,193**	914,591
Noncurrent assets:		
Long-term investments:		
Long-term investments unrestricted	**265,732**	175,564
Long-term investments restricted	**632,282**	1,007,131
Total long-term investments	**898,014**	1,182,695
Capital assets not being depreciated:		
Land and intangibles	**256,175**	248,011
Assets under construction	**864,474**	1,151,520
Capital assets being depreciated:		
Buildings	**832,592**	813,936
Improvements other than buildings	**95,198**	92,725
Equipment	**531,210**	498,255
Infrastructure	**6,704,803**	6,041,749
Total capital assets before accumulated depreciation	**9,284,452**	8,846,196
Less accumulated depreciation	**4,568,495**	4,281,338
Total capital assets after accumulated depreciation	**4,715,957**	4,564,858
Other assets:		
Other assets	**28,914**	3,586
Deferred issuance costs	**71,402**	73,156
Total other assets	**100,316**	76,742
Total noncurrent assets	**5,714,287**	5,824,295
Total assets	**6,491,480**	6,738,886
Deferred outflow of resources	**198,518**	67,155
Total assets and deferred outflow of resources	**$ 6,689,998**	$ 6,806,041

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

Pennsylvania Turnpike Commission

A Component Unit of the Commonwealth of Pennsylvania

Balance Sheets (continued)

	May 31 2012	2011
	(In Thousands)	
Liabilities, deferred inflow of resources, and net deficit		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 355,803**	$ 307,119
Current portion of debt	**127,275**	304,540
Unearned income	**40,834**	35,876
Total current liabilities	**523,912**	647,535
Noncurrent liabilities:		
Debt, less current portion, net of unamortized premium of $117,576 and $92,167 in 2012 and 2011, respectively, and net of unamortized refunding loss of $166,511 and $176,560 in 2012 and 2011, respectively	**7,776,161**	7,330,665
Other noncurrent liabilities	**284,892**	178,315
Total noncurrent liabilities	**8,061,053**	7,508,980
Total liabilities	**8,584,965**	8,156,515
Deferred inflow of resources	**33,229**	17,664
Net deficit:		
Invested in capital assets, net of related debt	**1,017,536**	1,086,340
Restricted for construction purposes	**235,965**	268,626
Restricted for debt service	**37,611**	39,433
Unrestricted deficit	**(3,219,308)**	(2,762,537)
Total net deficit	**(1,928,196)**	(1,368,138)
Total liabilities, deferred inflow of resources, and net deficit	**$ 6,689,998**	$ 6,806,041

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

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania

Statements of Revenues, Expenses, and Changes in Net Deficit

	Year Ended May 31	
	2012	2011
	(In Thousands)	
Operating revenues:		
Fares – net of discounts of $16,981 and $24,152 for the years ended May 31, 2012 and 2011, respectively	**$ 780,798**	$ 739,704
Other	**23,141**	18,944
Total operating revenues	**803,939**	758,648
Operating expenses:		
Cost of services	**387,506**	359,870
Depreciation	**300,777**	281,587
Total operating expenses	**688,283**	641,457
Operating income	**115,656**	117,191
Nonoperating revenues (expenses):		
Investment earnings	**28,052**	24,566
Other nonoperating revenues	**21,196**	19,709
Act 44 payments to PennDOT	**(450,000)**	(450,000)
Capital assets transferred to PennDOT	**(22,783)**	-
Interest and bond expense	**(367,994)**	(333,275)
Nonoperating expenses, net	**(791,529)**	(739,000)
Loss before capital contributions	**(675,873)**	(621,809)
Capital contributions	**115,815**	98,442
Decrease in net assets	**(560,058)**	(523,367)
Net deficit at beginning of year	**(1,368,138)**	(844,771)
Net deficit at end of year	**$ (1,928,196)**	$ (1,368,138)

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

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania

Statements of Cash Flows

	Year Ended May 31 **2012**	2011
	(In Thousands)	
Operating activities		
Cash received from customer tolls and deposits	**$ 799,163**	$ 754,954
Cash payments for goods and services	**(261,579)**	(233,183)
Cash payments to employees	**(139,717)**	(134,214)
Cash received from other operating activities	**9,649**	8,643
Net cash provided by operating activities	**407,516**	396,200
Investing activities		
Proceeds from sales and maturities of investments	**2,498,230**	3,509,081
Interest received on investments	**29,328**	22,115
Purchases of investments	**(2,188,178)**	(4,129,896)
Net cash provided by (used for) investing activities	**339,380**	(598,700)
Capital and related financing activities		
Capital grants received	**9,183**	13,232
Cash proceeds from motor license grant	**28,000**	28,000
Cash proceeds from oil company franchise tax	**61,897**	60,996
Construction and acquisition of capital assets	**(456,849)**	(473,681)
Proceeds from sale of capital assets	**862**	2,976
Payments for bond and swap expenses	**(595)**	(3,350)
Payments for redemption of debt	**(407,775)**	(565,700)
Interest paid on debt	**(182,962)**	(158,842)
Interest subsidy from Build America Bonds	**22,387**	19,192
Swap upfront payments	**-**	14,236
Proceeds from debt issuances	**167,906**	1,508,681
Net cash (used for) provided by capital and related financing activities	**(757,946)**	445,740
Noncapital financing activities		
Cash payments to PennDOT	**(450,000)**	(450,000)
Payments for bond and swap expenses	**(1,180)**	(796)
Payments for redemption of debt	**(12,245)**	(394,525)
Interest paid on debt	**(137,788)**	(123,043)
Proceeds from debt issuances	**468,106**	706,239
Net cash used for noncapital financing activities	**(133,107)**	(262,125)
Decrease in cash and cash equivalents	**(144,157)**	(18,885)
Cash and cash equivalents at beginning of year	**596,545**	615,430
Cash and cash equivalents at end of year	**$ 452,388**	$ 596,545

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

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania

Statements of Cash Flows (continued)

	Year Ended May 31	
	2012	2011
	(In Thousands)	
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	**$ 115,656**	$ 117,191
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	**300,777**	281,587
Change in operating assets and liabilities:		
Accounts receivable	**(2,975)**	79
Inventories	**3,973**	(1,247)
Other assets	**(25,328)**	(1,746)
Accounts payable and accrued liabilities	**9,923**	4,601
Other noncurrent liabilities	**5,490**	(4,265)
Net cash provided by operating activities	**$ 407,516**	$ 396,200
Reconciliation of cash and cash equivalents to the Balance Sheets:		
Cash and cash equivalents	**$ 100,804**	$ 126,084
Restricted cash and cash equivalents	**351,584**	470,461
Total cash and cash equivalents	**$ 452,388**	$ 596,545

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

Statements of Cash Flows (continued)

Noncash Activities

The Commission recorded a net decrease of $1.9 million and $0.3 million in the fair value of its investments for the years ended May 31, 2012 and 2011, respectively.

The Commission recorded $6.0 million and $5.8 million for the amortization of bond premiums for the years ended May 31, 2012 and 2011, respectively.

The Commission recorded $23.0 million and $20.0 million in expenses for amortization of deferred refunding losses, amortization of bond issuance costs and amortization of swap agreement costs for the years ended May 31, 2012 and 2011, respectively.

The Commission recorded an interest expense reduction of $8.8 million and $6.7 million for the years ended May 31, 2012 and 2011, respectively, related to GASB 53 entries.

The Commission has entered into contracts with the operators of service plaza restaurants and service stations to totally reconstruct several service plazas. The service plaza operators provide the capital for the reconstruction in exchange for lower rental rates. The Commission assumes ownership of the reconstructed assets upon completion and records the assets as capital contributions. For the year ended May 31, 2012, the Commission received assets with a total fair value of $15.2 million. The Commission did not receive any assets for the year ended May 31, 2011.

In fiscal year 2012, the Commission wrote down the value of its transponder inventory by $4.6 million to reflect lower market costs.

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 $22.8 million to PennDOT during the fiscal year ended May 31, 2012. The Commission did not transfer any assets to PennDOT during the fiscal year ended May 31, 2011.

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

1. Financial Reporting Entity

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

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

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

2. Summary of Significant Accounting Policies

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

Application of FASB Pronouncements

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

Basis of Accounting

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

2. Summary of Significant Accounting Policies (continued)

Cash Equivalents

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

Investments

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

Capital Assets

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

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

Inventories

Inventories are valued at the lower of average cost (determined on a first-in, first-out method) or market. In fiscal year 2012, the Commission wrote down the value of its transponder inventory by $4.6 million to reflect lower market costs.

Debt Premium/Discount and Issuance Costs

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

2. Summary of Significant Accounting Policies (continued)

Unearned Income

Unearned income is primarily related to E-ZPass customer deposits and deferred revenues related to microwave tower leases. E-ZPass customers of the Commission are required to deposit funds in advance of anticipated travel. Since this money is collected prior to the customers' travel and revenue recognition, it is recorded as unearned income. The Commission had unearned income of $40.8 and $35.9 million at May 31, 2012 and 2011, respectively.

Net Assets (Deficit)

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

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

Operating Revenues

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

Fare Revenues

Fare revenues are recognized when vehicles exit the Turnpike System. As of May 31, 2012 and 2011, approximately 66.8% and 65.0%, respectively, of the fare revenues were realized through electronic toll collection; the remainder was realized through cash collection or a credit card program for military and class 9 vehicles.

2. Summary of Significant Accounting Policies (continued)

Operating Expenses

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

Cost of Services

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

Utilization of Resources

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

Nonoperating Revenues (Expenses)

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

Act 44 Payments to PennDOT

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

Capital Assets Transferred to PennDOT

The Commission and PennDOT entered into an agreement regarding ownership of overhead bridges that carry state roads. Per the agreement, once the Commission replaces these overhead bridges, and after final inspections and supplemental agreements are signed by both parties, ownership and maintenance responsibilities of the bridges are transferred from the Commission to PennDOT. The Commission transferred assets with a net book value of $22.8 million to PennDOT during the fiscal year ended May 31, 2012. The Commission did not transfer any assets to PennDOT during the fiscal year ended May 31, 2011.

2. Summary of Significant Accounting Policies (continued)

Capital Contributions

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

Oil Company Franchise Tax Revenues

The Commission receives 14% of the additional 55 mills of the Commonwealth's Oil Company Franchise Tax revenues pursuant to Act 26 established in 1991. The revenues totaled $63.2 million and $61.0 million for the fiscal years ended May 31, 2012 and 2011, respectively. These revenues are kept in a separate fund as required by the applicable bond indenture.

Motor License Registration Fee Revenues

The Commission received $28.0 million in grants during each of the fiscal years ended May 31, 2012 and 2011 from the Commonwealth's Motor License Fund. The Commission has elected to account for this grant in a separate fund.

Reimbursements from Other Governments

The Commission receives grants from other governments for reimbursement of costs for various highway construction projects. During the fiscal years ended May 31, 2012 and 2011, the Commission recognized $9.4 million and $9.4 million, respectively, as capital contributions from the Federal government.

Other Capital Contributions

The Commission has entered into contracts with the operators of service plaza restaurants and service stations to totally reconstruct several service plazas. The service plaza operators provide the capital for the reconstruction in exchange for lower rental rates. The Commission assumes ownership of the reconstructed assets upon completion and records the assets as contributions. For the fiscal year ended May 31, 2012, the Commission received assets with a total fair value of $15.2 million. The Commission did not receive any reconstructed assets related to service plazas for the fiscal year ended May 31, 2011.

2. Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Pronouncements

In June 2010, the GASB issued Statement No. 59, *Financial Instruments Omnibus.* The Statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. The Commission adopted Statement No. 59 during the fiscal year ended May 31, 2012. The adoption of this statement had no impact on the Commission's financial statements for fiscal year ending May 31, 2012.

In June 2011, the GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions-an amendment of GASB Statement No. 53.* The Commission early adopted Statement No. 64 during the fiscal year ended May 31, 2012. The early adoption of this statement had no impact on the Commission's financial statements for fiscal year ending May 31, 2012.

Pending Changes in Accounting Principles

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

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

Pending Changes in Accounting Principles (continued)

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The Commission is required to adopt statement No. 65 for its fiscal year ended May 31, 2014.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*. The Commission is required to adopt statement No. 66 for its fiscal year ended May 31, 2014.

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25.* The Commission is required to adopt statement No. 67 for its fiscal year ended May 31, 2015.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.* The Commission is required to adopt statement No. 68 for its fiscal year ended May 31, 2016.

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

3. Indenture Requirements and Restrictions

The Commission's debt has been issued under the provisions of a Trust Indenture, dated July 1, 1986, which was amended and restated as of March 1, 2001 as supplemented; a Trust Indenture dated August 1, 1998 (1998 Indenture) as supplemented; and a Trust Indenture dated July 1, 2005 (collectively referred to as the Indentures) between the Commission and the Trustee (U.S. Bank Corp., successor to Wachovia Bank); and a Subordinate Trust Indenture dated April 1, 2008, between the Commission and TD Bank, N.A. as Trustee, as amended and as supplemented; and a Trust Indenture dated April 1, 2012 between the Commission and the Trustee (Wells Fargo Bank, N.A. successor to TD Bank, N.A.) Accordingly, certain activities of the Commission are restricted by the Indentures.

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

4. Cash and Investments

Cash and Cash Equivalents

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

Cash and Cash Equivalent and Investment Types	May 31 2012	May 31 2011
	(In Thousands)	
U.S. Treasuries	**$ 28,426**	$ 120,632
GNMA mortgages	**15,245**	19,213
Government agency securities	**258,724**	551,509
Municipal bonds	**376,526**	449,741
Corporate obligations	**453,432**	271,136
Total investment securities	**1,132,353**	1,412,231
Investment derivatives – basis swaps	**22,569**	20,142
Cash and cash equivalents	**452,388**	596,545
Total cash and cash equivalents and investments	**$ 1,607,310**	$ 2,028,918

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

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

	Total Bank Balance	Total Book Balance
	(In Thousands)	
May 31, 2012		
Cash and cash equivalents	**$ 460,918**	**$ 452,388**
May 31, 2011		
Cash and cash equivalents	$ 594,869	$ 596,545

4. Cash and Investments (continued)

Cash Equivalents and Investment Securities

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

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

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

- U.S. Treasury Bills, Notes, Bonds, Strips;
- Time Deposits issued by a banking association organized and doing business under the laws of the United States of America or of any state that may have a combined capital and surplus of at least $50,000,000;
- Certificates of Deposit that are fully collateralized and issued by a bank, savings and loan or trust company organized under the laws of the United States or any state thereof;
- Investment Agreements with a bank, a bank holding company or a financial institution that has outstanding long-term indebtedness rated "AA" or better by Moody's and S&P;
- Obligations of any federal agencies which obligations are backed by the full faith and credit of the United States of America;

4. Cash and Investments (continued)

Cash Equivalents and Investment Securities (continued)

- Senior debt obligations rated "AAA" by S&P and "Aaa" by Moody's and issued by government-sponsored enterprises which include Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation; and Federal National Mortgage Association;

- Mortgage-backed securities issued by an approved Federal agency and collateralized mortgage obligations with ratings of Aaa by Moody's and AAA by S&P's;

- Debt obligations of any state or local government entity with securities rated in the Aa/AA category;

- Commercial paper rated not less than "A-1/P-1/F-1", corporate bonds rated "Aa3/AA-" or better, and asset-backed securities rated "AAA";

- Repurchase agreements with banks or primary government dealers reporting to the Federal Reserve Bank of New York, collateralized by investments with a minimum 102% valuation in securities of U.S. Treasury bills, notes, bonds, strips, or obligations of any of federal agencies or senior debt obligations described above; and

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

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

The investment policy imposes the following additional limitations:

- Investments in any single Federal agency are limited to 35% of the portfolio.

- Investments in certificates of deposit and investment agreements are limited to 30% of the portfolio.

- Combined exposure to commercial paper, corporate bonds, and asset-backed securities, in aggregate, is limited to 35% of the total portfolio.

4. Cash and Investments (continued)

Cash Equivalents and Investment Securities (continued)

- Investments in any single issuer, excluding U.S. Treasury and Federal Agencies, are limited to 5% of the portfolio.

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

The Commission's exposure to credit risk for investment securities as of May 31, 2012 is as follows:

	Quality Rating					
Investment Type	**AAA**	**AA**	**A**	**A-1**	**Below A**	**Total**
			(In Thousands)			
Government agency securities	$ 258,724	$ -	$ -	$ -	$ -	$ 258,724
Municipal bonds	59,226	263,536	28,309	25,455	-	376,526
Corporate obligations	87,898	241,520	16,768	106,058	1,188	453,432
	$ 405,848	$ 505,056	$ 45,077	$ 131,513	$ 1,188	$ 1,088,682

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, 2012, the Commission had investments of more than 5% of its consolidated portfolio with the following issuer:

Issuer	**Amount**	**Percentage of Total Investment Securities**
	(In Thousands)	
Federal National Mortgage Association	$ 118,668	7.49%

4. Cash and Investments (continued)

Interest Rate Risk

On May 31, 2012, the effective duration of the Commission's investments, by type, was as follows:

Investment Type	Fair Value	Effective Duration
	(In Thousands)	*(In Years)*
U.S. Treasuries	$ 28,426	2.6555
GNMA mortgages	15,245	2.4614
Government agency securities	258,724	1.3655
Municipal bonds	376,526	1.4010
Corporate obligations	453,432	1.3694
Total investment securities	$ 1,132,353	

Investment Derivatives – Basis Swaps

Following is a summary of the Commission's basis swaps at May 31, 2012:

	Notional Amount *(Thousands)*	Weighted Avg. Mat. *(Years)*	Effective Date	Maturity Date	Terms	Fair Value *(Thousands)*	Counterparty	Credit Ratings Moody's/ S&P's/Fitch
	$ 107,784					$ 5,011	JP Morgan Chase	Aa1/A+/A+
	107,784					6,600	Merrill Lynch	Baa1/A-/A
	107,784				Pay 67% of 1-month LIBOR	3,934	PNC	A2/A/A+
	134,733				Receive 60.08% of 10-year	8,250	UBS AG	Aa3/A/A
A	458,085	9.5	7/1/2007	12/1/2030	LIBOR	23,795		
	112,000				Pay SIFMA	(7,613)	JP Morgan Chase	Aa1/A+/A+
	48,000				Receive 63% of 1-month	(3,263)	UBS AG	Aa3/A/A
B	160,000	17.1	8/14/2003	12/1/2032	LIBOR + 20 basis points	(10,876)		
	80,000				Pay 67% of 1-month LIBOR	4,721	JP Morgan Chase	Aa1/A+/A+
	80,000				Receive 60.15% of 10-year	4,721	Royal Bank of Canada	Aa1/AA-/AA
C	160,000	17.0	11/15/2007	11/5/2032	LIBOR	9,442		
D	147,595	16.6	6/1/2010	6/1/2039	Pay SIFMA Receive 96.68% of 3-month LIBOR	3,663	GSMMDP	Aa1/AAA/NR
E	147,595	16.6	6/1/2010	6/1/2039	Pay SIFMA Receive 99.80% of 3-month LIBOR	3,726	Deutsche Bank	Aa3/A+/A+
F	107,784	2.5	1/1/2011	1/1/2015	Pay 60.08% of 10-year LIBOR Receive 67% of 1-month LIBOR	(3,188)	Deutsche Bank	Aa3/A+/A+
G	134,733	2.5	1/1/2011	1/1/2015	Pay 60.08% of 10-year LIBOR Receive 67% of 1-month LIBOR	(3,993)	Deutsche Bank	Aa3/A+/A+
						$ 22,569		

1-month LIBOR was 0.23875% at May 31, 2012
3-month LIBOR was 0.46685% at May 31, 2012
10-year LIBOR was 1.722% at May 31, 2012
SIFMA was 0.18% at May 31, 2012

See Note 8 for additional disclosures regarding derivative instruments.

5. Capital Assets

Summaries of changes to capital assets for the years ended May 31, 2012 and 2011 are as follows:

	Balance May 31, 2011	Additions	Transfers	Retirements	Balance May 31, 2012
			(In Thousands)		
Capital assets not being depreciated (cost)					
Land and intangibles	$ 248,011	$ 8,164	$ -	$ -	$ 256,175
Assets under construction	1,151,520	422,605	(708,518)	1,133	$ 864,474
Total capital assets not being depreciated	1,399,531	430,769	(708,518)	1,133	1,120,649
Capital assets being depreciated (cost)					
Buildings	813,936	12,398	12,435	6,177	832,592
Improvements other than buildings	92,725	1,590	883	-	95,198
Equipment	498,255	17,722	22,882	7,649	531,210
Infrastructure	6,041,749	14,106	672,318	23,370	6,704,803
Total capital assets being depreciated	7,446,665	45,816	708,518	37,196	8,163,803
Less accumulated depreciation for:					
Buildings	277,522	23,033	-	6,177	294,378
Improvements other than buildings	57,863	3,911	-	-	61,774
Equipment	349,082	27,252	-	6,856	369,478
Infrastructure	3,596,871	246,581	-	587	3,842,865
Total accumulated depreciation	4,281,338	300,777	-	13,620	4,568,495
Total capital assets being depreciated, net	3,165,327	(254,961)	708,518	23,576	3,595,308
Total capital assets	$ 4,564,858	$ 175,808	$ -	$ 24,709	$ 4,715,957

5. Capital Assets (continued)

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

The Commission incurred interest costs of $13.4 million and $16.9 million for the fiscal years ended May 31, 2012 and 2011, respectively, which qualified for capitalization. For fiscal year 2011 the interest expense was offset by $0.3 million of interest income resulting in a net capitalization of $16.6 million. For fiscal year 2012, there was no interest income offset; therefore, the full $13.4 million was capitalized.

6. Debt

Following is a summary of debt outstanding:

	May 31	
	2012	2011
	(In Thousands)	
Mainline Senior Debt		
2001 Series R: Issued $186,025 in March 2001 at 5.00% to 5.125% due in varying installments through December 1, 2012. Interest paid each June 1 and December 1. Refunded in December 2011.	**$ -**	$ 186,025
2001 Series S: Issued $244,925 in May 2001 at 3.40% to 5.60% due in varying installments through June 1, 2015. Interest paid each June 1 and December 1. Refunded in June 2011.	**-**	107,650
2001 Series T: Issued $86,660 in September 2001 at 4.13% to 5.50%, due in varying installments through December 1, 2013. Interest paid each June 1 and December 1.	**40,260**	52,770
2004 Series A: Issued $269,245 in June 2004 at 5.00% to 5.50%, due in varying installments through December 1, 2034. Interest paid each June 1 and December 1.	**269,245**	269,245
2006 Series A: Issued $118,015 in June 2006 at 5.00%, due in varying installments through December 1, 2026. Interest paid each June 1 and December 1.	**118,015**	118,015
2008 Series B Multi-Modal: Issued $402,000 in May 2008 at a variable rate (based on SIFMA, reset weekly, paid the 1st of each month), due in varying installments through December 1, 2038. Series B-2 through B-6 refunded in May 2011.	**100,000**	100,000
2008 Series C Multi-Modal Revenue: Issued $50,000 in August 2008 at a variable rate (based on SIFMA, reset weekly, paid the 1st of each month), due in varying installments through June 1, 2038.	**50,000**	50,000
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
2009 Series B: Issued $375,010 in December 2009 at 3% to 5%, due in varying installments through December 1, 2025. Interest paid each June 1 and December 1.	**375,010**	375,010
2009 Series C: Issued $208,280 in December 2009 at a variable rate (based on SIFMA + 0.52% to 1.05%, paid the 1st of each month), due in varying installments through December 1, 2014. Partially refunded in November 2011.	**156,210**	208,280
2010 Series A: Issued $209,230 in July 2010 at a variable rate (based on SIFMA, reset weekly, paid the 1st of each month), due in varying installments through December 1, 2036.	**198,725**	202,840
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% to 5%, due in varying installments through December 1, 2023. Interest paid each June 1 and December 1.	**68,660**	68,660
2011 Series B: Issued $92,035 in April 2011 at a variable rate (based on SIFMA, reset weekly, paid the 1st of each month), due in varying installments through June 1, 2015.	**69,860**	92,035
2011 Series C: Issued $298,330 in May 2011 at a variable rate (based on SIFMA, reset weekly, paid the 1st of each month), due in varying installments through December 1, 2038.	**296,390**	298,330
2011 Series D: Issued $52,365 in November 2011 at a variable rate (based on SIFMA +0.05% to 0.55%, reset weekly, paid the 1st of each month) due in varying installments through December 1, 2014.	**52,365**	-

6. Debt (continued)

	May 31 2012	May 31 2011
	(In Thousands)	
Mainline Senior Debt (continued)		
2011 Series E: Issued $110,080 in November 2011 at 3.63% to 5%, due in varying installments through December 1, 2030. Interest paid each June 1 and December 1.	**$ 110,080**	$ -
Total Mainline Senior Debt Payable	**2,779,820**	3,003,860
Mainline Subordinate Debt		
2008 Sub-Series A-1 Subordinate: Issued $176,565 in April 2008 at 4.125% to 5.00%, due in varying installments through June 1, 2038. Interest paid each June 1 and December 1.	**176,565**	176,565
2008 Sub-Series A-2 Subordinate (Federally Taxable): Issued $68,290 in April 2008 at 3.74% to 6.41%, due in varying installments through June 1, 2022. Interest paid each June 1 and December 1.	**58,060**	61,975
2008 Sub-Series B-1, B-2 Subordinate (B-2 Federally Taxable): Issued $233,905 in July 2008 at 5.00% to 7.47%, due in varying installments through June 1, 2036. Interest paid each June 1 and December 1.	**233,905**	233,905
2008 Sub-Series C-1, C-3, C-4 Subordinate (C-4 Federally Taxable): Issued $411,110 in October 2008 at 4.00% to 6.25%, due in varying installments through June 1, 2038. Interest paid each June 1 and December 1. Sub-Series C-3 refunded July 2009 and Sub-Series C-4 refunded June 2010.	**225,000**	228,230
2009 Series A Subordinate: Issued $308,035 in January 2009 at 3.00% to 5.00%, due in varying installments through June 1, 2039. Interest paid each June 1 and December 1.	**297,985**	303,085
2009 Series B Subordinate: Issued $856,735 in July 2009 at 3.00% to 5.75%, due in varying installments through June 1, 2039. Interest paid each June 1 and December 1.	**856,735**	856,735
2009 Series C Subordinate: Issued $99,998 in July 2009 at 6.25%, due in varying installments through June 1, 2033. Interest to be compounded semi-annually from July 2009 until June 1, 2016, thereafter paid each June 1 and December 1. Series C issued as Capital Appreciation Bonds (CABs). Compounded interest to be paid at maturity or earlier redemption.	**119,108**	111,999
2009 Series D Subordinate: Issued $324,745 in October 2009 at 4.00% to 5.50%, due in varying installments through December 1, 2041. Interest paid each June 1 and December 1.	**324,745**	324,745
2009 Series E Subordinate: Issued $200,005 in October 2009 at 6.00% to 6.375%, due in varying installments through December 1, 2038. Interest to be compounded semi-annually from October 2009 to December 1, 2017, thereafter paid each June 1 and December 1. Series E issued as CABs. The compounded interest to be paid at maturity or earlier redemption.	**234,817**	220,734
2010 Sub-Series A-1, A-2, A-3 Subordinate Motor License Fund-Enhanced 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 will compound 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.	**197,697**	192,210
2010 Sub-Series B-1, B-2 Subordinate: Issued $273,526 in July 2010 at 5.00%. Sub-Series B-1 due in varying installments through December 1, 2037. Sub-Series B-2 issued as convertible CABs. Interest compounded semi-annually until December 1, 2015, thereafter paid each June 1 and December 1. Compounded interest paid at maturity or earlier redemption.	**292,354**	281,885

6. Debt (continued)

	May 31 2012	May 31 2011
	(In Thousands)	
Mainline Subordinate Debt (continued)		
2010 Sub-Series B-1, B-2, B-3 Subordinate Motor License Fund-Enhanced Special Revenue: Issued $105,299 in October 2010 at 3.95% to 5.125%, due in varying installments through December 1, 2040. Sub-Series B-1 interest paid each June 1 and December 1. Sub-Series B-2 issued as convertible CABs. Interest compounded semi-annually until December 1, 2015, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption. Sub-Series B-3 issued as CABs with interest paid at maturity or earlier redemption.	**$ 110,301**	$ 106,852
2010 Sub-Series C-1, C-2, C-3 Subordinate: 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.	**146,308**	141,592
2011 Series A Subordinate: Issued $135,655 in April 2011 at 5.00% to 6.50%, due in varying installments through December 1, 2041. Interest paid each June 1 and December 1.	**135,655**	135,655
2011 Series A Subordinate Motor License Fund-Enhanced Special Revenue: Issued $102,620 in April 2011 at 5.00% to 6.00%, due in varying installments through December 1, 2041. Interest paid each June 1 and December 1.	**102,620**	102,620
2011 Series B Subordinate: 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.	**126,740**	-
2011 Series B Subordinate Motor License Fund-Enhanced 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.	**98,910**	-
2012 Series A Subordinate: 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.	**123,545**	-
2012 Series A Subordinate Motor License Fund-Enhanced 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.	**94,935**	-
Total Mainline Subordinate Debt Payable	**3,955,985**	3,478,787
Total Mainline Senior and Subordinate Debt Payable	**6,735,805**	6,482,647

6. Debt (continued)

	May 31 2012	May 31 2011
	(In Thousands)	
Oil Company Franchise Tax Senior Debt		
2003 Series A Oil Company Franchise Tax Revenue: Issued $124,730 in August 2003 at 2.50% to 5.25%, due in varying installments through December 1, 2024. Interest paid each June 1 and December 1. Partially defeased in November 2006.	**$ 40,510**	$ 45,015
2003 Series B Oil Company Franchise Tax Revenue: Issued $197,955 in August 2003 at 2.38% to 5.50%, due in varying installments through December 1, 2032. Interest paid each June 1 and December 1. Partially defeased in November 2006.	**59,075**	62,815
2003 Series C Oil Company Franchise Tax Multi-Modal Revenue: Issued $160,000 in August 2003 at a variable rate, converted to a fixed rate of 5.00% in May 2008, due in varying installments through December 1, 2032. Interest paid each June 1 and December 1.	**160,000**	160,000
2006 Series A Oil Company Franchise Tax Revenue Refunding: Issued $98,705 in November 2006 at 5.00%, due in varying installments through December 1, 2023. Interest paid each June 1 and December 1.	**93,585**	96,360
2006 Series B Oil Company Franchise Tax Revenue Refunding: Issued $141,970 in November 2006 at 3.75% to 5.00%, due in varying installments through December 1, 2031. Interest paid each June 1 and December 1.	**138,540**	140,620
2009 Series A, B, C Oil Company 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.	**163,601**	163,991
Total Oil Company Franchise Tax Senior Debt Payable	**655,311**	668,801
Oil Company Franchise Tax Subordinate Debt		
2009 Series D, E Subordinate Oil Company 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.	**131,210**	132,010
Total Oil Company Franchise Tax Senior and Subordinate Debt Payable	**786,521**	800,811
Motor License Registration Fee Debt		
2005 Series A: Issued $234,135 in August 2005 at 3.25% to 5.25%, due in varying installments through July 15, 2030. Interest paid each January 15 and July 15.	**198,620**	204,715
2005 Series B, C, D: Issued $231,425 in August 2005 at a variable rate (based on SIFMA, reset weekly, paid the 15th of each month), due in varying installments through July 15, 2041.	**231,425**	231,425
Total Motor License Registration Fee Debt Payable	**430,045**	436,140
Total Debt Payable	**7,952,371**	7,719,598
Unamortized premium	**117,576**	92,167
Unamortized deferred loss on refundings	**(166,511)**	(176,560)
Total debt, net of unamortized premium and deferred loss on refundings	**7,903,436**	7,635,205
Less current portion	**127,275**	304,540
Debt, noncurrent portion	**$ 7,776,161**	$7,330,665

SIFMA was 0.18% on May 31, 2012

6. Debt (continued)

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

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

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

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

Pursuant to Section 20 of Act 3, the Commonwealth appropriates $28.0 million of Act 3 revenues to the Commission annually. The $28.0 million is payable to the Commission in the amount of $2,333,333 per month. The Registration Fee Revenue Bonds are secured by a pledge and assignment by the Commission to the Trustee of any receipts, revenues and other moneys received by the Trustee on or after the date of the Indenture from the Commission's allocation of Act 3 revenues and any income earned on any fund or account established pursuant to the Indenture.

6. Debt (continued)

Changes in debt are as follows:

	Balance at June 1, 2011	Additions	Reductions	Balance at May 31, 2012	Due Within One Year
			(In Thousands)		
Mainline debt	$ 6,482,647	$ 651,888	$ 398,730	$ 6,735,805	$ 105,030
Oil Company Franchise Tax debt	800,811	905	15,195	786,521	15,850
Motor License Registration Fee debt	436,140	-	6,095	430,045	6,395
	7,719,598	652,793	420,020	7,952,371	127,275
Premium (discount), net	92,167	32,160	6,751	117,576	-
Unamortized deferred loss on refundings	(176,560)	(13,700)	(23,749)	(166,511)	-
	$ 7,635,205	$ 671,253	$ 403,022	$ 7,903,436	$ 127,275

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

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

In July 2010, the Commission issued $187,816,151 2010 Series A Motor License Fund-Enhanced Subordinate Special Revenue Bonds consisting of Sub-Series A-1, A-2 and A-3. Sub-Series A-1 Bonds were issued as current interest fixed rate bonds with a maturity date of December 1, 2038. Sub-Series A-2 Bonds were issued as convertible capital appreciation bonds with a maturity date of December 1, 2034. Sub-Series A-3 Bonds were issued as capital appreciation bonds with a maturity date of December 1, 2029. The proceeds of the 2010 A

6. Debt (continued)

Motor License Fund-Enhanced Subordinate Special Revenue Bonds were used primarily to finance the costs of currently redeeming a portion of the 2010 Series A-1 Subordinate Revenue Bond Anticipation Notes and to make payments to PennDOT in accordance with Act 44.

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

In July 2010, the Commission issued $209,230,000 2010 Series A Multi-Modal Revenue Refunding Bonds at a variable rate with a maturity date of December 1, 2035. The Series A Bonds were issued primarily to refund the 2008 Series A Multi-Modal Refunding Bonds to better match the life of the financing to the average life of the capital projects being financed. The refunding increased the Commission's total debt service payments by approximately $5.6 million. The transaction resulted in an economic loss of approximately $2.0 million.

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

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

6. Debt (continued)

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

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

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

In April 2011, the Commission issued $68,660,000 2011 Series A Senior Revenue Bonds at a fixed rate with a maturity date of December 1, 2023. The Series A Bonds were issued primarily to partially advance refund the 2001 Series R Bonds. The refunding of the 2001 Series R Bonds allowed the Commission to reduce its debt service by approximately $4.3 million. The transaction resulted in an economic gain of approximately $3.1 million.

In April 2011, the Commission issued $92,035,000 2011 Series B Senior Turnpike Revenue Bonds at a variable rate with a maturity date of June 1, 2015. The Series B Bonds were issued primarily to refund the 2001 Series S Bonds. The refunding of the 2001 Series S Bonds allowed the Commission to reduce its debt service by approximately $6.5 million, but actual savings will vary based on the SIFMA rate resets during the term of the 2011 Series B Bonds. The transaction resulted in an economic gain of approximately $6.2 million.

In May 2011, the Commission issued $298,330,000 2011 Series C consisting of Sub-Series C-1 and C-2 Multi-Modal Revenue Bonds at variable rates with a maturity date of December 1, 2038 for both bond series. The Sub-Series C Bonds currently refunded the 2008 Sub-Series B-2, B-3, B-4, B-5 and B-6 Bonds because the related credit facility expired in May 2011. The refunding did not change the Commission's debt service. The transaction resulted in an economic loss of $0.3 million.

6. Debt (continued)

In October 2011, the Commission issued $126,740,000 2011 Series B Subordinate Bonds at fixed rate with a maturity date of December 1, 2041. The 2011 Series B Bonds were issued primarily to provide funds to finance the costs of making payments to PennDOT in accordance with Act 44.

In October 2011, the Commission issued $98,910,000 2011 Series B Motor License Fund Enhanced Subordinate Special Revenue Bonds at a fixed rate with a maturity date of December 1, 2041. The 2011 Series B Bonds were issued primarily to provide funds to finance the costs of making payments to PennDOT in accordance with Act 44.

In November 2011, the Commission issued $52,365,000 2011 Series D Senior Bonds at a variable rate with a maturity date of December 1, 2014. The 2011 Series D Bonds were issued primarily to partially refund the 2009 Series C Senior Bonds. The refunding did not change the Commission's debt service. The transaction resulted in an economic loss of $0.3 million.

In November 2011, the Commission issued $110,080,000 2011 Series E Senior Bonds at a fixed rate with a maturity date of December 1, 2030. The 2011 Series E Bonds were issued primarily to current refund a portion of the 2001 Series R Bonds. This partial refunding of the 2001 Series R Bonds allowed the Commission to reduce its debt service by approximately $14.6 million. The transaction resulted in an economic gain of approximately $8.1 million.

In April 2012, the Commission issued $123,545,000 2012 Series A Subordinate Bonds at a fixed rate with a maturity date of December 1, 2042. The 2012 Series A Bonds were issued primarily to provide funds to finance the costs of making payments to PennDOT in accordance with Act 44.

In April 2012, the Commission issued $94,935,000 2012 A Motor License Fund-Enhanced Subordinate Special Revenue Bonds at a fixed rate with a maturity date of December 1, 2042. The 2012 Series A Bonds were issued primarily to provide funds to finance the costs of making payments to PennDOT in accordance with Act 44.

In prior years, the Commission defeased certain revenue bonds by placing funds in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds were not included in the Commission's financial statements. At May 31, 2012 and 2011, the Commission had $424.9 million and $866.9 million, respectively, of defeased bonds outstanding.

6. Debt (continued)

Debt service requirements subsequent to May 31, 2012 related to all section debt are as follows:

Year Ending May 31	Principal Maturities	Interest	Total
		(In Thousands)	
2013	$ 127,275	$ 315,398	$ 442,673
2014	195,720	315,035	510,755
2015	184,855	309,628	494,483
2016	121,850	304,916	426,766
2017	121,995	331,937	453,932
2018-2022	753,353	1,677,290	2,430,643
2023-2027	1,138,816	1,492,547	2,631,363
2028-2032	1,354,913	1,259,945	2,614,858
2033-2037	1,887,417	908,683	2,796,100
2038-2042	1,556,342	426,507	1,982,849
2043-2047	306,670	98,879	405,549
2048 and thereafter	203,165	17,219	220,384
	$ 7,952,371	$ 7,457,984	$ 15,410,355

Debt service requirements subsequent to May 31, 2012 related to the Mainline debt are as follows:

Year Ending May 31	Principal Maturities	Interest	Total
		(In Thousands)	
2013	$ 105,030	$ 264,518	$ 369,548
2014	172,450	265,162	437,612
2015	160,515	260,821	421,336
2016	96,370	257,233	353,603
2017	95,335	285,442	380,777
2018-2022	601,818	1,465,974	2,067,792
2023-2027	937,551	1,324,435	2,261,986
2028-2032	1,101,418	1,146,957	2,248,375
2033-2037	1,569,022	859,770	2,428,792
2038-2042	1,386,461	370,458	1,756,919
2043-2047	306,670	98,879	405,549
2048 and thereafter	203,165	17,219	220,384
	$ 6,735,805	$ 6,616,868	$ 13,352,673

6. Debt (continued)

Debt service requirements subsequent to May 31, 2012 related to Oil Company Franchise Tax are as follows:

Year Ending May 31	Principal Maturities	Interest	Total
		(In Thousands)	
2013	$ 15,850	$ 39,788	$ 55,638
2014	16,550	39,107	55,657
2015	17,290	38,386	55,676
2016	18,070	37,621	55,691
2017	18,885	36,826	55,711
2018-2022	106,075	169,706	275,781
2023-2027	142,545	140,104	282,649
2028-2032	177,645	102,163	279,808
2033-2037	222,715	45,780	268,495
2038-2042	50,896	55,012	105,908
	$ 786,521	$ 704,493	$ 1,491,014

Debt service requirements subsequent to May 31, 2012 related to Motor License Registration Fee debt are as follows:

Year Ending May 31	Principal Maturities	Interest	Total
		(In Thousands)	
2013	$ 6,395	$ 11,092	$ 17,487
2014	6,720	10,766	17,486
2015	7,050	10,421	17,471
2016	7,410	10,062	17,472
2017	7,775	9,669	17,444
2018-2022	45,460	41,610	87,070
2023-2027	58,720	28,008	86,728
2028-2032	75,850	10,825	86,675
2033-2037	95,680	3,133	98,813
2038-2042	118,985	1,037	120,022
	$ 430,045	$ 136,623	$ 566,668

6. Debt (continued)

Swap Payments and Associated Debt

Net swap payments and related debt service requirements related to all sections subsequent to May 31, 2012, assuming current interest rates remain the same for the term of the agreements, are as follows:

Year Ending May 31	Principal Maturities	Interest	Hedging Derivative	Total
		(In Thousands)		
2013	$ 71,560	$ 10,810	$ 25,238	$ 107,608
2014	71,635	10,266	25,236	107,137
2015	71,720	9,549	25,236	106,505
2016	2,275	9,088	25,234	36,597
2017	2,385	9,057	25,234	36,676
2018-2022	13,420	45,028	126,178	184,626
2023-2027	134,395	33,395	133,340	301,130
2028-2032	139,980	12,948	113,813	266,741
2033-2037	253,295	7,676	64,391	325,362
2038-2042	193,740	1,505	14,062	209,307
	$ 954,405	$ 149,322	$ 577,962	$ 1,681,689

6. Debt (continued)

Swap Payments and Associated Debt (continued)

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

Year Ending May 31	Principal Maturities	Interest	Hedging Derivative	Total
		(In Thousands)		
2013	$ 71,560	$ 9,917	$ 15,930	$ 97,407
2014	71,635	9,371	15,929	96,935
2015	71,720	8,654	15,929	96,303
2016	2,275	8,191	15,928	26,394
2017	2,385	8,164	15,928	26,477
2018 – 2022	13,420	40,554	79,644	133,618
2023 – 2027	134,395	28,921	86,806	250,122
2028 – 2032	123,220	8,526	67,842	199,588
2033 – 2037	157,615	4,543	31,794	193,952
2038 – 2042	74,755	468	3,278	78,501
	$ 722,980	$ 127,309	$ 349,008	$ 1,199,297

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

Year Ending May 31	Principal Maturities	Interest	Hedging Derivative	Total
		(In Thousands)		
2013	$ -	$ 893	$ 9,308	$ 10,201
2014	-	895	9,307	10,202
2015	-	895	9,307	10,202
2016	-	897	9,306	10,203
2017	-	893	9,306	10,199
2018 – 2022	-	4,474	46,534	51,008
2023 – 2027	-	4,474	46,534	51,008
2028 – 2032	16,760	4,422	45,971	67,153
2033 – 2037	95,680	3,133	32,597	131,410
2038 – 2042	118,985	1,037	10,784	130,806
	$ 231,425	$ 22,013	$ 228,954	$ 482,392

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

7. Retirement Benefits

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

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

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

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

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

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

7. Retirement Benefits (continued)

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

Year Ended June 30	Class A	Class AA	Class A-3	Class A-4
2012	**5.59%**	**6.99%**	**4.83%**	**4.83%**
2011	3.29%	4.11%	4.11%	4.11%
2010	2.52%	3.15%	-	-

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

Year Ended May 31	Commission Required Contribution *(In Millions)*	% Contributed
2012	**$ 7.9**	**100%**
2011	$ 5.3	100%
2010	$ 3.9	100%

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

8. Commitments and Contingencies

Litigation

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

8. Commitments and Contingencies (continued)

Internal Revenue Service Examination and Correspondence

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

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

Open Purchase Order Commitments

The Commission had open purchase order commitments of approximately $545.3 million and $694.8 million at May 31, 2012 and 2011, respectively.

Lease and Funding Agreement between the Commission and PennDOT

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

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

8. Commitments and Contingencies (continued)

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

The Funding Agreement granted the unilateral option to the Commission to effectuate the Conversion at any time before the third anniversary of the Funding Agreement, which was October 14, 2010 (the "Conversion Period"), subject to extension as provided in the Funding Agreement.

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

Act 44 provides that under certain circumstances, payments to PennDOT drop to $450 million annually for the remaining term of the Funding Agreement. It has been the Commission's position that the reduced annual payment under the Funding Agreement of $450 million was effective beginning with the 2010-2011 Fiscal Year. The Commission made payments of $450 million (recorded as nonoperating expense) in both fiscal years.

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

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

8. Commitments and Contingencies (continued)

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

The Commission is required by the terms of the Funding Agreement and Act 44 to fix and adjust tolls at levels that will generate revenues (together with other available moneys) sufficient to pay, among other things, amounts to PennDOT pursuant to the Funding Agreement when due and other obligations of the Commission. 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.

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

The payment obligations of the Commission under the Funding Agreement are subordinate obligations of the Commission, payable from amounts in the General Reserve Fund only as permitted by any financing documents, financial covenants, liquidity policies, or other agreements in effect for the Commission.

8. Commitments and Contingencies (continued)

Interest Rate Swaps

The fair value and notional amount of derivative instruments outstanding at May 31, 2012 and May 31, 2011, classified by type and the changes in fair value of such derivative instruments for the years then ended as reported in the fiscal year 2012 and fiscal year 2011 financial statements are as follows:

		Changes in fair value		Fair Value at May 31, 2012		
	May 31, 2011	Classification	Amount	Classification	Amount	Notional
			(In Thousands)			
Cash flow hedges:						
Pay-fixed interest rate swap	$ (67,155)	Deferred outflow	$ (131,363)	Noncurrent liabilities	$ (198,518)	$ 685,455
Fair value hedges:						
Receive-fixed rate swap	17,664	Deferred inflow	15,565	Noncurrent liabilities	33,229	118,015
Investment derivative instruments:						
Basis swaps	20,142	Investment earnings	2,427	Long-Term investments	22,569	1,315,792
Total PTC	$ (29,349)		$ (113,371)		$ (142,720)	

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

8. Commitments and Contingencies (continued)

Interest Rate Swaps (continued)

Fair Values

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

Recent Activity

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

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

In November 2011, the Commission issued 2011 Series D Bonds primarily to partially refund the 2009 Series C Senior Bonds. Concurrently, $38,495,000 of the related swaps were deemed terminated and are now associated with the 2011 Series D Bonds. The fair value of these swaps at the time of the deemed termination was a negative $5,046,312. This amount is being amortized over the three year period ending December 1, 2014, which is final maturity for both the 2009 Series C Senior Bonds and the 2011 Series D Bonds.

8. Commitments and Contingencies (continued)

Interest Rate Swaps (continued)

Following is a summary of the hedging derivatives in place as of May 31, 2012. These hedging derivatives contain certain risks and collateral requirements as described below (in thousands):

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty	Moody's/ S&P/Fitch	Book Fair Value	Full Value (to) from Counterparty
Pay fixed	Hedge of changes of	$ 9,627			Pay 4.403%,	Bank of America	A2/A/A	$ (447)	$ (3,997)
Interest	cash flows of Series D	19,241			receive 67.00%	JP Morgan Chase	Aa1/A+/A+	(893)	(7,989)
Rate	2011 Bonds	9,627			of 1-month	UBS AG	Aa3/A/A	(447)	(3,997)
Swap	(formerly 2009 C)	$ 38,495	12/1/2011	12/1/2030	LIBOR			$ (1,787)	$ (15,983)
Pay fixed	Hedge of changes of	$ 28,893			Pay 4.403%,	Bank of America	A2/A/A	$ (5,196)	$ (11,997)
Interest	cash flows of Series C	57,749			receive 67.00%	JP Morgan Chase	Aa1/A+/A+	(10,386)	(23,979)
Rate	2009 Bonds	28,893			of 1-month	UBS AG	Aa3/A/A	(5,196)	(11,997)
Swap	(formerly 2002 A)	$ 115,535	12/9/2009	12/1/2030	LIBOR			$ (20,778)	$ (47,973)
		$ 57,860				Citibank	A1/A/A	$ (21,945)	$ (21,945)
Pay fixed		57,845				JP Morgan Chase	Aa1/A+/A+	(21,940)	(21,940)
Interest	Hedge of changes of	57,860				Merrill Lynch	Baa1/A-/A	(21,941)	(21,941)
Rate	cash flows on the Series	57,860			Pay 4.2015%,	Morgan Stanley	A2/A-/A	(21,941)	(21,941)
Swap	B,C,D 2005 Bonds	$ 231,425	8/17/2005	7/15/2041	receive SIFMA			$ (87,767)	$ (87,767)
Pay fixed		$ 33,333				Goldman Sachs	Aa1/AAA/NR	$ (16,010)	$ (16,010)
Interest	Hedge of changes in	33,333				Merrill Lynch	Baa1/A-/A	(16,009)	(16,009)
Rate	cash flow on the Series	33,334			Pay 4.887%,	Morgan Stanley	A2/A-/A	(16,010)	(16,010)
Swap	B 2008 Bonds	$ 100,000	6/1/2008	12/1/2038	receive SIFMA			$ (48,029)	$ (48,029)
Pay fixed	Hedge of changes of	$ 66,667				Goldman Sachs	Aa1/AAA/NR	$ (13,386)	$ (32,020)
Interest	cash flow on the Series	66,667				Merrill Lynch	Baa1/A-/A	(13,385)	(32,019)
Rate	C 2011 Bonds	66,666			Pay 4.887%,	Morgan Stanley	A2/A-/A	(13,386)	(32,020)
Swap	(formerly 2008 B)	$ 200,000	5/26/2011	12/1/2038	receive SIFMA			$ (40,157)	$ (96,059)
Pay fixed									
Interest	Hedge of changes of								
Rate	fair value of Series				Receive 4.186%,				
Swap	A 2006 Bonds	$ 118,015	6/9/2006	12/1/2026	Pay SIFMA	Citibank	A1/A/A	$ 33,229	$ 33,229

1-month LIBOR was .23875% at May 31, 2012.

SIFMA was .18 % at May 31, 2012.

8. Commitments and Contingencies (continued)

Interest Rate Swaps (continued)

- ***Credit Risk*** – The Commission is exposed to credit risk for both hedging derivatives and investment derivatives (see Note 4) that have positive fair values. The Commission was exposed to credit risk with respect to the Series A of 2006 swaps at May 31, 2012. The Commission is also exposed to credit risk with respect to the (A), (C), (D) and (E) basis swaps listed in Note 4. However, should interest rates change and the fair values of the other swaps become positive, the Commission would have additional credit risk exposure.

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

  Generally, the Commission's derivative agreements contain netting provisions, under which transactions executed with a single counterparty within a credit are netted in the event of default or counterparty insolvency. At May 31, the Commission had net credit risk exposure to three counterparties, one of which posted collateral in the amount of $28.0 million, pursuant to the provisions of the derivative agreement. The other two counterparties were not required to post collateral because the fair values at year end were below the collateral threshold amounts.

- ***Interest Rate Risk*** – The Commission is exposed to variable interest rates with respect to the fixed-to-variable swap agreement associated with the Series A of 2006 Revenue Bonds. Additionally, the Commission will be exposed to variable interest rates if the swap provider for a variable-to-fixed swap agreement defaults or if a variable-to-fixed swap is terminated.

- ***Basis Risk*** – The Commission is exposed to basis risk on its basis swaps because the variable-rate payments received by the Commission on these derivative instruments are based on rates other than the interest rates the Commission pays on these derivative instruments. See the basis swap schedule in Note 4 for the terms of the interest rate swap agreements. The Commission's exposure to basis risk for the swaps listed in Note 4 is as follows:

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

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

8. Commitments and Contingencies (continued)

Interest Rate Swaps (continued)

(C) – To the extent 67% of 1-month LIBOR exceeds 60.15% of 10-year LIBOR

(D) – To the extent SIFMA exceeds 99.80% of 3-month LIBOR

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

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

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

- ***Termination Risk*** – The swap agreements may be terminated due to a number of circumstances and the Commission retains the option to terminate the swaps at any time. If a swap agreement is terminated (by either party), the respective variable-rate bond would no longer carry a synthetic fixed interest rate. Also, if at the time of termination, the swap had a negative fair value, the Commission would be liable to the swap counterparty for a liability equal to the swap's fair value. It is generally the Commission's intent at the time of swap execution to maintain the swap transactions for the life of the financing.

- ***Collateral Requirements*** – The Commission's derivative instruments related to its Mainline Turnpike Revenue Bonds require the Commission to post collateral in the form of eligible securities or cash if its senior credit rating falls below specified thresholds. These thresholds vary from agreement to agreement, with most in the A3 (Moody's Investors Service) and A- (Standard & Poor's and Fitch Rating Service) levels. The Commission's Mainline senior bond rating was Aa3 from Moody's and A+ from both Standard & Poor's and Fitch at May 31, 2012. Based on May 31, 2012 full values, the Commission could be required to post $188.0 million in collateral for its derivative instruments if its ratings fall below the agreement thresholds.

  The Commission's derivative instruments related to its Oil Company Franchise Tax Revenue Bonds require the Commission to post collateral in the form of eligible securities or cash if its credit rating falls below specified thresholds. These thresholds vary from agreement to agreement, with most in the A3 (Moody's Investors Service) and A- (Standard & Poor's and Fitch Rating Service) levels. The Commission's Oil Company Franchise Tax bond rating is currently Aa3 from Moody's and AA from Standard & Poor's. Based on May 31, 2012 full values, the Commission could be required to post $6.2 million in collateral for its derivative instruments if its ratings fall below the agreement thresholds.

8. Commitments and Contingencies (continued)

Interest Rate Swaps (continued)

The Commission's derivative instruments related to its Motor Vehicle Registration Fee Revenue Bonds require the Commission to post collateral in the form of eligible securities or cash if its credit rating falls below specified thresholds and/or in the event of certain uncured insurer events of default. These thresholds vary from agreement to agreement. Based on May 31, 2012 full values, the Commission could be required to post $87.8 million in collateral for its derivative instruments if its ratings fall below the agreement thresholds.

9. Related Party Transactions

The Commission incurred costs of $36.1 and $35.3 million for the fiscal years ended May 31, 2012 and 2011 respectively, related to its use of the Commonwealth's State Police in patrolling the Turnpike System.

10. Postemployment Benefits

Plan Description

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

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

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

10. Postemployment Benefits (continued)

Funding Policy

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

Annual OPEB Cost and Net OPEB Asset

The following chart summarizes the components of the Commission's annual OPEB cost, actual contributions, percentage of annual OPEB cost contributed, increase (decrease) in the net OPEB asset and the net OPEB asset at the end of the fiscal year.

	Year ended May 31		
	2012	2011	2010
	(Dollar Amounts in Thousands)		
Normal cost	**$ 7,356**	$ 6,931	$ 6,655
Amortization	**20,377**	18,745	21,389
Interest	**1,088**	1,027	1,100
Annual required contribution (ARC)	**28,821**	26,703	29,144
Interest on net OPEB asset	**(283)**	(141)	(182)
Adjustment to ARC	**527**	168	227
Annual OPEB cost	**29,065**	26,730	29,189
Employer/Employee contributions	**54,397**	28,505	28,677
Percentage of annual OPEB cost contributed	**187.2%**	106.6%	98.2%
Increase (Decrease) in net OPEB asset	**25,332**	1,775	(512)
Net OPEB asset – beginning of year	**3,539**	1,764	2,276
Net OPEB asset – end of year*	**$ 28,871**	$ 3,539	$ 1,764

* The net OPEB asset was recorded in other assets on the balance sheet at year end.

10. Postemployment Benefits (continued)

Annual OPEB Cost and Net OPEB Asset (continued)

The ARC and its components (normal cost, UAAL, and mid-year contribution interest) in the table on the previous page were obtained from the biennial actuarial valuations, prepared by an independent actuary. The FY 2012 and FY 2011 ARC amounts were obtained from a March 1, 2010 valuation while the FY 2010 ARC amount was obtained from a March 1, 2008 valuation.

Retiree and spouse contribution rates at May 31, 2012 are as follows:

- Management employees and union employees who retired prior to July 1, 1998 and October 1, 1997, respectively—the retiree/spouse contributes the full cost of coverage less the Commission's monthly subsidy of $19.28 once the retiree turns 65.

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

- Surviving spouses are paying 100% of the premiums, except for surviving spouses of Management employees who retired after March 1, 2001.

Funding Status and Funding Progress

Fiscal Year Ended May 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(Dollar Amounts in Thousands)					
2012	$ 152,340	$ 250,750	$ 98,410	60.8%	$ 124,241	79.2%
2010	66,436	263,398	196,962	25.2%	123,754	159.2%

The actuarial value of assets, AAL, and UAAL amounts in the above chart were obtained from actuarial valuations, prepared by independent actuaries, as of March 1, 2012 and 2010.

10. Postemployment Benefits (continued)

Actuarial Methods and Assumptions

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

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

Following is a summary of the actuarial methods and assumptions used in the March 1, 2012 valuation:

Actuarial cost method	Projected Unit Credit
Discount rate	7%
Rate of return on assets	7%
Amortization method	Level dollar
Amortization period	10 years (closed)
Asset valuation method	Fair value
Benefit Assumption – increases/decreases	No changes

Health Cost Trend: The healthcare trend assumption for medical and pharmacy benefits and premiums is based on the Society of Actuaries-Getzen Model version 11.1 utilizing the baseline assumptions included in the model, except GDP inflation is assumed to be 2.75% per year and real GDP growth is assumed to be 1.8% per year, for fiscal years 2016 and later. Further adjustments are made for aging, percentage of costs associated with administrative expenses, inflation on administrative costs, and potential excise tax due to Healthcare Reform.

10. Postemployment Benefits (continued)

Actuarial Methods and Assumptions (continued)

The health cost trend assumption for medical and pharmacy benefits at sample years is as follows:

Valuation Year Ending February 28	Pre-65 Trend	Post-65 Trend
2013	7.3%	7.3%
2014	7.4%	7.4%
2015	6.2%	6.2%
2016	5.9%	5.9%
2017	5.9%	5.9%
2018	5.8%	5.8%
2019	5.8%	5.8%
2020	5.8%	5.8%
2025	5.8%	5.7%
2030	6.8%	5.7%
2035	6.6%	5.6%
2040	6.0%	5.4%
2045	5.8%	5.6%
2050	5.7%	5.5%
2055	5.6%	5.9%

The health cost trend assumptions for dental and vision benefits and premiums are assumed to be 4.5% per year.

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

11. Self-Insurance

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

11. Self-Insurance (continued)

The Commission recorded a liability of $31.9 million and $26.8 million for loss and loss adjustment expenses on claims relating to self-insurance that have been incurred but not reported as of May 31, 2012 and 2011, respectively. This liability is based on GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be recorded if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability is calculated based on the Commission's past loss experience. The liability for automobile and general tort was not discounted. The liability for workers' compensation was discounted using a rate of 4.05% for each of the fiscal years ended May 31, 2012 and 2011. The liability includes amounts for claims adjustment expense and is net of any salvage and subrogation. Salvage and subrogation were not material for the years ended May 31, 2012 and 2011. The Commission believes the liability established is reasonable and appropriate to provide for settlement of losses and related loss adjustment expenses.

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

The self-insurance liabilities of $31.9 million and $26.8 million for fiscal years ended May 31, 2012 and 2011, respectively, are recorded as other noncurrent liabilities.

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

	June 1, 2011 Liability	Effects of Discount as of June 1, 2011	Incurred Claims		Paid Claims		Effects of Discount as of May 31, 2012	May 31, 2012 Liability
			Current Year	Prior Years	Current Year	Prior Years		
			(In Thousands)					
Year ended May 31, 2012								
Workers' compensation	$ 6,328	$ 1,833	$ 897	$ 2,544	$ (561)	$ (2,707)	$ (2,056)	$ 6,278
Automobile/general tort	20,477	-	6,155	2,224	(556)	(2,714)	-	25,586
	$ 26,805	$ 1,833	$ 7,052	$ 4,768	$ (1,117)	$ (5,421)	$ (2,056)	$ 31,864

11. Self-Insurance (continued)

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

The foregoing reflects an adjustment for a deficiency of $4.8 million and a net redundancy of $2.1 million for the fiscal years ended May 31, 2012 and 2011, respectively, for prior years' incurred claims that resulted from a change in estimate as more information became available.

12. Compensated Absences

Sick leave is earned at a rate of 3.08 hours every two weeks, or ten days per year. Unused sick leave may be carried over from year to year up to a maximum of 18 days. In November of each year, employees are reimbursed for all accumulated unused sick leave above the maximum. Sick leave payouts were $1.8 and $1.9 million in November 2012 and 2011 respectively.

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

Upon termination of employment, all unused sick and vacation leave is paid to the employee. The compensated absences liabilities of $16.1 million and $16.2 million for fiscal years ended May 31, 2012 and 2011, respectively, are recorded as accounts payable and accrued liabilities and other noncurrent liabilities.

A summary of changes to compensated absences for the years ended May 31, 2012 and 2011 is as follows:

Fiscal Year Ended May 31	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
			(In Thousands)		
2012	**$ 16,182**	**$ 11,882**	**$ 11,918**	**$ 16,146**	**$ 9,709**
2011	16,970	11,841	12,629	16,182	10,182

13. Letters of Credit

The Commission has outstanding letters of credit with several banks as described in the paragraphs below:

Supplemental Trust Indenture No. 13 dated as of May 1, 2008, amendment and restatement of the Amended and Restated Indenture of Trust dated as of March 1, 2011, between the Commission and U.S. Bank National Association required a Letter of Credit to be established for the 2008 Series B-1 Turnpike Multi-Modal Revenue Bonds. The Commission entered into a Letter of Credit with Barclays Bank PLC in the amount of up to $102,136,987 for purposes of paying debt service obligations on the bonds. The Commission draws against this letter of credit each month to fund the related debt service payments. The Commission makes monthly reimbursements for these draws against the letter of credit. During fiscal 2012, the Commission made draws against the Letter of Credit and reimbursements to Barclays in the amount of $115,574 and $115,574, respectively. The outstanding draws against the Letter of Credit are $0 at May 31, 2012.

Supplemental Trust Indenture No. 14 dated as of August 1, 2008, amendment and restatement of the Amended and Restated Indenture of Trust dated as of March 1, 2011, between the Commission and U.S. Bank National Association required a Letter of Credit to be established for the 2008 Series C Turnpike Multi-Modal Revenue Bonds. The Commission entered into a Letter of Credit with Barclays Bank PLC in the amount of up to $50,854,795 for purposes of paying debt service obligations on the bonds. The Commission draws against this letter of credit each month to fund the related debt service payments. The Commission makes monthly reimbursements for these draws against the letter of credit. During fiscal 2012, the Commission made draws against the Letter of Credit and reimbursements to Barclays in the amount of $57,801 and $57,801, respectively. The outstanding draws against the Letter of Credit are $0 at May 31, 2012.

Pennsylvania insurance law requires a Letter of Credit, Surety Bond, or Escrow from entities that self-insure their Workers Compensation. Therefore, the Commission has five (5) Standby Letters of Credit to satisfy the PA Turnpike's collateral requirement under the expired Owner Controlled Insurance Program (OCIP) with Zurich American Insurance. As of May 31, 2012, there have been no draws against these Letters of Credit. The Letters of Credit are as follows:

- $450,000 Letter of Credit with PNC Bank, N.A. for beneficiary Zurich American Insurance for the Allegheny River Bridge OCIP.
- $90,000 Letter of Credit with PNC Bank, N.A. for beneficiary Zurich American Insurance for the Findlay Connector OCIP.
- $986,000 Letter of Credit with PNC Bank, N.A. for beneficiary Zurich American Insurance for the Uniontown to Brownsville Phase I OCIP.

13. Letters of Credit (continued)

- $3,007,500 Letter of Credit with Wells Fargo Bank, N.A. for beneficiary Zurich American Insurance for the Uniontown to Brownsville Phase II OCIP.
- $334,000 Letter of Credit with Wells Fargo Bank, N.A. for beneficiary Zurich American Insurance for the Susquehanna River Bridge and Valley Forge to Norristown Widening OCIPs.

14. Subsequent Event

On July 18, 2012, the Commission issued 2012 Series A Turnpike Revenue Bonds in the principal amount of $200,215,000 at fixed rates between 3% and 5% and maturing on December 1, 2042. The 2012 bonds are being issued for the purpose of financing the costs of various capital expenditures set forth in the Commission's current ten-year plan including, but not limited to, the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or the rehabilitation of certain interchanges.

Required Supplementary Information

Required Supplementary Information

Schedule of Funding Progress – Postemployment Healthcare Benefits

(In Thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
March 1, 2012	$ 152,341	$ 250,750	$ 98,409	60.8%	$ 124,241	79.2%
March 1, 2010	66,436	263,398	196,962	25.2%	123,754	159.2%
March 1, 2008	14,000	228,067	214,067	6.1%	118,559	180.6%

Following is a listing of changes in assumptions used in the March 1, 2012 valuation compared with previous valuations.

- ***Economic Assumptions*** – The discount rate was reduced from 8% to 7%
- ***Healthcare Assumptions*** – Per capita claims costs were updated based on recent experience of Commission retirees and the healthcare trend was modified to reflect the use of the "Getzen" model and to incorporate the estimated impact of the excise tax beginning in 2018 due to Healthcare Reform. Assumed health plan elections for members attaining age 65 were modified from 100% electing Signature 65 to 2/3rd electing Signature 65 and 1/3rd electing Freedom Blue (without Rx).
- ***Demographic assumptions*** – For members eligible for unreduced retirement benefits in SERS prior to age 60, the rate of retirement was increased to 15% for all ages. For members hired after December 31, 2010, the rates of retirement for ages 60-64 were modified if not eligible for unreduced retirement benefits in SERS. The mortality assumption was revised to reflect anticipated future improvements after 2010.
- ***Other assumptions*** – A 2% load of active liabilities and normal costs for medical and Rx benefits was added to reflect the possibility of supplemental employees transferring to regular employees subsequent to the valuation date. A trust expense assumption was also added.
- ***Actuarial method*** – The end of the attribution period was modified from first eligibility for benefits to expected retirement age.

Other Supplementary Information

Other Supplementary Information

Section Information

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

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

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

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

Other Supplementary Information (continued)

Section Information (continued)

Balance Sheets

	May 31, 2012			
	Mainline	Oil Franchise	Motor License	Total
	(In Thousands)			
Assets and deferred outflow of resources				
Current assets:				
Cash and cash equivalents	$ 100,804	$ -	$ -	$ 100,804
Short-term investments	25,545	-	-	25,545
Accounts receivable	36,254	-	-	36,254
Accrued interest receivable	2,252	-	-	2,252
Inventories	19,576	-	-	19,576
Restricted current assets:				
Cash and cash equivalents	269,671	56,299	25,614	351,584
Short-term investments	210,152	18,973	2,238	231,363
Accounts receivable	946	5,013	-	5,959
Accrued interest receivable	2,452	1,273	131	3,856
Total current assets	667,652	81,558	27,983	777,193
Noncurrent assets:				
Long-term investments:				
Long-term investments unrestricted	265,732	-	-	265,732
Long-term investments restricted	457,774	152,587	21,921	632,282
Total long-term investments	723,506	152,587	21,921	898,014
Capital assets not being depreciated:				
Land and intangibles	256,175	-	-	256,175
Assets under construction	864,474	-	-	864,474
Capital assets being depreciated:				
Buildings	832,592	-	-	832,592
Improvements other than buildings	95,198	-	-	95,198
Equipment	531,210	-	-	531,210
Infrastructure	6,704,803	-	-	6,704,803
Total capital assets before accumulated depreciation	9,284,452	-	-	9,284,452
Less accumulated depreciation	4,568,495	-	-	4,568,495
Total capital assets after accumulated depreciation	4,715,957	-	-	4,715,957
Other assets:				
Other assets	28,914	-	-	28,914
Deferred issuance costs	54,811	12,415	4,176	71,402
Total other assets	83,725	12,415	4,176	100,316
Total noncurrent assets	5,523,188	165,002	26,097	5,714,287
Total assets	6,190,840	246,560	54,080	6,491,480
Deferred outflow of resources	110,751	-	87,767	198,518
Total assets and deferred outflow of resources	$6,301,591	$ 246,560	$ 141,847	$6,689,998

Other Supplementary Information (continued)

Section Information (continued)

Balance Sheets (continued)

	May 31, 2012			
	Mainline	Oil Franchise	Motor License	Total
	(In Thousands)			
Liabilities, deferred inflow of resources, and net deficit				
Current liabilities:				
Accounts payable and accrued liabilities	**$ 317,906**	**$ 32,341**	**$ 5,556**	**$ 355,803**
Current portion of debt	**105,030**	**15,850**	**6,395**	**127,275**
Unearned income	**40,834**	**-**	**-**	**40,834**
Total current liabilities	**463,770**	**48,191**	**11,951**	**523,912**
Noncurrent liabilities:				
Debt, less current portion, net of unamortized premium, and net of unamortized refunding loss	**6,582,340**	**776,351**	**417,470**	**7,776,161**
Other noncurrent liabilities	**194,635**	**2,491**	**87,766**	**284,892**
Total noncurrent liabilities	**6,776,975**	**778,842**	**505,236**	**8,061,053**
Total liabilities	**7,240,745**	**827,033**	**517,187**	**8,584,965**
Deferred inflow of resources	**33,229**	**-**	**-**	**33,229**
Net assets (deficit)				
Invested in capital assets, net of related debt	**2,219,699**	**(782,475)**	**(419,688)**	**1,017,536**
Restricted for construction purposes	**-**	**191,617**	**44,348**	**235,965**
Restricted for debt service	**27,226**	**10,385**	**-**	**37,611**
Unrestricted deficit	**(3,219,308)**	**-**	**-**	**(3,219,308)**
Total net deficit	**(972,383)**	**(580,473)**	**(375,340)**	**(1,928,196)**
Total liabilities, deferred inflow of resources, and net deficit	**$ 6,301,591**	**$ 246,560**	**$ 141,847**	**$ 6,689,998**

Other Supplementary Information (continued)

Section Information (continued)

Statements of Revenues, Expenses, and Changes in Net Deficit

	May 31, 2012			
	Mainline	Oil Franchise	Motor License	Total
	(In Thousands)			
Operating revenues:				
Net fares	$ 780,798	$ -	$ -	$ 780,798
Other	23,090	51	-	23,141
Total operating revenues	803,888	51	-	803,939
Operating expenses:				
Cost of services	386,497	964	45	387,506
Depreciation	300,777	-	-	300,777
Total operating expenses	687,274	964	45	688,283
Operating income (loss)	116,614	(913)	(45)	115,656
Nonoperating revenues (expenses):				
Investment earnings	10,582	16,823	647	28,052
Other nonoperating revenues	16,305	4,891	-	21,196
Act 44 payments to PennDOT	(450,000)	-	-	(450,000)
Capital assets transferred to PennDOT	(22,783)	-	-	(22,783)
Interest and bond expense	(312,116)	(36,923)	(18,955)	(367,994)
Nonoperating expenses, net	(758,012)	(15,209)	(18,308)	(791,529)
Loss before capital contributions	(641,398)	(16,122)	(18,353)	(675,873)
Capital contributions	24,580	63,235	28,000	115,815
(Decrease) Increase in net assets	(616,818)	47,113	9,647	(560,058)
Net deficit at beginning of year	(416,656)	(567,353)	(384,129)	(1,368,138)
Intersection transfers	61,091	(60,233)	(858)	-
Net deficit at end of year	$ (972,383)	$ (580,473)	$ (375,340)	$(1,928,196)

Pennsylvania Turnpike Commission
A Component Unit of the Commonwealth of Pennsylvania

Other Supplementary Information (continued)

Section Information (continued)

Statements of Cash Flows

	May 31, 2012			
	Mainline	Oil Franchise	Motor License	Total
	(In Thousands)			
Operating activities				
Cash received from customer tolls and deposits	$ 799,163	$ -	$ -	$ 799,163
Cash payments for goods and services	(260,901)	(639)	(39)	(261,579)
Cash payments to employees	(139,204)	(513)	-	(139,717)
Cash received from other operating activities	9,598	51	-	9,649
Net cash provided by (used for) operating activities	408,656	(1,101)	(39)	407,516
Investing activities				
Proceeds from sales and maturities of investments	2,362,553	128,412	7,265	2,498,230
Interest received on investments	22,586	6,078	664	29,328
Purchases of investments	(2,095,197)	(83,437)	(9,544)	(2,188,178)
Net cash provided by (used for) investing activities	289,942	51,053	(1,615)	339,380
Capital and related financing activities				
Capital grants received	9,153	30	-	9,183
Cash proceeds from motor license grant	-	-	28,000	28,000
Cash proceeds from oil company franchise tax	-	61,897	-	61,897
Construction and acquisition of capital assets	(387,325)	(69,524)	-	(456,849)
Proceeds from sale of capital assets	862	-	-	862
Payments for bond and swap expenses	(355)	(240)	-	(595)
Payments for redemption of debt	(386,485)	(15,195)	(6,095)	(407,775)
Interest paid on debt	(122,552)	(40,117)	(20,293)	(182,962)
Interest subsidy from Build America Bonds	17,496	4,891	-	22,387
Proceeds from debt issuances	167,906	-	-	167,906
Net cash (used for) provided by capital and related financing activities	(701,300)	(58,258)	1,612	(757,946)
Noncapital financing activities				
Cash payments to PennDOT	(450,000)	-	-	(450,000)
Payments for bond and swap expenses	(1,180)	-	-	(1,180)
Payments for redemption of debt	(12,245)	-	-	(12,245)
Interest paid on debt	(137,788)	-	-	(137,788)
Proceeds from debt issuances	468,106	-	-	468,106
Net cash used for noncapital financing activities	(133,107)	-	-	(133,107)
Decrease in cash and cash equivalents	(135,809)	(8,306)	(42)	(144,157)
Cash and cash equivalents at beginning of year	506,284	64,605	25,656	596,545
Cash and cash equivalents at end of year	$ 370,475	$ 56,299	$ 25,614	$ 452,388

Other Supplementary Information (continued)

Section Information (continued)

Statements of Cash Flows (continued)

	Year Ended May 31, 2012			
	Mainline	Oil Franchise	Motor License	Total
	(In Thousands)			
Reconciliation of operating income to net cash provided by (used for) operating activities:				
Operating income (loss)	$ 116,614	$ (913)	$ (45)	$ 115,656
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	300,777	-	-	300,777
Change in operating assets and liabilities:				
Accounts receivable	(2,975)	-	-	(2,975)
Inventories	3,973	-	-	3,973
Other assets	(25,328)	-	-	(25,328)
Accounts payable and accrued liabilities	10,111	(194)	6	9,923
Other noncurrent liabilities	5,484	6	-	5,490
Net cash provided by (used for) operating activities	$ 408,656	$ (1,101)	$ (39)	$ 407,516
Reconciliation of cash and cash equivalents to the Balance Sheets:				
Cash and cash equivalents	$ 100,804	$ -	$ -	$ 100,804
Restricted cash and cash equivalents	269,671	56,299	25,614	351,584
Total cash and cash equivalents	$ 370,475	$ 56,299	$ 25,614	$ 452,388

Other Supplementary Information (continued)

Section Information (continued)

Statements of Cash Flows (continued)

Noncash activities

The Commission recorded a net decrease of $ 1.9 million in the fair value of its investments for the year ended May 31, 2012. (Decreases) Increases by section were: Mainline, $(9.2) million; Oil Franchise, $11.1 million and Motor License, $0.0 million.

The Commission recorded $6.0 million for the amortization of bond premium for the year ended May 31, 2012. Amortization by section was: Mainline, $4.2 million; Oil Franchise, $1.1 million and Motor License, $0.7 million.

The Commission recorded $23.0 million for the amortization of deferred refunding losses, amortization of bond issuance costs and amortization of swap agreement costs for the year ended May 31, 2012. Amortization by section was: Mainline, $20.7 million; Oil Franchise, $1.3 million and Motor License, $1.0 million.

The Commission recorded an interest expense reduction of $8.8 million in the Mainline section for the year ended May 31, 2012 related to GASB 53 entries.

The Commission has entered into contracts with the operators of service plaza restaurants and service stations to totally reconstruct several service plazas. The service plaza operators provide the capital for the reconstruction in exchange for lower rental rates. The Commission assumes ownership of the reconstructed assets upon completion and records the assets as capital contributions. For the year ended May 31, 2012, the Commission received assets with a total fair value of $15.2 million. The Commission did not receive any assets for the year ended May 31, 2011.

In fiscal year 2012, the Commission wrote down the value of its transponder inventory in the Mainline section by $4.6 million to reflect lower market costs.

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 $22.8 million from its Mainline section to PennDOT during the fiscal year ended May 31, 2012.

The Commission records intersection activity related to revenue, expense, asset and liability transfer between its sections. Some of the intersection entries are related to cash transfers; others are noncash transfers as required. Net intersection transfers for the year ended May 31, 2012 were: to Mainline, $61.1 million; from Oil Franchise, $60.2 million; and to Motor License, $0.90 million.

Other Supplementary Information (continued)

Section Information (continued)

Balance Sheets

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

Other Supplementary Information (continued)

Section Information (continued)

Balance Sheets (continued)

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

Other Supplementary Information (continued)

Section Information (continued)

Statements of Revenues, Expenses, and Changes in Net Deficit

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

Section Information (continued)

Statements of Cash Flows

	Year ended May 31, 2011			
	Mainline	Oil Franchise	Motor License	Total
	(In Thousands)			
Operating activities				
Cash received from customer tolls and deposits	$ 754,954	$ -	$ -	$ 754,954
Cash payments for goods and services	(232,229)	(909)	(45)	(233,183)
Cash payments to employees	(133,501)	(713)	-	(134,214)
Cash received from other operating activities	8,643	-	-	8,643
Net cash provided by (used for) operating activities	397,867	(1,622)	(45)	396,200
Investing activities				
Proceeds from sales and maturities of investments	2,835,253	626,977	46,851	3,509,081
Interest received on investments	13,465	7,902	748	22,115
Purchases of investments	(3,534,090)	(550,335)	(45,471)	(4,129,896)
Net cash (used for) provided by investing activities	(685,372)	84,544	2,128	(598,700)
Capital and related financing activities				
Capital grants received	13,202	30	-	13,232
Cash proceeds from motor license grant	-	-	28,000	28,000
Cash proceeds from oil company franchise tax	-	60,996	-	60,996
Construction and acquisition of capital assets	(351,573)	(122,108)	-	(473,681)
Proceeds from sale of capital assets	2,976	-	-	2,976
Payments for bond and swap expenses	(2,631)	(707)	(12)	(3,350)
Payments for redemption of debt	(545,215)	(14,605)	(5,880)	(565,700)
Interest paid on debt	(95,448)	(42,882)	(20,512)	(158,842)
Interest subsidy from Build America Bonds	16,746	2,446	-	19,192
Swap upfront payments	14,236	-	-	14,236
Proceeds from debt issuances	1,508,681	-	-	1,508,681
Net cash provided by (used for) capital and related financing activities	560,974	(116,830)	1,596	445,740
Noncapital financing activities				
Cash payments to PennDOT	(450,000)	-	-	(450,000)
Payments for bond and swap expenses	(796)	-	-	(796)
Payments for redemption of debt	(394,525)	-	-	(394,525)
Interest paid on debt	(123,043)	-	-	(123,043)
Proceeds from debt issuances	706,239	-	-	706,239
Net cash used for noncapital financing activities	(262,125)	-	-	(262,125)
Increase (Decrease) in cash and cash equivalents	11,344	(33,908)	3,679	(18,885)
Cash and cash equivalents at beginning of year	494,940	98,513	21,977	615,430
Cash and cash equivalents at end of year	$ 506,284	$ 64,605	$ 25,656	$ 596,545

Other Supplementary Information (continued)

Section Information (continued)

Statements of Cash Flows (continued)

	Year Ended May 31, 2011			
	Mainline	Oil Franchise	Motor License	Total
	(In Thousands)			
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ 118,904	$ (1,679)	$ (34)	$ 117,191
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	281,587	-	-	281,587
Change in operating assets and liabilities:				
Accounts receivable	79	-	-	79
Inventories	(1,247)	-	-	(1,247)
Other assets	(1,746)	-	-	(1,746)
Accounts payable and accrued liabilities	4,549	63	(11)	4,601
Other noncurrent liabilities	(4,259)	(6)	-	(4,265)
Net cash provided by (used for) operating activities	$ 397,867	$ (1,622)	$ (45)	$ 396,200
Reconciliation of cash and cash equivalents to the Balance Sheets:				
Cash and cash equivalents	$ 126,084	$ -	$ -	$ 126,084
Restricted cash and cash equivalents	380,200	64,605	25,656	470,461
Total cash and cash equivalents	$ 506,284	$ 64,605	$ 25,656	$ 596,545

Section Information (continued)

Statements of Cash Flows (continued)

Noncash activities

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

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

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

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

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

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR INDENTURE

The following sets forth the definitions of certain terms used in the Senior Indenture and a summary of certain provisions of the Senior Indenture. Certain other provisions of the Senior Indenture relating to the 2013A Bonds are summarized in the Official Statement under the sections captioned "DESCRIPTION OF THE 2013A BONDS" and "SECURITY FOR THE 2013A BONDS." Reference should be made to the Senior Indenture for a complete statement of all of these provisions and other provisions which are not summarized in this Official Statement. A copy of the Senior Indenture may be obtained from the Trustee.

DEFINITIONS OF CERTAIN TERMS

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

"Additional Bonds" -- Bonds of any Series authorized to be issued under the Senior Indenture.

"Annual Capital Budget" -- the budget adopted by the Commission pursuant to the provisions described under the heading "THE SENIOR INDENTURE—Covenants of Commission--Annual Operating Budget; Capital Budget" in this Appendix C.

"Annual Debt Service" -- (i) the amount of principal and interest paid or payable with respect to Bonds in a Fiscal Year plus (ii) Reimbursement Obligations paid or payable by the Commission in such Fiscal Year (but only to the extent they are not duplicative of such principal and interest), plus (iii) the amounts, if any, paid or payable by the Commission in such Fiscal Year with respect to Approved Swap Agreements, minus (iv) the amounts, if any, paid or payable to the Commission in such Fiscal Year with respect to Approved Swap Agreements, provided that the difference between the amounts described in clauses (iii) and (iv) shall be included only to the extent that such difference would not be recognized as a result of the application of the assumptions set forth below. The following assumptions shall be used to determine the Annual Debt Service becoming due in any Fiscal Year: (a) in determining the principal amount paid or payable with respect to Bonds or Reimbursement Obligations in each Fiscal Year, payment shall be assumed to be made in accordance with any amortization schedule established for such Indebtedness, including amounts paid or payable pursuant to any mandatory redemption schedule for such Indebtedness; (b) if any of the Indebtedness or proposed Indebtedness constitutes Balloon Indebtedness, then such amounts thereof as constitute Balloon Indebtedness shall be treated as if such Indebtedness is to be amortized in substantially equal annual installments of principal and interest over a term of 25 years from the date of issuance of such Indebtedness; anything to the contrary in the Senior Indenture notwithstanding, during the year preceding the final maturity date of such Indebtedness, all of the principal thereof shall be considered to be due on such maturity date unless the Commission provides to the Trustee a certificate of a Financial Consultant certifying that, in its judgment, the Commission will be able to refinance such Balloon Indebtedness, in which event the Balloon Indebtedness shall be amortized over the term of such refinancing and shall bear the interest rate specified in the certificate of the Financial Consultant; (c) if any of the Indebtedness or proposed Indebtedness constitutes Variable Rate Indebtedness, then interest in future periods shall be based on the Assumed Variable Rate; (d) termination or similar payments under an Approved Swap Agreement shall not be taken into account in any calculation of Annual Debt Service; and (e) if any cash subsidy payments (the "Subsidy Payments") from the United States Treasury pursuant to Section 54AA or 6431 of the Code (as such Sections were added by Section 1531 of the American Recovery and Reinvestment Act of 2009 (Pub.L. 111-5) pertaining to "Build America Bonds") are scheduled to be received by the Commission with respect to any Bonds which are eligible for such Subsidy Payments, each of the Subsidy Payments may be deducted from the interest payable on such Bonds in the period in which such Subsidy Payment is scheduled to be received.

"Annual Operating Budget" -- the budget adopted by the Commission pursuant to the provisions described under the heading "THE SENIOR INDENTURE--Annual Operating Budget; Capital Budget" in this Appendix C.

"Applicable Long-Term Indebtedness" -- includes Bonds, Additional Bonds, Reimbursement Obligations and obligations of the Commission under Approved Swap Agreements, to the extent the same constitute Long-Term Indebtedness, and excludes Subordinated Indebtedness.

"Approved Swap Agreement" -- shall have the meaning set forth below under the heading "THE SENIOR INDENTURE--Approved and Parity Swap Obligations" in this Appendix C.

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

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

"Authorized Denominations" -- for the 2013A Bonds are described in the forepart of this Official Statement.

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

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

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

"Bond" or "Bonds" -- Bonds outstanding under the Prior Senior Indenture and indebtedness of any kind or class, including bonds, notes, bond anticipation notes, commercial paper and other obligations, issued as Additional Bonds under the applicable provisions of the Senior Indenture, other than Additional Bonds issued as Subordinated Indebtedness.

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

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

"Bond Documents" means Supplemental Indenture No. 28, the 2013A Bonds and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing.

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

"Bond Owner," "Bondholder," "Holder," "Owner" or "Registered Owner" (or the lower case version of the same) -- the Person in whose name any Bond or Bonds are registered on the books maintained by the Registrar.

"Bond Register" -- the register maintained pursuant to the applicable provisions of the Senior Indenture.

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

"Book-Entry-Only System" -- a system similar to the system described in the Senior Indenture and in the forepart of this Official Statement under "Description of the 2013A Bonds--Book-Entry Only System" pursuant to which Bonds are registered in book-entry form.

"Business Day" -- a day other than: (i) a Saturday, Sunday, legal holiday or day on which banking institutions in the city in which the Trustee has its Principal Office are authorized or required by law or executive order to close; or (ii) a day on which the New York Stock Exchange is closed.

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

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

"Commonwealth" -- the Commonwealth of Pennsylvania.

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

"Conditional Redemption" -- a redemption of Bonds (1) that is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the redemption date, or (2) that the Commission retains the right to rescind such redemption at any time prior to the scheduled redemption date if the Commission delivers a certificate of a Commission Official to the Trustee instructing the Trustee to rescind the applicable redemption notice.

"Consultant" -- a Person who shall be independent, appointed by the Commission as needed, qualified and having a nationwide and favorable reputation for skill and experience in such work for which the Consultant was appointed. In those situations in which a Consultant is appointed to survey risks and to recommend insurance coverage, such Consultant may be a broker or agent with whom the Commission transacts business.

"Consulting Engineers" -- the engineer or engineering firm or corporation at the time employed by the Commission under the Senior Indenture.

"Cost" -- all or any part of: (a) the cost of construction, reconstruction, restoration, repair and rehabilitation of a Project or portion thereof (including, but not limited to, indemnity and surety bonds, permits, taxes or other municipal or governmental charges lawfully levied or assessed during construction); (b) the cost of acquisition of all real or personal property, rights, rights-of-way, franchises, easements and interests acquired or used for such Project or portion thereof; (c) the cost of demolishing or removing any structures on land so acquired, including the cost of acquiring any land to which the structures may be removed; (d) any cost of borings and other preliminary investigations necessary or incident to determining the feasibility for practicability of constructing such Project and any cost necessary or desirable to satisfy conditions associated with the issuance of any permit for the construction thereof (including the costs of environmental mitigation required in connection therewith); (e) the cost of all machinery and equipment, vehicles, materials and rolling stock; (f) Issuance Costs; (g) interest on Bonds and on any Reimbursement Obligation for the period prior to, during and for a period of up to one year after completion of construction as determined by the Commission, provisions for working capital, reserves for principal and interest and for extensions, enlargements, additions, replacements, renovations and improvements; (h) the cost of architectural, engineering, environmental feasibility, financial and legal services; (i) plans, specifications, estimates and administrative and other expenses which are necessary or incidental to the determination of the feasibility of constructing such Project or portion thereof or incidental to the obtaining of construction contracts or to the construction (including construction administration and inspection), acquisition or financing thereof and which constitute capital costs; (j) Current Expenses, provided that, if applicable, the Trustee has received an opinion of Bond Counsel (which opinion may address either specific Current Expenses or categories of Current Expenses) to the effect that the treatment of such Current Expenses as a Cost will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes; (k) the repayment of any loan or advance for any of the foregoing; and (1) with respect to the use of Bond proceeds, such other costs and expenses as are permitted by the Enabling Acts at the time such Bonds are issued.

"Counsel" -- an attorney or law firm (who may be counsel for the Commission) not unsatisfactory to the Trustee.

"Credit Facility" -- any letter of credit, line of credit, standby letter of credit, indemnity or surety insurance policy or agreement to purchase a debt obligation or any similar extension of credit, credit enhancement or liquidity support obtained by the Commission from a responsible financial or insurance institution, to provide for or to secure payment of principal and purchase price of, and/or interest on Bonds pursuant to the provisions of a Supplemental Indenture under which such Bonds are issued. The use of such definition is not intended to preclude the Commission from providing the credit or liquidity support with respect to one or more series of Bonds directly rather than through a financial or insurance institution.

"Current Expenses" -- the Commission's reasonable and necessary current expenses of maintenance, repair and operation of the System, including, without limiting the generality of the foregoing, all premiums for insurance and payments into any self-insurance reserve fund, all administrative and engineering expenses relating to maintenance, repair and operation of the System, fees and expenses of the Trustee and of the Paying Agents, Policy Costs, legal expenses and any other expenses required to be paid by the Commission as shown in the Annual Operating Budget for the System.

"Debt Service Fund" -- the fund created by the Senior Indenture and described under "THE SENIOR INDENTURE—Debt Service Fund" in this Appendix C.

"Debt Service Reserve Fund" -- the fund created by the Senior Indenture and described under "THE SENIOR INDENTURE—Debt Service Reserve Fund" in this Appendix C.

"Debt Service Reserve Fund Bonds" -- shall mean the Long-Term Indebtedness specified by the Commission that is secured by the Debt Service Reserve Fund as described under "THE SENIOR INDENTURE—Debt Service Reserve Fund" in this Appendix C.

"Debt Service Reserve Requirement" -- the amount equal to the Maximum Annual Debt Service on account of all the Debt Service Reserve Fund Bonds.

"Defeasance Securities" -- Cash, Government Obligations, Government Obligations which have been stripped by the U.S. Treasury and CATS, TIGRS and similar securities, Resolution Funding Corp. strips which have been stripped by the Federal Reserve Bank of New York, pre-refunded obligations of a state or municipality rated in the highest rating category by the Rating Agency, and Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.: Farmers Home Administration (Certificates of beneficial ownership), Federal Financing Bank, General Services Administration (Participation certificates), U.S. Maritime Administration (Guaranteed Title XI financing), U.S. Department of Housing and Urban Development (Project Notes, Local Authority Bonds and New Communities Debentures - U.S. government guaranteed debentures) and U.S. Public Housing Notes and Bonds (U.S. government guaranteed public housing notes and bonds).

"Depositary" -- a bank or trust company designated as such by the Commission to receive moneys under the provisions of the Senior Indenture and approved by the Trustee, and shall include the Trustee.

"DSRF Security" -- shall have the meaning set forth under "THE SENIOR INDENTURE—Debt Service Reserve Fund" in this Appendix C.

"DTC" -- The Depository Trust Company, New York, New York.

"Event of Bankruptcy" -- the filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceedings) by or against the Commission as debtor, under Bankruptcy Law.

"Event of Default" -- those events specified under "THE SENIOR INDENTURE—Events of Default" in this Appendix C and such other events specified in any Supplemental Indentures.

"Financial Consultant" -- any financial advisor or firm of financial advisors of favorable national reputation for skill and experience in performing the duties for which a Financial Consultant is required to be employed pursuant to the provisions of the Senior Indenture and who is retained by the Commission as a Financial Consultant for the purposes of the Senior Indenture.

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

"Fitch" -- Fitch, Inc., its successors and assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized rating agency designated by the Commission.

"General Reserve Fund" -- the fund created by the Senior Indenture and described under "THE SENIOR INDENTURE— General Reserve Fund" in this Appendix C.

"Government Obligations" -- (a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed as to full and timely payment by, the United States of America, (b) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States of America, the payment of the principal of and interest on which is fully and unconditionally guaranteed as a full faith and credit obligation of the United States of America (including any securities described in clause (a) above issued or held in book-entry form in the name of the Trustee only on the books of the Department of Treasury of the United States of America), (c) any certificates or any other evidences of an ownership interest in obligations or specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in clause (a) or (b) above, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, (d) stripped obligations of interest issued by the Resolution Funding Corporation pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"), the interest on which, to the extent not paid from other specified sources, is payable when due by the Secretary of the Treasury pursuant to FTRREA, and (e) obligations of any state or political subdivision thereof or any agency or instrumentality of such a state or political subdivision, provided that cash, obligations described in clause (a), (b), (c) or (d) above, or a combination thereof have been irrevocably pledged to and deposited into a segregated escrow account for the payment when due of the principal or redemption price of and interest on such obligations, and provided further that, at the time of purchase, such obligations are rated by the Rating Service in its highest rating category.

“Historical Debt Service Coverage Ratio” -- for any period of time, the ratio determined by dividing Net Revenues for such period by the Annual Debt Service for all Applicable Long-Term Indebtedness which is Outstanding during such period.

“Historical Pro Forma Debt Service Coverage Ratio” -- for any period of time, the ratio determined by dividing Net Revenues for such period by the Maximum Annual Debt Service for all Applicable Long-Term Indebtedness then Outstanding and the Applicable Long-Term Indebtedness proposed to be issued pursuant to the Senior Indenture pursuant to the provisions described under the section in the forepart of this Official Statement captioned “SECURITY FOR THE 2013A BONDS — Additional Bonds Test”.

“Immediate Notice” -- notice transmitted by electronic means, in writing, by telecopier or other electronic means or by telephone (promptly confirmed in writing) and received by the Person to whom it was addressed.

“Indebtedness” -- any obligation or debt incurred for money borrowed.

“Interest Payment Date” -- for the 2013A Bonds is described in the forepart of this Official Statement. If the Interest Payment Date is not a Business Day then the Interest Payment Date shall be the Business Day next succeeding the date specified above,

“Issuance Cost” -- costs incurred by or on behalf of the Commission in connection with the issuance of Additional Bonds including, without limitation, the following: payment of financial, legal, accounting and appraisal fees and expenses, the Commission’s fees and expenses attributable to the issuance of the Bonds, the cost of printing, engraving and reproduction services, fees and expenses incurred in connection with any Credit Facility and any Approved Swap Obligation, legal fees and expenses for Bond Counsel, Commission’s counsel, Trustee’s counsel and Underwriter’s counsel relating to the issuance of the Bonds, the initial or acceptance fee of the Trustee, and all other fees, charges and expenses incurred in connection with the issuance of the Bonds and the preparation of the Senior Indenture.

“Letter of Representations” -- the letter of representations or similar document executed by the Commission and delivered to the Securities Depository (and any amendments thereto or successor agreements) for one or more Series of Book-Entry Bonds.

“Long-Term Indebtedness” -- all Indebtedness, which is not (a) Short-Term Indebtedness or (b) Subordinated Indebtedness.

“Maximum Annual Debt Service” -- at any point in time the maximum amount of Annual Debt Service on all Applicable Long-Term Indebtedness, as required by the context (e.g., whether relating to all such Applicable Long-Term Indebtedness or only specified Applicable Long-Term Indebtedness) paid or payable in the then current or any future Fiscal Year.

“Moody’s” -- Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized rating agency designated by the Commission.

“Net Revenues” -- the amount by which total Revenues exceed Current Expenses for any particular period.

“Other Revenues” -- any funds received or payable to the Commission, other than Revenues, which the Commission chooses to include as security for Parity Obligations and/or Subordinated Indebtedness pursuant to a Supplemental Indenture.

“Original Senior Indenture” -- the Indenture of Trust dated as of July 1, 1986 between the Commission and the Trustee.

“Outstanding” or “outstanding” in connection with Bonds -- all Bonds which have been authenticated and delivered under the Senior Indenture, except: (a) Bonds theretofore cancelled or delivered to the Trustee for cancellation under the Senior Indenture; (b) Bonds which are deemed to be no longer Outstanding in accordance with the provisions described under “THE SENIOR INDENTURE—Defeasance” in this Appendix C; and (c) Bonds in substitution for which other Bonds have been authenticated and delivered pursuant to the Senior Indenture. In determining whether the owners of a requisite aggregate principal amount of Bonds Outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions of the Senior Indenture, Bonds which are held by or on behalf of the Commission (unless all of the Outstanding Bonds are then owned by the Commission) shall be disregarded for the purpose of any such determination.

“Parity Obligations” -- includes Bonds and other obligations of the Commission owed to Secured Owners and excludes Subordinated Indebtedness.

“Parity Swap Agreement” -- shall have the meaning set forth under the heading “THE SENIOR INDENTURE--Approved and Parity Swap Obligations” in this Appendix C.

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

"Paying Agent" -- with respect to any series of Bonds, that Person appointed pursuant to the Senior Indenture to make payments to Bondholders of interest and/or principal pursuant to the terms of the Senior Indenture, which initially shall be the Trustee.

"Permitted Investments" -- (to the extent permitted by law): (a) Government Obligations; (b) obligations issued or guaranteed as to full and timely payment of principal and interest by any agency or Person controlled or supervised by and acting as an instrumentality of the U.S., pursuant to authority granted by the U.S. Congress; (c) obligations of the Governmental National Mortgage Association, Farmers Home Administration, Federal Financing Bank, Federal Housing Administration, Maritime Administration and Public Housing Authorities, provided that the full and timely payment of the principal and interest on such obligations shall be unconditionally guaranteed by the U.S.; (d) obligations of the Federal Intermediate Credit Corporation and of the Federal National Mortgage Association; (e) obligations of the Federal Banks for Cooperation; (f) obligations of Federal Land Banks; (g) obligations of Federal Home Loan Banks; provided that the obligations described in clauses (c) through (g) above shall constitute Permitted Investments only to the extent that the Rating Agency has assigned a rating to such obligations which is not lower than the highest rating assigned by such Rating Agency to any series of comparable Bonds then Outstanding; (h) certificates of deposit of any bank, savings and loan or trust company organized under the laws of the U.S. or any state thereof, including the Trustee or any holder of the Bonds, provided that such certificates of deposit shall be fully collateralized (with a prior perfected security interest), to the extent they are not insured by the Federal Deposit Insurance Corporation, by Permitted Investments described in (a), (b), (c), (d), (e), (f) or (g) above having a market value at all times equal to the uninsured amount of such deposit; (i) money market funds registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, including funds for which the Trustee, its parent, its affiliates or its subsidiaries provide investment advisory or other management services, and which are rated by S&P, Moody's and Fitch in one of their two highest rating categories; (j) investment agreements (which term, for purposes of this clause, shall not include repurchase agreements) with a Qualified Financial Institution; (k) repurchase agreements with banks or primary government dealers reporting to the Federal Reserve Bank of New York ("Repurchasers"), including but not limited to the Trustee and any of its affiliates, provided that each such repurchase agreement results in transfer to the Trustee of legal and equitable title to, or the granting to the Trustee of a prior perfected security interest in, identified Permitted Investments described in (a), (b), (c), (d), (e), (f) or (g) above which are free and clear of any claims by third parties and are segregated in a custodial or trust account held either by the Trustee or by a third party (other than the Repurchaser) as the agent solely of, or in trust solely for the benefit of, the Trustee, provided that Government Obligations acquired pursuant to such repurchase agreements shall be valued at the lower of the then current market value of such Government Obligations or the repurchase price thereof set forth in the applicable repurchase agreement; (l) bonds or notes issued by any state or municipality which are rated by S&P, Moody's and Fitch in one of their two highest rating categories; (m) commercial paper rated in the highest short-term, note or commercial paper Rating Category by S&P, Moody's and Fitch; (n) any auction rate certificates which are rated by S&P, Moody's and Fitch in one of their two highest rating categories; (o) corporate bonds and medium term notes rated at least "AA-" by Moody's and S&P; (p) asset-backed securities rated in the highest rating category by Moody's and S&P; and (q) any other investment approved by the Commission for which confirmation is received from the Rating Agency that such investment will not adversely affect such Rating Agency's rating on such Bonds.

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

"Policy Costs" -- a periodic fee or charge required to be paid to maintain a DSRF Security.

"Principal Office" means, with respect to any entity performing functions under any Bond Document, the principal office of that entity or its affiliate at which those functions are performed.

"Prior Senior Indenture" -- the Original Senior Indenture as supplemented and amended.

"Project" -- any improvements to the System or refundings which are authorized by the Enabling Acts or which may be hereafter authorized by law.

"Projected Annual Debt Service" -- for any future period of time, shall equal the amount of Maximum Annual Debt Service on all Applicable Long-Term Indebtedness then Outstanding and on any Applicable Long-Term Indebtedness proposed to be issued.

"Projected Debt Service Coverage Ratio" -- for the two Fiscal Years following the end of any period during which interest was fully capitalized on the Applicable Long-Term Indebtedness proposed to be issued, the ratio determined by dividing Projected Net Revenues for such period by the Projected Annual Debt Service for such period.

"Projected Net Revenues" -- projected Net Revenues for the period in question, taking into account any revisions of the Tolls which have been approved by the Commission and which will be effective during such period and any additional Tolls which the Commission or the Consultant, as appropriate, estimates will be received by the Commission following the completion of any Project then being constructed or proposed to be constructed.

"Purchase Price" -- shall mean the purchase price payment described in paragraph (a) of the definition of Tender Indebtedness.

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

"Rate Covenant" -- the requirement to establish and maintain a schedule of Tolls sufficient to provide the funds required pursuant to the Senior Indenture provisions described under "THE SENIOR INDENTURE—Rate Covenant" in this Appendix C.

"Rating Agency" -- Fitch, Moody's or S&P or such other nationally recognized securities rating agency as may be so designated in writing to the Trustee by a Commission Official.

"Rating Category" -- each major rating classification established by the Rating Agency, determined without regard to gradations such as "1," "2" and "3" or "plus" and "minus."

"Rebate Fund" -- the fund created by the Senior Indenture and described under "THE SENIOR INDENTURE—Rebate Fund" in this Appendix C.

"Rebate Regulations"-- the Treasury Regulations issued under Section 148(f) of the Code.

"Record Date" -- for the 2013A Bonds is described in the forepart of this Official Statement. If the Record Date is not a Business Day, then the Record Date shall be the Business Day next preceding the date specified above.

"Reimbursement Agreement" -- an agreement between the Commission and one or more Banks pursuant to which, among other things, such Bank or Banks issue a Credit Facility with respect to Bonds of one or more series and the Commission agrees to reimburse such Bank or Banks for any drawings made thereunder.

"Reimbursement Obligation" -- an obligation of the Commission pursuant to a Reimbursement Agreement to repay any amounts drawn under a Credit Facility and to pay interest on such drawn amounts pursuant to such Reimbursement Agreement.

"Reserve Maintenance Fund" -- the fund created by the Senior Indenture and described under "THE SENIOR INDENTURE—Reserve Maintenance Fund" in this Appendix C.

"Reserve Maintenance Fund Requirement" -- the amount to be deposited to the credit of the Reserve Maintenance Fund from the Revenues of the Commission pursuant to the provisions described under "THE SENIOR INDENTURE – Reserve Maintenance Fund" in this Appendix C.

"Revenue Fund" -- the fund created by the Senior Indenture and described under "THE SENIOR INDENTURE—Revenue Fund; Agreements with Other Turnpikes" in this Appendix C.

"Revenues" -- (a) all Tolls received by or on behalf of the Commission from the System, (b) any other sources of revenues or funds of the Commission which the Commission chooses to include in the Trust Estate pursuant to a Supplemental Indenture, and (c) the interest and income earned on any fund or account where said interest or income is required to be credited to the Revenue Fund pursuant to the Senior Indenture. As more fully provided by the provisions described below under "THE SENIOR INDENTURE—Revenue Fund; Agreements with Other Turnpikes," in the event the Commission receives advances or prepayments or otherwise operates or participates in a system in which funds are collected prior to the actual usage of the System, such funds shall not be deemed to be Revenues until the usage occurs or the funds are earned pursuant to the agreement under which the Commission receives such funds.

"S&P" -- Standard & Poor's, a division of McGraw-Hill, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Commission.

"Secured Owner" -- each Person who is a Bondholder of any Bonds, each Parity Swap Agreement Counterparty providing a Parity Swap Agreement, each Bank providing a Credit Facility and each Bond Insurer providing a bond insurance policy with respect to a Parity Obligation.

"Securities Depository" -- a Person that is registered as a clearing agency under Section 17A of the Securities Exchange Act of 1934 or whose business is confined to the performance of the functions of a clearing agency with respect to exempted securities, as defined in Section 3(a)(12) of such Act for the purposes of Section 17A thereof.

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

"Series Issue Date" means, with respect to the 2013A Bonds, the date of original issuance and delivery of the 2013A Bonds.

"Short-Term Indebtedness" -- all Indebtedness which matures in less than 365 days and is designated as Short-Term Indebtedness pursuant to the provisions described under "THE SENIOR INDENTURE—Limitation on Issuance of Additional Bonds and Execution of Swap Agreements" in this Appendix C. In the event a Bank has extended a line of credit or the Commission has undertaken a commercial paper or similar program, only amounts actually borrowed under such line of credit or program and repayable in less than 365 days shall be considered Short-Term Indebtedness and the full amount of such commitment or program shall not be treated as Short-Term Indebtedness to the extent that such facility remains undrawn.

"Special Record Date" -- for the 2013A Bonds is described in the forepart of this Official Statement.

"Subordinated Indebtedness" -- Indebtedness incurred pursuant to paragraph (c) of the section in the forepart of this Official Statement captioned "SECURITY FOR THE 2013A BONDS — Additional Bonds Test".

"Supplemental Indenture" -- any Supplemental Indenture to (a) the Senior Indenture, now or hereafter duly authorized and entered into in accordance with the provisions of the Senior Indenture or (b) the Prior Senior Indenture, including any Supplemental Indenture pursuant to which (and only for so long as) Bonds are outstanding thereunder.

"Swap Agreement" -- shall have the meaning set forth under the heading "THE SENIOR INDENTURE--Approved and Parity Swap Obligations" in this Appendix C.

"System" — is described in the forepart of this Official Statement under "Pennsylvania Turnpike System."

"Tender Indebtedness" -- any Indebtedness or portion thereof: (a) the terms of which include (i) an option or an obligation on the part of the Secured Owner to tender all or a portion of such Indebtedness to the Commission, the Trustee, the Paying Agent or another fiduciary or agent for payment or purchase and (ii) a requirement on the part of the Commission to purchase or cause to be purchased such Indebtedness or portion thereof if properly presented; and (b) which is rated in either (i) one of the two highest long-term Rating Categories by the Rating Agency or (ii) the highest short-term, note or commercial paper Rating Category by the Rating Agency.

"Tolls" -- all rates, rents, fees, charges, fines or other income derived by the Commission from vehicular usage of the System, and all rights to receive the same.

"Trust Estate" -- (i) all Revenues, (ii) all monies deposited into accounts or funds created by the Senior Indenture and held by or on behalf of the Trustee (other than the Rebate Fund), (iii) any insurance proceeds and other moneys required to be deposited in the Senior Indenture, (iv) all payments received by the Commission pursuant to Parity Swap Agreements, and (v) all investment earnings on all moneys held in accounts and funds established by the Senior Indenture, other than the Rebate Fund.

"Trustee" -- the Trustee at the time in question, whether the initial Trustee or a successor.

"U.S." -- United States of America.

"Variable Rate Indebtedness" -- any Indebtedness the interest rate on which fluctuates from time to time subsequent to the time of incurrence. Variable Rate Indebtedness may include, without limitation, (a) "auction rate" Indebtedness, that is, Variable Rate Indebtedness (i) the interest rate applicable to which (after an initial period following the issuance thereof or the conversion thereof to such an interest rate mode) is reset from time to time through an auction or bidding system and (ii) which the Commission has no obligation to repurchase in connection with the resetting of the interest rate applicable thereto except to the extent proceeds are available for such purpose either from the remarketing of such Variable Rate Indebtedness or from such other sources as identified in the Supplemental Indenture pursuant to which such Variable Rate Indebtedness was issued, (b) Tender Indebtedness, (c) commercial paper Indebtedness which is intended to be reissued and refinanced periodically, or (d) other forms of Indebtedness on which the interest fluctuates or is subject to being set or reset from time to time.

THE SENIOR INDENTURE

LIMITED OBLIGATIONS

The Bonds shall be limited obligations of the Commission, payable solely from the Trust Estate. The Bonds shall constitute a valid claim of the respective owners thereof against the Trust Estate, which is pledged to secure the payment of the principal of, redemption premium, if any, and interest on the Bonds, and which shall be utilized for no other purpose, except as expressly authorized in the Senior Indenture. The Bonds shall not constitute general obligations of the Commission and under no circumstances shall the Bonds be payable from, nor shall the holders thereof have any rightful claim to, any income, revenues, funds or assets of the Commission other than those pledged under the Senior Indenture as security for the payment of the Bonds.

ADDITIONAL BONDS

The Commission agrees in the Senior Indenture that it will not issue or incur any other Indebtedness having a parity lien on the Trust Estate except for Additional Bonds issued pursuant to the provisions described below and other Parity Obligations. Additional Bonds may be issued and the Trustee shall authenticate and deliver such Additional Bonds when there have been filed with the Trustee the following:

(a) A copy certified by a Commission Official of the resolution or resolutions of the Commission authorizing (1) the execution and delivery of a Supplemental Indenture providing for, among other things, the date, rate or rates of interest on, interest payment dates, maturity dates and redemption provisions of such Additional Bonds, and (2) the issuance, sale, execution and delivery of the Additional Bonds;

(b) An original executed counterpart of the Supplemental Indenture;

(c) An opinion or opinions of Bond Counsel, addressed to the Commission and the Trustee, to the effect that (1) issuance of the Additional Bonds is permitted under the Senior Indenture, (2) each of the Supplemental Indenture and the Additional Bonds has been duly authorized, executed and delivered and is a valid, binding and enforceable obligation of the Commission, subject to bankruptcy, equitable principles and other standard legal opinion exceptions and (3) subject to the last paragraph of this Section, interest on the Additional Bonds is not included in gross income for federal income tax purposes under the Code;

(d) A request and authorization of the Commission, signed by a Commission Official, to the Trustee to authenticate and deliver the Additional Bonds to such Person or persons named therein after confirmation of payment to the Trustee for the account of the Commission of a specified sum (which may include directions as to the disposition of such sum);

(e) A certificate of the Commission, signed by a Commission Official, that the Commission is not in default under the Senior Indenture and evidence satisfactory to the Trustee that, upon issuance of the Additional Bonds, amounts will be deposited in the Funds under the Senior Indenture adequate for the necessary balances therein after issuance of the Additional Bonds (including an amount sufficient to satisfy the Debt Service Reserve Requirement if the Additional Bonds constitute Debt Service Reserve Fund Bonds);

(f) A certificate of the Commission, signed by a Commission Official, identifying the Additional Bonds as Short-Term Indebtedness, Long-Term Indebtedness or Subordinated Indebtedness and demonstrating with reasonable detail that the applicable Senior Indenture provisions described in the section in the forepart of this Official Statement captioned "SECURITY FOR THE 2013A BONDS — Additional Bonds Test" have been met for the issuance of such Additional Bonds; and

(g) Such further documents, moneys and securities as are required by the provisions of the Supplemental Indenture.

Anything in the Senior Indenture to the contrary notwithstanding, Additional Bonds may bear interest which is included in gross income for federal income tax purposes under the Code, in which event provisions in the Senior Indenture requiring or referencing the exclusion of interest on Bonds of gross income for federal income tax purposes may be ignored or modified, as appropriate, as set forth in an opinion of Bond Counsel.

APPROVED AND PARITY SWAP OBLIGATIONS

The Commission may enter into one or more contracts having an interest rate, currency, cash-flow, or other basis desired by the Commission (a "Swap Agreement"), including, without limitation, interest rate swap agreements, currency swap agreements, forward payment conversion agreements, futures contracts, contracts providing for payments based on levels of or changes in interest rates, currency exchange rates, stock or other indices, or contracts to exchange cash flows or a series of payments, and contracts including, without limitation, interest rate floors or caps, options, puts or calls to hedge payment, currency rate, spread or similar exposure. In the event the Commission wishes the payments to be made and received by the Commission under the Swap Agreement to be taken into account in any calculation of Annual Debt Service under the Senior Indenture, the Commission shall file with the Trustee the following on or before entering into the Swap Agreement (in which event such Swap Agreement shall constitute an "Approved Swap Agreement"):

(a) A copy certified by a Commission Official of the resolution or resolutions of the Commission authorizing the execution and delivery of the Swap Agreement (no Supplemental Indenture being required unless the Commission determines it to be necessary or appropriate);

(b) An original executed counterpart of the Swap Agreement;

(c) An opinion of Bond Counsel addressed to the Commission and to the Trustee, to the effect that execution of the Swap Agreement is permitted under the laws of the Commonwealth and will not adversely affect the exclusion from gross income from interest on any Bonds for federal income tax purposes; provided that if the Swap Agreement relates to Bonds being issued and the Swap Agreement is entered into 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 until such Bonds are issued;

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

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

(f) Evidence that the provisions with respect to Approved Swap Agreements described in the section in the forepart of this Official Statement captioned "SECURITY FOR THE 2013A BONDS — Additional Bonds Test" have been met; and

(g) Such further documents as are required by the Swap Agreement or Bond Counsel.

In the event the Commission wishes to enter into an Approved Swap Agreement and to have 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 Swap Agreement shall constitute a "Parity Swap Agreement"). Upon entering into a Parity Swap Agreement, unless otherwise provided in the Supplemental Indenture, the Commission shall pay to the Trustee for deposit into the Interest Account the net amount payable, if any, to the Parity Swap Agreement Counterparty as if such amounts were additional amounts of interest due; and the Trustee shall pay on behalf of the Commission to the Parity Swap Agreement Counterparty, to the extent required under the Parity Swap Agreement, amounts deposited in the Interest Account. Net amounts received by the Commission or the Trustee from the counterparty pursuant to a Parity Swap Agreement shall be deposited to the credit of the Interest Account or to such other account as designated by a Commission Official.

Amounts paid by or to the Commission pursuant to Approved Swap Agreements which do not constitute Parity Swap Agreements shall not be required to be made through the Trustee as described in the preceding paragraph (but shall be taken into account in calculation of Annual Debt Service as provided in the definition of such term).

CONVERSIONS OF VARIABLE RATE INDEBTEDNESS TO FIXED RATE INDEBTEDNESS

The Senior Indenture provides that the Commission may convert Variable Rate Indebtedness to a fixed rate if permitted pursuant to the terms thereof and if the Commission was in compliance with the Rate Covenant for the most recently completed Fiscal Year. If the Commission did not meet the Rate Covenant for such Fiscal Year, the Commission must treat the proposed conversion as if it constituted the issuance of Additional Bonds by meeting the requirements set forth in the section in the forepart of this Official Statement captioned "SECURITY FOR THE 2013A BONDS — Additional Bonds Test" (computing the Annual Debt Service with respect to such Variable Rate Indebtedness proposed to be converted as bearing interest at the Bond Buyer Index or such other rate as identified by a Financial Consultant as being more appropriate under the circumstances).

REDEMPTION OF BONDS

The Bonds of any Series issued under the provisions of the Senior Indenture shall be subject to redemption, in whole or in part, and at such times and prices as may be provided in the Supplemental Indenture pursuant to which such Bonds are issued. The provisions for redemption of the 2013A Bonds are described in the forepart of this Official Statement under "DESCRIPTION OF THE 2013A BONDS -- Redemption of 2013A Bonds."

NOTICE OF REDEMPTION

When Bonds (or portions thereof) are to be redeemed, the Commission shall give or cause to be given notice of the redemption of the Bonds to the Trustee no later than 15 days prior to the last date on which notice of such redemption can be given or such shorter time as may be acceptable to the Trustee. In the case of an optional redemption, the notice may state (1) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the redemption date or (2) that the Commission retains the right to rescind such notice at any time prior to the scheduled redemption date if the Commission delivers a certificate of a Commission Official to the Trustee instructing the Trustee to rescind the redemption notice (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded.

The provisions for notice of redemption for the 2013A Bonds are further described in the forepart of this Official Statement under "DESCRIPTION OF THE 2013A BONDS -- Redemption of 2013A Bonds."

On or before the date fixed for redemption, subject to the provisions described above, moneys shall be deposited with the Trustee to pay the principal of, redemption premium, if any, and interest accrued to the redemption date on the Bonds called for redemption. Upon the deposit of such moneys, unless the Commission has given notice of rescission as described herein, the Bonds shall cease to bear interest on the redemption date and shall no longer be entitled to the benefits of the Senior Indenture (other than for payment and transfer and exchange) and shall no longer be considered Outstanding.

Any Conditional Redemption may be rescinded in whole or in part at any time prior to the redemption date if the Commission delivers a certificate of a Commission Official to the Trustee instructing the Trustee to rescind the redemption notice. The Trustee shall give prompt notice of such rescission to the affected Bondholders. Any Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default. Further, in the case of a Conditional Redemption, the failure of the Commission to make funds available in part or in whole on or before the redemption date shall not constitute an Event of Default.

CONSTRUCTION FUND

The Senior Indenture creates a special fund known as the "Construction Fund", which shall be held in trust by the Trustee. Money shall be deposited to the Construction Fund pursuant to the provisions of the Senior Indenture and from any other sources identified by the Commission. Payment of the costs of the construction portion of any Project shall be made from the Construction Fund. A special account shall be created and identified for each such construction project, although funds, at the written direction of the Commission, may be transferred from one such account in the Construction Fund to another account in such Fund. The 2013A Account of the Construction Fund is created by the Supplemental Indenture for the deposit of a portion of the proceeds of the 2013A Bonds. Moneys in the Construction Fund may be disbursed by the Trustee to the Commission upon the filing by the Commission of a requisition, signed by the Chief Engineer (or his designee) and a Commission Official meeting the requirements of the Senior Indenture.

If at any time a Commission Official shall file with the Trustee a certificate stating that the cost of a Project has been finally determined and that the funds remaining in the account established for such Project exceed the remaining costs of the Project, then an amount equal to such excess shall be transferred to such fund or account as directed in the certificate, provided the same is accompanied by an opinion of Bond Counsel to the effect that such transfer and/or application will not adversely affect the tax-exempt status of the interest of the applicable Bonds.

RATE COVENANT

The Senior Indenture contains the Rate Covenant which is described in the section in the forepart of this Official Statement captioned "SECURITY FOR THE 2013A BONDS —Rate Covenant."

COVENANTS AS TO TOLLS

The Commission covenants with respect to Tolls as described in the section in the forepart of this Official Statement captioned "SECURITY FOR THE 2013A BONDS —Rate Covenant."

COVENANTS OF THE COMMISSION

In addition to the Rate Covenant and covenants as to Tolls described above, in the Senior Indenture the Commission also makes various other covenants, including the following covenants:

Payment of Principal, Interest and Premium. The Commission covenants in the Senior Indenture that it will promptly pay the principal of, premium, if any, and the interest on every Bond issued under the provisions of the Senior Indenture at the places, on the dates and in the manner provided in the Senior Indenture and in said Bonds. Except as otherwise provided in the Senior Indenture, the principal, interest and premium are payable solely from Revenues, which Revenues are hereby pledged to the payment thereof in the manner and to the extent provided in the Senior Indenture. Neither the general credit of the Commission nor the general credit nor the taxing power of the Commonwealth or any political subdivision, agency or instrumentality thereof is pledged for the payment of the Bonds.

Annual Operating Budget; Capital Budget. The Commission covenants in the Senior Indenture that on or before the 31st day of May (or such other date as is consistent with the Commission's policies then in effect) in each Fiscal Year it will adopt a budget for the ensuing Fiscal Year (the "Annual Operating Budget"). Copies of each Annual Operating Budget shall be provided to the Trustee, Prior to adopting the Operating Budget, the Commission shall provide a draft of such budget to the Consulting Engineer sufficiently in advance of the adoption of such Annual Operating Budget in order for the Consulting Engineer to provide comments before such adoption. The Commission further covenants in the Senior Indenture that it will prepare each such Annual Operating Budget on the basis of monthly requirements, so that it will be possible to determine the Current Expenses for each month during the Fiscal Year.

If for any reason the Commission shall not have adopted the Annual Operating Budget before the first day of any Fiscal Year, the budget for the preceding Fiscal Year, shall, until the adoption of the Annual Operating Budget, be deemed to be in force and shall be treated as the Annual Operating Budget.

The Commission may adopt an amended or supplemental Annual Operating Budget at any time for the remainder of the then current Fiscal Year. Copies of any such amended or supplemental Annual Operating Budget shall be provided to the Trustee.

The Commission further covenants in the Senior Indenture that it will adopt a capital budget (the "Annual Capital Budget") on or before May 31st of each Fiscal Year. The Annual Capital Budget will detail the Commission's planned capital expenditures over a period of up to 10 years and the portion of capital expenditures expected to be funded from the Reserve Maintenance Fund. The Annual Capital Budget shall include the expected beginning balance in the Reserve Maintenance Fund, the amounts to be transferred by the Trustee to the Reserve Maintenance Fund from the General Reserve Fund, the amount of bond proceeds expected to become available during the Fiscal Year, the amounts expected to be transferred monthly by the Trustee from the Revenue Fund, and the desired year-end balance in the Reserve Maintenance Fund. Prior to adopting the Annual Capital Budget, the Commission shall provide a draft of the capital budget to the Consulting Engineer a sufficient time in advance of the Commission's adoption of the Annual Capital Budget in order for the Consulting Engineer to provide comments before the date of such adoption. The Commission may adopt amendments or supplements to the Annual Capital Budget at any time. Copies of the Annual Capital Budget shall be made available to the Trustee.

Limitations on Issuance of Additional Bonds and Execution of Approved Swaps. The Commission has covenanted in the Senior Indenture with respect to issuance of Additional Bonds and execution of Approved Swap Agreements as described in the section in the forepart of this Official Statement captioned "SECURITY FOR THE 2013A BONDS — Additional Bonds Test."

Use and Operation of System. The Commission covenants in the Senior Indenture that (a) it will maintain and operate the System in an efficient and economical manner, (b) it will maintain the System in good repair and will make all necessary repairs, renewals and replacements, to the extent funds are available therefor under the Senior Indenture, and (c) it will comply with laws and all rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to such System, subject to the right of the Commission to contest the same in good faith and by appropriate legal proceedings.

Inspection of the System. The Commission shall make arrangements for the System to be inspected at least once every three years by engaging one or more Consultants to conduct the actual inspections and to prepare a report. Such report shall state (a) whether the System has been maintained in good repair, working order and condition since the last inspection report pursuant to this Section and (b) any recommendations which such Consultants may have as to revisions or additions to the Commission's Annual Capital Budget. Copies of such reports shall be filed with the Trustee.

Construction of Projects. The Commission covenants in the Senior Indenture that it will proceed with diligence to construct any Projects in conformity with law and all requirements of all governmental authorities having jurisdiction thereover. Before entering into any construction contract it will secure the approval of the plans and specifications for such contract by a certified engineer or architect, who may be an employee of the Commission, and that it will require each Person, firm or corporation with whom it may contract in connection with the construction of any Project to furnish (1) a performance bond for 100% of the contract amount, and (2) a payment bond for 100% of the contract amount. Each of such bonds shall be executed by one or more responsible surety companies authorized to do business in the Commonwealth. Any proceeds received from such bonds first shall be applied toward the completion of the applicable Project and second shall be deposited in the General Reserve Fund. Construction contracts for labor and/or materials also shall provide that payments thereunder shall not be made by the Commission in excess of 95% of current estimates except that (i) once the work is at least 50% complete, (ii) where waiver of retainage is necessary in the opinion of the Chief Engineer, based on the advice of the Chief Counsel, to comply with or facilitate compliance with state or federal law in order to receive state or federal funds, such retainage may be reduced by the Chief Engineer or another Commission Official to the extent such officer deems such reduction to be necessary or appropriate.

The Commission shall involve the Consulting Engineer or another Consultant to assist in quality assurance matters in connection with design and/or construction of any Project or portion thereof to the extent the Commission determines necessary or appropriate. For purposes of this subsection, "quality assurance" shall be defined to mean those activities, from inception to completion of a Project, which are necessary to ensure that the processes are in place to produce a quality product.

Employment of Consulting Engineers. The Commission covenants in the Senior Indenture to employ an independent engineer or engineering firm or corporation having a national reputation for skill and experience in such work to perform any functions of the Consulting Engineer under the Senior Indenture.

Insurance. The Commission covenants in the Senior Indenture that it will keep the System and its use and operation thereof insured (including through self-insurance) at all times in such amounts, subject to such exceptions and deductibles and against such risks, as are customary for similar organizations. All insurance policies shall be carried with a responsible insurance company or companies authorized to do business in the Commonwealth or shall be provided under a self-insurance program; any self-insurance program shall be actuarially sound in the written opinion of an accredited actuary, which opinion shall be filed with the Trustee at least annually. At any time and from time to time, the Commission may elect to terminate self-insurance of a given type. Upon making such election, the Commission shall, to the extent then deemed necessary by a Consultant, obtain and maintain comparable commercial insurance.

On July 1, 2003 and every three years thereafter (except with respect to self-insurance, which shall be annually), the Commission shall cause a Consultant to certify to the Trustee that (a) it has reviewed the adequacy of the Commission's insurance, listing the types and amounts of insurance, and (b) it finds such coverage to be reasonable and customary for similar organizations. If the Consultant concludes that coverage other than that which is currently carried by the Commission should be carried, the Commission shall obtain such insurance coverage unless it determines in good faith that it is unreasonable or uneconomical to obtain such coverage and certifies the same in writing to the Trustee.

All insurance policies maintained by the Commission shall be available at reasonable times for inspection by the Trustee, its agents and representatives.

The Commission covenants that it will take actions as it deems necessary to demand, collect and sue for any proceeds that may become due and payable to it under any policy.

Damage or Destruction. Immediately after any damage to or destruction of any part of the System which materially adversely affects the Revenues of the Commission, the Commission will promptly take action to repair, reconstruct or replace the damaged or destroyed property or to otherwise ameliorate the adverse impact on Revenues.

Annual Audit. 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.

Encumbrance of Revenues; Sale, Lease or Other Disposition of Property. The Commission covenants in the Senior Indenture that so long as any Bonds are Outstanding under the Senior Indenture:

(a) (1) It will not create or suffer to be created any lien or charge upon any Revenues, except the lien and charge of the Bonds secured by the Senior Indenture and any Subordinated Indebtedness permitted pursuant to the provisions of the Senior Indenture; and (2) from such Revenues or other funds available under the Senior Indenture, it will pay or cause to be discharged, or will make adequate provision to pay or discharge, within ninety (90) days after the same shall accrue, all lawful claims and demands for labor, materials or supplies which, if unpaid, might by law become a lien upon any Revenues; provided, however, that the Commission shall not be required to pay or discharge, or make provision for such payment or discharge of, any such lien or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

(b) The Commission will not sell or otherwise dispose of any real estate or personal property comprising a portion of the System unless the Commission determines (1) such property (i) has become obsolete or worn out or is reasonably expected to become so within one year after the date of such disposition, (ii) is no longer used or useful in the operation of the System or in the generation of Revenues or (iii) is to be or has been replaced by other property or (2) by resolution that such action will not materially adversely affect the Net Revenues of the Commission. The Commission shall have the discretion to deposit the proceeds of such sale or disposition in a fund or account held under the Senior Indenture or a Commission account held outside the Senior Indenture, as it deems appropriate. In the event the Commission did not meet the Rate Covenant during the preceding Fiscal Year, however, then the Commission shall notify the Trustee of the sale or disposition of any property which generated Net Revenues in excess of one percent of the Commission's Net Revenues during the prior Fiscal Year and all proceeds from such sale or disposition shall be deposited in the Revenue Fund.

(c) The Commission will not lease any real estate or personal property comprising a portion of the System unless the Commission determines by resolution that such action will not materially adversely affect the Net Revenues of the Commission. The rental and other proceeds from any lease shall not be required to be deposited in the Revenue Fund unless the effect of such lease is to reduce Tolls.

Without intending to limit the foregoing, the Commission also may enter into contracts or other forms of agreement for the use of any real estate comprising a portion of the System including, but not limited to, rights of way for telephone, telegraph, optic fiber and other forms of communication, electric, gas transmission and other lines or facilities for utilities, and other uses which do not materially adversely affect the operation of the System and the payments received in connection with the same shall be deposited in such accounts (which may be outside the Senior Indenture) as the Commission shall determine.

CREATION OF FUNDS

In addition to the Construction Fund and any other funds created by Supplemental Indentures, the Senior Indenture creates the following funds: Operating Account; Revenue Fund; Debt Service Fund; Debt Service Reserve Fund; Reserve Maintenance Fund; General Reserve Fund; and Rebate Fund. Amounts deposited therein shall be held in trust by the Trustee until applied as directed in the Senior Indenture.

REVENUE FUND; AGREEMENTS WITH OTHER TURNPIKES

The Commission covenants in the Senior Indenture that all Revenues will be deposited daily, as far as practicable, with the Trustee or in the name of the Trustee with a Depositary or Depositaries, to the credit of the Revenue Fund.

The Senior Indenture provides that, to the extent authorized by law, the Commission may enter into agreements with any commission, authority or other similar legal body operating a turnpike, whether or not connected to the System, (1) with respect to the establishment of combined schedules of Tolls and/or (2) for the collection and application of Tolls charged for trips over all or a portion of both turnpikes combined, which on the basis of the Revenues to be received by any such agreement will result in the receipt by the Commission of its allocable portion of such Tolls (less fees and expenses associated with such arrangement). To the extent now or hereafter authorized by law, the Commission also may enter into agreements with other Persons with respect to the collection of Tolls or advances or prepayment of Tolls charged for trips over all or a portion of the System, which on the basis of the Revenues to be received by any such agreement will result in the receipt by the Commission of the appropriate Tolls for such trips. Unless approved by a Consultant, no agreement establishing a combined schedule of Tolls shall restrict the ability of the Commission to implement an increase in its Tolls at least annually.

Amounts received by the Commission from such other commission, authority or other similar legal body or Person, in accordance with such agreements, shall be deposited in the Revenue Fund when they constitute Revenues. Such amounts may be held with a Depository or Depositories until they constitute Revenues. Amounts received by the Commission and deposited in the Revenue Fund which are payable by the Commission to such other commission, authority or other similar legal body or Person, in accordance with any such agreements, shall be withdrawn by the Trustee from the Revenue Fund upon delivery to the Trustee of a certificate of a Commission Official that such withdrawal is required pursuant to the terms of an agreement entered into pursuant to this Section and shall be paid by the Trustee in accordance with directions contained in such certificate.

Except as otherwise provided in the provisions described above, transfers from the Revenue Fund shall be made to the following funds and in the following order of priority: (1) Rebate Fund; (2) Operating Account; (3) Debt Service Fund; (4) Reserve Maintenance Fund; (5) Debt Service Reserve Fund; and (6) General Reserve Fund (after retaining such funds in the Revenue Fund as are identified in the certificate described below under "General Reserve Fund").

OPERATING ACCOUNT

The Senior Indenture provides that the Commission shall establish an account known as the "Operating Account" which is described in the section in the forepart of this Official Statement captioned "SECURITY FOR THE 2013A BONDS --Operating Account."

DEBT SERVICE FUND

The Senior Indenture creates two separate accounts in the Debt Service Fund to be known as the "Interest Account" and the "Principal Account."

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

The Trustee shall make deposits into the Debt Service Fund as described in the section in the forepart of this Official Statement captioned "SECURITY FOR THE 2013A BONDS --Debt Service Fund."

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

If at the time the Trustee is required to make a withdrawal from the Debt Service Fund the moneys therein shall not be sufficient for such purpose, the Trustee shall withdraw the amount of such deficiency from the moneys on deposit in the following funds or accounts and transfer the same to the Debt Service Fund in the following order: the Debt Service Reserve Fund, the General Reserve Fund, and the Reserve Maintenance Fund.

With respect to any Bonds for which Subsidy Payments are scheduled to be received by the Commission, the Commission shall deposit or cause to be deposited all such Subsidy Payments, as and when received, into a separate account of the Debt Service Fund held for each such Series of Bonds, and such Subsidy Payments shall be applied to pay debt service on the corresponding Series of Bonds with respect to which such Subsidy Payments are received.

RESERVE MAINTENANCE FUND

In each Fiscal Year, after first having made the deposits to the Revenue Fund, Operating Account and Debt Service Fund provided by the provisions described above, the Trustee shall transfer from the Revenue Fund on or before the last Business Day of each month to the credit of the Reserve Maintenance Fund the amount shown in the Annual Capital Budget for the ensuing month. The provisions regarding the Reserve Maintenance Fund are further described in the section in the forepart of this Official Statement captioned "SECURITY FOR THE 2013A BONDS —Reserve Maintenance Fund."

DEBT SERVICE RESERVE FUND

The Senior Indenture establishes a Debt Service Reserve Fund and provides that a special account within the Debt Service Reserve Fund may be created with respect to each series of Debt Service Reserve Fund Bonds issued under the Senior Indenture and any Supplemental Indenture.

In each Fiscal Year, after first having made the deposits to the Operating Account, Debt Service Fund and Reserve Maintenance Fund described above, the Trustee shall transfer from the Revenue Fund on or before the last day of each month to the credit of the Debt Service Reserve Fund (a) the amount, if any, required to make the amount on deposit in the Debt Service Reserve Fund equal to the Debt Service Reserve Requirement which restoration, as implied by the Rate Covenant, is intended to occur within eighteen (18) months; and (b) the amount set forth in a Supplemental Indenture if an amount different from the Debt Service Reserve Requirement is required.

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

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

In the event the Trustee shall be required to withdraw funds from the Debt Service Reserve Fund to restore a deficiency in the Debt Service Fund arising with respect to Debt Service Reserve Fund Bonds, the amount of such deficiency shall be allocated pro rata among such Bonds except to the extent provided in the last sentence of the next paragraph.

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

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

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

GENERAL RESERVE FUND

After first having made the deposits to the Operating Account, Debt Service Fund, Reserve Maintenance Fund and Debt Service Reserve Fund described above, the Trustee shall transfer from the Revenue Fund on or before the last Business Day of each year (or more frequently if the Commission determines that excess funds are on deposit in the Revenue Fund) to the credit of the General Reserve Fund any funds which a Commission Official determines to be in excess of the amount required to be reserved therein for future transfers to the Debt Service Fund. The provisions regarding the General Reserve Fund are further described in the section in the forepart of this Official Statement captioned "SECURITY FOR THE 2013A BONDS—General Reserve Fund."

REBATE FUND

The Senior Indenture authorizes the creation of a Rebate Fund. The Commission covenants in the Senior Indenture to calculate and to pay directly to the government of the United States of America all amounts due for payment of "arbitrage rebate" under Section 148(f) of the Code with respect to any Bonds. Nevertheless, the Commission in the future may deposit with the Trustee or direct the Trustee to deposit in the Rebate Fund amounts held in any Fund under the Senior Indenture for any or all Series of Bonds (which direction shall specify the procedures for collection and payment of amounts due in respect of arbitrage rebate) if (a) required under any amendments to Section 148(f) of the Code or (b) the Commission otherwise determines that the funding of the Rebate Fund is necessary or appropriate. The Rebate Fund is a trust fund but the amounts therein do not constitute part of the Trust Estate. Amounts on deposit in the Rebate Fund may be used solely to make payments to the United States of America under Section 148 of the Code and to pay costs related to the calculation of the amounts due. Upon satisfaction of the Commission's covenants described above, any amounts remaining in the Rebate Fund shall be deposited in the General Reserve Fund.

ADDITIONAL SECURITY; PARITY WITH OTHER PARITY OBLIGATIONS

Except as otherwise provided or permitted in the Senior Indenture, the Trust Estate securing all Bonds issued under the terms of the Senior Indenture shall be shared on a parity with other Parity Obligations on an equal and ratable basis. The Commission may, however, in its discretion, provide additional security or credit enhancement for specified Parity Obligations with no obligation to provide such additional security or credit enhancement to other Parity Obligations, except that no additional security or credit enhancement shall be provided unless there shall have been first delivered to the Trustee an opinion of Bond Counsel that the exclusion from gross income of interest on any Bonds for federal income tax purposes will not be adversely affected thereby. Moreover, the Commission may provide in a Supplemental Indenture that Bonds issued thereunder are not secured, or are secured only in part or only under certain circumstances, by the Trust Estate.

DEPOSITARIES; INVESTMENT OF MONEYS

Except as otherwise provided in the Senior Indenture, all moneys received by the Commission under the provisions of the Senior Indenture shall be deposited with the Trustee or with one or more Depositaries. All moneys deposited under the provisions of the Senior Indenture with the Trustee or any other Depositary shall be held in trust, credited to the particular fund or account to which such moneys belong and applied only in accordance with the provisions of the Senior Indenture. No moneys shall be deposited with any Depositary, other than the Trustee, in an amount exceeding fifty per centum (50%) of the amount which an officer of such Depositary shall certify to the Commission as the combined capital and surplus of such Depositary. All moneys deposited with the Trustee or any other Depositary under the Senior Indenture shall, to the extent not insured, be secured in the manner required or permitted by applicable law.

Moneys held in any of the funds or accounts under the Senior Indenture may be retained uninvested, if deemed necessary by the Commission, as trust funds and secured as provided above or may be invested in Permitted Investments. All investments made pursuant to the Senior Indenture shall be subject to withdrawal or shall mature or be subject to repurchase or redemption by the holder, not later than the earlier of (a) the date or dates set forth for similar investments in the applicable Supplemental Indenture or (b) the date on which the moneys may reasonably be expected to be needed for the purpose of the Senior Indenture.

Investments acquired with the moneys in any fund or account shall be a part of such fund or account and, for the purposes of determining the amount in such fund or account, shall be valued at their then fair market value. The interest or income received on an investment shall remain in the fund or account to which the investment is credited except to the extent otherwise provided in the applicable Supplemental Indenture.

The Trustee shall withdraw, redeem or sell all or a portion of any investment upon receipt of the written direction from the Commission or upon a determination by the Trustee that moneys in such fund or account are to be applied or paid by the Trustee pursuant to the provisions of the Senior Indenture, and the proceeds thereof shall be deposited by the Trustee in the appropriate fund or account. Neither the Trustee nor the Commission shall be liable or responsible for any depreciation in the value of the Permitted Investments or for any losses incurred upon any unauthorized disposition thereof.

Each fund held under the Senior Indenture shall be valued by the Trustee at least once annually within thirty days after the end of each Fiscal Year.

EVENTS OF DEFAULT

Each of the following is an "Event of Default" under the Senior Indenture:

(a) Default in the payment of any installment of principal, redemption premium, if any, interest or other amount due on any Bond when the same becomes due and payable;

(b) Default in the payment by the Commission of any other Parity Obligation;

(c) Subject to the provisions relating to notice and opportunity to cure certain defaults, default in the performance or breach of any covenant, warranty or representation of the Commission contained in the Senior Indenture (other than a default under (a) and (b) above);

(d) The occurrence of any Event of Default under any Supplemental Indenture; or

(e) (1) The occurrence of an Event of Bankruptcy of the Commission; (2) the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or other similar official of the Commission or of any substantial portion of its property, which appointment shall not have been rescinded or stayed within ninety (90) days after taking effect; or (3) the ordering of the winding up or liquidation of the affairs of the Commission.

No default under paragraph (c) above under "Events of Default" shall constitute an Event of Default until written notice of such default shall have been given to the Commission by the Trustee or by the holders of at least 25% in aggregate principal amount of the Bonds Outstanding, and the Commission shall have had thirty (30) days after receipt of such notice to correct such default or cause such default to be corrected, and shall have failed to do so. In the event, however, that the default is such that it cannot be corrected within such thirty (30) day period, it shall not constitute an Event of Default if corrective action is instituted by the Commission within such period and diligently pursued (as determined by the Trustee) until the default is corrected.

REMEDIES UPON DEFAULT

If an Event of Default occurs and is continuing, the Trustee may, and upon the written request to the Trustee by the holder or holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall, subject to the requirement that the Trustee be provided with indemnity satisfactory to it, by written notice to the Commission, declare the principal and interest on of the Bonds to the date of acceleration to be immediately due and payable.

At any time after such a declaration of acceleration has been made and before the entry of a judgment or decree for payment of the money due, the Trustee may, or the holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding, may by written notice to the Commission and the Trustee, and subject to the provision to the Trustee of satisfactory indemnity, direct the Trustee to rescind and annul such declaration and its consequences if: (1) there has been paid to or deposited with the Trustee by or for the account of the Commission, or provision satisfactory to the Trustee has been made for the payment of a sum sufficient to pay: (i) all overdue installments of interest on the Bonds; (ii) the principal of and redemption premium, if any, on any Bonds which have become due other than by such declaration of acceleration and interest thereon; (iii) all amounts due on other Parity Obligations; (iv) to the extent lawful, interest upon overdue installments of interest and redemption premium, if any; and (v) all sums paid or advanced by the Trustee under the Senior Indenture, together with the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel prior to the date of notice of rescission; and (2) all Events of Default, other than those described in paragraphs (a) and (b) above under "Events of Default", if any, which have occasioned such acceleration, have been cured or waived.

No such rescission and annulment shall affect any subsequent default or impair any consequent right.

ADDITIONAL REMEDIES

The Trustee, upon the occurrence of an Event of Default may, and upon the written request of the holders of not less than a majority in aggregate principal amount of the Bonds Outstanding and subject to the requirement that the Trustee be provided with satisfactory indemnity, shall proceed to protect and enforce its rights and the rights of the holders of the Bonds under the Senior Indenture by a suit or suits in equity or at law, either for the specific performance of any covenant or agreement contained in the Senior Indenture or in aid of the execution of any power in the Senior Indenture granted, or for the enforcement of any other appropriate legal or equitable remedy, and the Trustee in reliance upon the advice of counsel may deem most effective to protect and enforce any of the rights or interests of the Bondholders under the Bonds or the Senior Indenture.

TRUSTEE MAY FILE PROOFS OF CLAIM

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding under the Bankruptcy Law relating to the Commission, any other obligor upon the Bonds or any property of the Commission, the Trustee (whether or not the principal of the Bonds shall then be due and payable by acceleration or otherwise, and whether or not the Trustee shall have made any demand upon the Commission for the payment of overdue principal, redemption premium, if any, and interest) shall be entitled and empowered, by intervention in such proceeding or other means: (1) to file and prove a claim for the whole amount of the principal, redemption premium, if any, and interest owing and unpaid in respect of the Bonds then Outstanding or for breach of the Senior Indenture and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the holders allowed in such proceeding; and (2) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and any receiver, assignee, trustee, liquidator, sequestrator or similar official in any such judicial proceeding is hereby authorized by each holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under the Senior Indenture. No provision of the Senior Indenture empowers the Trustee to authorize or consent to or accept or adopt on behalf of any Bondholders any plan of reorganization, arrangement, adjustment or composition affecting any of the Bonds or the rights of any holder thereof, or to authorize the Trustee to vote in respect of the claim of any holder in any proceeding described in the preceding sentence.

PRIORITY OF PAYMENT FOLLOWING EVENT OF DEFAULT

Any portion of the Trust Estate held or received by the Trustee, by any receiver or by any Bond Owner pursuant to any right given or action taken under the provisions of the Senior Indenture, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses and liabilities incurred by the Trustee and the transfer to Secured Owners (other than Owners of the Bonds) of amounts to which they are entitled by virtue of their parity position, shall be deposited and applied as follows:

(a) If the principal of all the Bonds then Outstanding and the interest accrued thereon has been declared to be due and payable immediately pursuant to the acceleration provisions described above (or, but for any legal prohibition on such declaration of acceleration, such principal and interest would have been declared to be due and payable immediately pursuant to such Section or the provisions of any applicable Reimbursement Agreement) and such declaration has not been rescinded and annulled, there shall be deposited into the Debt Service Fund moneys sufficient to pay the amounts described in clauses (i), (ii) and (iii) below, and all such moneys shall be applied, as promptly as practicable (but subject to the provisions of the last paragraph of this Section), proportionately to:

(i) the payment to the persons entitled thereto of all payments of interest then due on the Bonds with interest on overdue installments, if lawful, at their respective rates from the respective dates upon which they became due, in the order of maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment;

(ii) the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (or which but for any legal prohibition on such declaration of acceleration would have become due) with interest on such Bonds at their respective rates from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full the Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege;

(iii) the payment of any other amounts then owing under the Senior Indenture; and, after said deposit into the Debt Service Fund, there shall be paid the Subordinated Indebtedness issued or incurred by the Commission pursuant to the Senior Indenture.

(b) If the principal of all the Bonds then Outstanding and the interest accrued thereon has not been declared to be due and payable immediately pursuant to the acceleration provisions described above (or deemed to be due and payable as contemplated in paragraph (a) above) or if such a declaration has been rescinded and annulled, then there shall be deposited into the Debt Service Fund moneys sufficient to pay the amounts described in clauses (i), (ii) and (iii) below, and all such moneys shall be applied, as promptly as practicable (but subject to the provisions of the last paragraph of this Section),

(i) first, to the payment to the persons entitled thereto of all installments of interest then due on the Bonds, with interest on overdue installments, if lawful, at their respective rates from the respective dates upon which they became due, in the order of maturity and, if the amount available shall not be sufficient to pay in full any particular installment of interest, then to the payment ratably, according to the amounts due on such installment;

(ii) second, to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due with interest on such Bonds at their respective rates from the respective dates upon which they became due and, if the amount available shall not be sufficient to pay in full the Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal and interest due on such date, in each case to the persons entitled thereto, without any discrimination or privilege; and

(iii) third, to the payment of any other amounts then owing under the Senior Indenture, and, after said deposit into the Debt Service Fund, there shall be paid the Subordinated Indebtedness issued or incurred by the Commission pursuant to the Senior Indenture.

Whenever moneys are to be applied pursuant to the above provisions, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal and interest to be paid on such date shall cease to accrue. The Trustee shall give notice of the deposit with it of any such moneys and of the fixing of any such date by mail to all Owners of Bonds with respect to which the Event of Default occurred and shall not be required to make payment to any Bond Owner until such Bonds shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

BONDHOLDERS MAY DIRECT PROCEEDINGS

The owners of a majority in aggregate principal amount of the Bonds Outstanding shall, subject to the requirement that the Trustee be provided with satisfactory indemnity, have the right, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings by the Trustee under the Senior Indenture, provided that such direction shall not be in conflict with any rule of law or the Senior Indenture and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unduly prejudicial to the rights of Bondholders not parties to such direction or would subject the Trustee to personal liability or expense. Notwithstanding the foregoing, the Trustee shall have the right to select and retain counsel of its choosing to represent it in any such proceedings. The Trustee may take any other action which is not inconsistent with any direction under this provision.

LIMITATIONS ON RIGHTS OF BONDHOLDERS

No Bondholder shall have any right to pursue any other remedy under the Senior Indenture or the Bonds unless: (1) an Event of Default shall have occurred and is continuing; (2) the owners of not less than a majority in aggregate principal amount of all Bonds then Outstanding have requested the Trustee, in writing, to exercise the powers hereinabove granted or to pursue such remedy in its or their name or names; (3) the Trustee has been offered indemnity satisfactory to it against costs, expenses and liabilities reasonably anticipated to be incurred; (4) the Trustee has declined to comply with such request, or has failed to do so, within sixty (60) days after its receipt of such written request and offer of indemnity; and (5) no direction inconsistent with such request has been given to the Trustee during such 60-day period by the holders of a majority in aggregate principal amount of the Bonds Outstanding.

The provisions of the preceding paragraph are conditions precedent to the exercise by any Bondholder of any remedy under the Senior Indenture, The exercise of such rights is further subject to the provisions described under “Bondholders May Direct Proceedings” and “Delay or Omission Not Waiver” and certain other provisions of the Senior Indenture. No one or more Bondholders shall have any right in any manner whatever to enforce any right under the Senior Indenture, except in the manner provided in the Senior Indenture. All proceedings at law or in equity with respect to an Event of Default shall be instituted and maintained in the manner provided in the Senior Indenture for the equal and ratable benefit of the Bondholders of all Bonds Outstanding.

RIGHTS AND REMEDIES CUMULATIVE

No right or remedy in the Senior Indenture conferred upon or reserved to the Trustee is intended to be exclusive of any other right or remedy, but each such right or remedy shall, to the extent permitted by law, be cumulative of and in addition to every other right or remedy given under the Senior Indenture or now or hereafter existing at law, in equity or otherwise. The assertion or employment of any right or remedy under the Senior Indenture shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

DELAY OR OMISSION NOT WAIVER

No delay or omission by the Trustee or any Bondholder to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of such Event of Default. Every right and remedy given by the Senior Indenture or by law to the Trustee or the Bondholders may be exercised from time to time, and as often as may as deemed expedient, by the Trustee or the Bondholders, as the case may be.

WAIVER OF DEFAULTS

The holders of a majority in aggregate principal amount of the Outstanding Bonds may, by written notice to the Trustee and subject to the requirement that the Trustee be provided with satisfactory indemnity, waive any existing default or Event of Default and its consequences, except an Event of Default under paragraph (a) or (b) under “Events of Default.” Upon any such waiver, the default or Event of Default shall be deemed cured and shall cease to exist for all purposes. No waiver of any default or Event of Default shall extend to or effect any subsequent default or Event of Default or shall impair any right or remedy consequent thereto.

Notwithstanding any provision of the Senior Indenture, in no event shall any Person, other than all of the affected Bondholders, have the ability to waive any Event of Default under the Senior Indenture if such event results or may result, in the opinion of Bond Counsel, in interest on any of the Bonds becoming includable in gross income for federal income tax purposes if the interest on such Bonds was not includable in gross income for federal income tax purposes prior to such event.

NOTICE OF EVENTS OF DEFAULT

If an Event of Default occurs of which the Trustee has or is deemed to have notice under the Senior Indenture, the Trustee shall give Immediate Notice thereof to the Commission, Within 90 days thereafter (unless such Event of Default has been cured or waived), the Trustee shall give notice of such Event of Default to each Bondholder then Outstanding, provided, however, that except in the instance of an Event of Default described in paragraph (a) or (b) above under "Events of Default," the Trustee may withhold such notice if and so long as the Trustee in good faith determines that the withholding of such notice does not materially adversely affect the interests of Bondholders, and provided, further, that notice to Bondholders of any Event of Default under paragraph (c) under "Events of Default" shall be subject to the provisions described above relating to cure of such defaults and shall not be given until the grace period has expired.

THE TRUSTEE; QUALIFICATIONS OF TRUSTEE

The Senior Indenture contains provisions relating to the appointment and duties of the Trustee. The trustee under the Senior Indenture shall be a corporation or banking association organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise corporate trust powers, which has a combined capital and surplus of at least $50,000,000, or is an affiliate of, or has a contractual relationship with, a corporation or banking association meeting such capital and surplus requirement which guarantees the obligations and liabilities of the proposed trustee, and which is subject to supervision or examination by federal or state banking authority. If at any time the Trustee shall cease to be eligible in accordance with the provision described above, it shall resign promptly in the manner and with the effect specified in the Senior Indenture.

RESIGNATION OR REMOVAL OF TRUSTEE; APPOINTMENT OF SUCCESSOR TRUSTEE

No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to the Senior Indenture shall become effective until the acceptance of appointment by the successor Trustee under the Senior Indenture.

The Trustee may resign at any time by giving written notice to the Commission. Upon receiving such notice of resignation, the Commission shall promptly appoint a successor Trustee by an instrument in writing. If an instrument of acceptance has not been delivered to the resigning Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee or any Bondholder may petition a court of competent jurisdiction for the appointment of a successor Trustee.

Prior to the occurrence and continuance of an Event of Default under the Senior Indenture, or after the curing or waiver of any such Event of Default, the Commission or the holders of a majority in aggregate principal amount of the Outstanding Bonds, may remove the Trustee and shall appoint a successor Trustee. In the event there shall have occurred and be continuing an Event of Default under the Senior Indenture, the holders of a majority in aggregate principal amount of the Outstanding Bonds may remove the Trustee and shall appoint a successor Trustee. In each instance, such removal and appointment shall be accomplished by an instrument or concurrent instruments in writing signed by the Commission or such holders, as the case may be, and delivered to the Trustee, the Commission, the holders of the Outstanding Bonds and the Successor Trustee.

If at any time: (1) the Trustee shall cease to be eligible and qualified under the Senior Indenture and shall fail or refuse to resign after written request to do so by the Commission or the holder of any Bond, or (2) the Trustee shall become incapable of acting or shall be adjudged insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take charge or control of the Trustee, its property or affairs for the purpose of rehabilitation, conservation or liquidation, then in either such case (i) the Commission may remove the Trustee and appoint a successor Trustee in accordance with the provisions of the immediately preceding paragraph; or (ii) any holder of a Bond then Outstanding may, on behalf of the holders of all Outstanding Bonds, petition a court of competent jurisdiction for removal of the Trustee and appointment of a successor Trustee.

The Commission shall give written notice of each resignation or removal of the Trustee and each appointment of a successor Trustee to each holder of Bonds then Outstanding as listed in the Bond Register. Each such notice shall include the name and address of the applicable corporate trust office of the successor Trustee.

SUPPLEMENTAL INDENTURES WITHOUT BONDHOLDERS' CONSENT

The Senior Indenture provides that the Commission and the Trustee may from time to time and at any time enter into Supplemental Indentures, without the consent of or notice to any Bondholder, to affect any one or more of the following: (a) cure any ambiguity, defect or omission or correct or supplement any provision in the Senior Indenture or in any Supplemental Indenture; (b) grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders or the Trustee which are not contrary to or inconsistent with the Senior Indenture as then in effect or to subject to the pledge and lien of the Senior Indenture additional revenues, properties or collateral including Defeasance Obligations; (c) add to the covenants and agreements of the Commission in the Senior Indenture other covenants and agreements thereafter to be observed by the Commission or to surrender any right or power in the Senior Indenture reserved to or conferred upon the Commission which are not contrary to or inconsistent with the Senior Indenture as then in effect; (d) permit the appointment of a co-trustee under the Senior Indenture; (e) modify, alter, supplement or amend the Senior Indenture in such manner as shall permit the qualification of the Senior Indenture, if required, under the Trust Indenture Act of 1939, the Securities Act of 1933 or any similar federal statute hereafter in effect; (f) make any other change in the Senior Indenture that is determined by the Trustee not to be materially adverse to the interests of the Bondholders; (g) implement the issuance of Additional Bonds permitted under the Senior Indenture; or (h) if all Bonds in a series are Book-Entry Bonds, amend, modify, alter or replace any Letter of Representations or other provisions relating to Book-Entry Bonds. The Trustee shall not be obligated to enter into any such Supplemental Indenture which adversely affects the Trustee's own rights, duties or immunities under the Senior Indenture.

SUPPLEMENTAL INDENTURES REQUIRING BONDHOLDERS' CONSENT

The Commission and the Trustee, at any time and from time to time, may execute and deliver a Supplemental Indenture for the purpose of making any modification or amendment to the Senior Indenture, but only with the written consent, given as provided in the Senior Indenture, of the holders of at least a majority in aggregate principal amount of the Bonds Outstanding at the time such consent is given, and in case less than all of the Bonds then Outstanding are affected by the modification or amendment, of the holders of at least a majority in aggregate principal amount of the Bonds so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds so affected remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under these provisions. Notwithstanding the foregoing, no modification or amendment contained in any such Supplemental Indenture shall permit any of the following, without the consent of each Bondholder whose rights are affected thereby: (a) a change in the terms of stated maturity or redemption of any Bond or of any installment of interest thereon; (b) a reduction in the principal amount of or redemption premium on any Bond or in the rate of interest thereon or a change in the coin or currency in which such Bond is payable; (c) the creation of a lien on or a pledge of any part of the Trust Estate which has priority over or parity with (to the extent not permitted under the Senior Indenture) the lien or pledge granted to the Bondholders under the Senior Indenture (but this provision shall not apply to the release of any part of the Trust Estate as opposed to the creation of a prior or parity lien or pledge); (d) the granting of a preference or priority of any Bond or Bonds over any other Bond or Bonds, except to the extent permitted in the Senior Indenture; (e) a reduction in the aggregate principal amount of Bonds of which the consent of the Bondholders is required to effect any such modification or amendment; or (f) a change in the provisions of the Senior Indenture provisions relating to amendments and supplements. Notwithstanding the foregoing, the holder of any Bond may extend the time for payment of the principal of or interest on such Bond; provided, however, that upon the occurrence of an Event of Default, funds available under the Senior Indenture for the payment of the principal of and interest on the Bonds shall not be applied to any payment so extended until all principal and interest payments which have not been extended have first been paid in full. Notice of any Supplemental Indenture executed pursuant to the provisions described above shall be given to the Bondholders promptly following the execution thereof.

CONSENTS OF BONDHOLDERS AND OPINIONS

Each Supplemental Indenture executed and delivered pursuant to the provisions described under "Supplemental Indentures Requiring Bondholders' Consent" shall take effect only when and as provided below. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to Bondholders for their consent thereto in form satisfactory to the Trustee, shall be sent by the Trustee to Bondholders, at the expense of the Commission, by first class mail, postage prepaid, provided that a failure to mail such request shall not affect the validity of the Supplemental Indenture when consented to as provided in the Senior Indenture. Such Supplemental Indenture shall not be effective unless and until there shall have been filed with the Trustee (a) the written consents of Bondholders of the percentage of Bonds specified above under "Supplemental Indentures Requiring Bondholders' Consent" given as provided in the Senior Indenture, and (b) an opinion of counsel acceptable to the Trustee stating that (1) the execution of such Supplemental Indenture is authorized or permitted by the Senior Indenture and (2) all conditions precedent to the execution and delivery of such Supplemental Indenture have been complied with, and an opinion of Bond Counsel that the execution and performance of such Supplemental Indenture shall not, in and of itself, adversely affect the federal income tax status of any Bonds, the interest on which is not included in gross income for federal income tax purposes. Any such consent shall be binding upon the Bondholder giving such consent and upon any subsequent holder of such Bonds and of any Bonds issued in exchange therefor or in lieu thereof (whether or not such subsequent Bondholder has notice thereof), unless such consent is revoked in writing by the Bondholder giving such consent or a subsequent holder of such Bonds by filing such revocation with the Trustee prior to the date the Trustee receives the material required in clauses (a) and (b) above.

Notwithstanding anything else in the Senior Indenture, if a Supplemental Indenture is to become effective on the same date as the date of issuance of Additional Bonds, the consents of the underwriters or purchasers of such Additional Bonds shall be counted for purposes of the Senior Indenture.

The Senior Indenture provides that Bonds which are to be disregarded under the last sentence of the definition of "Outstanding" shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article. At the time of any consent or other action taken under this Article or elsewhere in the Senior Indenture, the Commission shall furnish the Trustee a certificate of a Commission Official, upon which the Trustee may rely, describing all Bonds so to be excluded.

DISCHARGE OF BONDS

If (a) the principal of any Bonds and the interest due or to become due thereon, together with any redemption premium required by redemption of any of the Bonds prior to maturity, shall be paid, or is caused to be paid, or is provided for as described below under "Defeasance," at the times and in the manner to which reference is made in the Bonds, according to the true intent and meaning thereof, or the outstanding Bonds shall have been paid and discharged in accordance with the Senior Indenture, and (b) all of the covenants, agreements, obligations, terms and conditions of the Commission under the Senior Indenture shall have been kept, performed and observed and there shall have been paid to the Trustee, the Bond Registrar and the Paying Agents all sums of money due or to become due to them in accordance with the terms and provisions of the Senior Indenture, then the right, title and interest of the Trustee in the Trust Estate shall thereupon cease and the Trustee, on request of the Commission and at the expense of the Commission, shall release the Senior Indenture and the Trust Estate and shall execute such documents to evidence such release as may be reasonably required by the Commission and shall turn over to the Commission, or to such other Person as may be entitled to receive the same, all balances remaining in any Funds under the Senior Indenture except for amounts required to pay such Bonds or held unclaimed in respect of Bonds which have matured or been redeemed pursuant to the Senior Indenture.

If payment or provision therefor is made with respect to less than all of the 2013A Bonds of a maturity within a particular series, the particular 2013A Bonds within such maturity for which provision for payment shall have been made shall be selected by lot or by such other method as the Trustee deems fair and appropriate.

DEFEASANCE

Provision for the payment of 2013A Bonds shall be deemed to have been made when the Trustee holds in the Debt Service Fund (1) cash in an amount sufficient to make all payments (including principal, premium, if any, and interest) specified above with respect to such 2013A Bonds, or (2) direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, Refcorp interest strips, CATS, TIGRS, STRPS, or defeased municipal bonds rated "AAA" by S&P or "Aaa" by Moody's (or any combination of the foregoing), or (3) any combination of cash and obligations described in clause (2) above the amounts of which and interest thereon, when due, are or will be, in the aggregate, sufficient (together with any earnings thereon) to make all such payments; provided, however, that with respect to any 2013A Bonds for any periods for which the Adjusted SIFMA Rate has not yet been determined, interest shall be provided for at the Maximum Rate.

Neither the moneys nor the obligations deposited with the Trustee as provided above shall be withdrawn or used for any purpose other than, and such obligations and moneys shall be segregated and held in trust for, the payment of the principal or redemption price of, premium, if any, on and interest on, the 2013A Bonds (or portions thereof) to be no longer entitled to the lien of the Senior Indenture; provided that such moneys, if not then needed for such purpose, shall, to the extent practicable, be invested and reinvested in Government Obligations maturing on or prior to the Interest Payment Date next succeeding the date of investment or reinvestment.

Whenever moneys or obligations shall be deposited with the Trustee for the payment or redemption of 2013A Bonds more than 60 days prior to the date that such 2013A Bonds are to mature or be redeemed, the Trustee shall mail a notice to the Owners of 2013A Bonds for the payment of which such moneys or obligations are being held at their registered addresses stating that such moneys or obligations have been deposited. Such notice shall also be sent by the Trustee to each Rating Agency then rating the 2013A Bonds at the request of the Commission. Notwithstanding the foregoing, no provision for payment shall be deemed to have been made with respect to any 2013A Bonds which are to be redeemed prior to their stated maturity until such 2013A Bonds shall have been irrevocably called or designated for redemption on a date thereafter on which such 2013A Bonds may be redeemed and proper notice of such redemption shall have been given, or the Commission shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to give proper notice of such redemption.

In the event of a deposit of moneys or obligations for the payment or redemption of the 2013A Bonds described above, the Commission shall cause to be delivered a verification report of an independent, nationally recognized certified public accountant confirming that the above-described requirements have been satisfied. If a forward supply contract is employed in connection with the advance refunding, (i) such verification report shall expressly state that the adequacy of the escrow to accomplish the refunding relies solely on the initial escrowed investments and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract, and (ii) the applicable escrow agreement shall provide that in the event of any discrepancy or difference between the terms of the forward supply contract and the escrow agreement (or the authorizing document, if no separate escrow agreement is utilized), the terms of the escrow agreement or authorizing document, if applicable, shall be controlling.

At such times as a 2013A Bond shall be deemed to be paid under the Senior Indenture, as aforesaid, it shall no longer be secured by or entitled to the benefits of the Senior Indenture, except for the purposes of any such payment from such money or Defeasance Obligations.

[End of Appendix C]

APPENDIX D

FORM OF OPINION OF CO-BOND COUNSEL

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The proposed form of legal opinions of Thorp Reed & Armstrong, LLP and Houston Harbaugh, P.C., Co-Bond Counsel, is set forth below. The actual opinions will be delivered on the date of delivery of the bonds referred to therein and may vary from the form to reflect the circumstances both factual and legal at the time of delivery. Recirculation of the Official Statement following the date hereof shall create no implication that Thorp, Reed & Armstrong, LLP and/or Houston Harbaugh, P.C. have reviewed any matters set forth in such opinion subsequent to the date of such opinion.

We have acted as Co-Bond Counsel in connection with the issuance and sale by the Pennsylvania Turnpike Commission (the "Commission") of $176,075,000 aggregate principal amount of its Variable Rate Turnpike Revenue Bonds, Series A of 2013 (the "2013A Bonds"), pursuant to the Amended and Restated Trust Indenture dated as of March 1, 2001, as amended and supplemented prior to the date hereof (the "Existing Senior Indenture"), and as further supplemented by Supplemental Trust Indenture No. 28, dated as of January 1, 2013 ("Supplemental Indenture No. 28" and, together with the Existing Senior Indenture, the "Senior Indenture"), between the Commission and U.S. Bank National Association, as successor trustee (the "Trustee"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Senior Indenture.

We have examined (i) an executed counterpart of Supplemental Indenture No. 28, (ii) the form of the 2013A Bonds, (iii) a copy, certified or otherwise identified to our satisfaction, of the Existing Senior Indenture, and (iv) such constitutional and statutory provisions and such other resolutions, certificates, instruments and documents as we have deemed necessary or appropriate in order to enable us to render an informed opinion as to the matters set forth herein.

In rendering the opinions set forth below, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to such opinions, we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents and the representations and warranties made therein without undertaking to verify the same by independent investigation.

Based upon the foregoing, it is our opinion, under existing law and as of the date hereof, and subject to the qualifications and limitations set forth herein, that:

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. 28 and to carry out its obligations thereunder.

2. Supplemental Indenture No. 28 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 2013A Bonds have been duly and validly authorized and issued by the Commission and constitute the valid and binding limited obligations of the Commission,

enforceable against the Commission in accordance with their terms, payable from the sources provided therefor in the Senior Indenture.

4. The 2013A Bonds are exempt from personal property taxes in Pennsylvania, and the interest on the 2013A Bonds is exempt from Pennsylvania corporate net income tax and from Pennsylvania personal income tax.

5. Interest on the 2013A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinion set forth in the preceding sentence is subject to the condition that the Commission comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the 2013A Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Commission has covenanted to comply with all such requirements of the Code. Failure to comply with certain of such requirements may cause interest on the 2013A Bonds to become included in gross income for federal income tax purposes retroactively to the date of issuance of the 2013A Bonds.

We express no opinion regarding any other federal, state or local tax consequences arising with respect to the 2013A Bonds.

The opinions set forth above as to the enforceability of the 2013A Bonds and Supplemental Indenture No. 28 are subject to applicable bankruptcy, reorganization, moratorium, insolvency or other laws affecting creditors' rights or remedies generally (including, without limitation, laws relating to fraudulent conveyances or transfers) and are subject to general principles of equity and the exercise of judicial discretion in appropriate cases (regardless of whether such enforceability is considered in a proceeding in equity or at law).

The opinions set forth above are rendered on the basis of, and limited to, federal law and the laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof. We express no opinion herein as to any matter not set forth in the numbered paragraphs above. In particular, we assume no responsibility for, and express no opinion herein with respect to, the accuracy, adequacy or completeness of the Preliminary Official Statement or the Official Statement prepared in respect of the 2013A Bonds, including the appendices thereto, and we make no representation that we have independently verified any such information.

We call to your attention that the 2013A Bonds are not in any way a debt or liability of the Commonwealth of Pennsylvania or any instrumentality, agency or political subdivision thereof other than the Commission, nor do the 2013A Bonds or the Senior Indenture pledge the general credit or taxing power of the Commonwealth of Pennsylvania or any instrumentality, agency or political subdivision thereof. The Commission has no taxing power.

The opinions set forth above are given solely for your benefit and may not be relied on by any other person or entity without our express prior written consent. The opinions set forth above are given solely as of the date hereof, and we do not undertake to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur including, but not limited to, those that may affect the tax status of interest on the 2013A Bonds.

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APPENDIX E

TOTAL DEBT SERVICE FOR TOLL REVENUE BONDS

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APPENDIX E
DEBT SERVICE REQUIREMENTS OF THE TURNPIKE REVENUE BONDS[1]

Fiscal Year Ending May 31	Existing Debt Service on Senior Indenture[2][3][4][5][6]	Series A of 2013 Bonds			Aggregate Senior Indenture Debt Service[2][3][4][5][6]
		Principal	Interest[2]	Total	
2013	$142,400,776	–	$2,012,131	$2,012,131	$144,412,907
2014	245,612,047	–	8,160,310	8,160,310	253,772,357
2015	238,617,460	–	8,160,310	8,160,310	246,777,770
2016	166,496,383	–	8,177,169	8,177,169	174,673,553
2017	235,538,052	–	8,143,451	8,143,451	243,681,503
2018	163,500,708	$100,000,000	6,257,296	106,257,296	269,758,005
2019	163,711,800	76,075,000	2,087,415	78,162,415	241,874,214
2020	163,698,637	–	–	–	163,698,637
2021	163,165,546	–	–	–	163,165,546
2022	163,177,301	–	–	–	163,177,301
2023	177,123,505	–	–	–	177,123,505
2024	178,329,048	–	–	–	178,329,048
2025	178,056,811	–	–	–	178,056,811
2026	178,050,464	–	–	–	178,050,464
2027	140,693,395	–	–	–	140,693,395
2028	122,289,425	–	–	–	122,289,425
2029	122,543,605	–	–	–	122,543,605
2030	147,358,009	–	–	–	147,358,009
2031	147,562,386	–	–	–	147,562,386
2032	175,811,195	–	–	–	175,811,195
2033	176,018,714	–	–	–	176,018,714
2034	176,260,813	–	–	–	176,260,813
2035	176,506,285	–	–	–	176,506,285
2036	173,817,783	–	–	–	173,817,783
2037	154,033,939	–	–	–	154,033,939
2038	154,044,488	–	–	–	154,044,488
2039	154,059,462	–	–	–	154,059,462
2040	74,208,579	–	–	–	74,208,579
2041	85,480,894	–	–	–	85,480,894
2042	85,515,128	–	–	–	85,515,128
2043	85,549,663	–	–	–	85,549,663
2044	72,465,672	–	–	–	72,465,672
2045	72,500,145	–	–	–	72,500,145
2046	72,540,826	–	–	–	72,540,826
2047	72,589,849	–	–	–	72,589,849
2048	72,633,704	–	–	–	72,633,704
2049	72,673,699	–	–	–	72,673,699
2050	72,721,942	–	–	–	72,721,942
TOTAL	**$5,417,358,137**	**$176,075,000**	**$42,998,082**	**$219,073,082**	**$5,636,431,219**

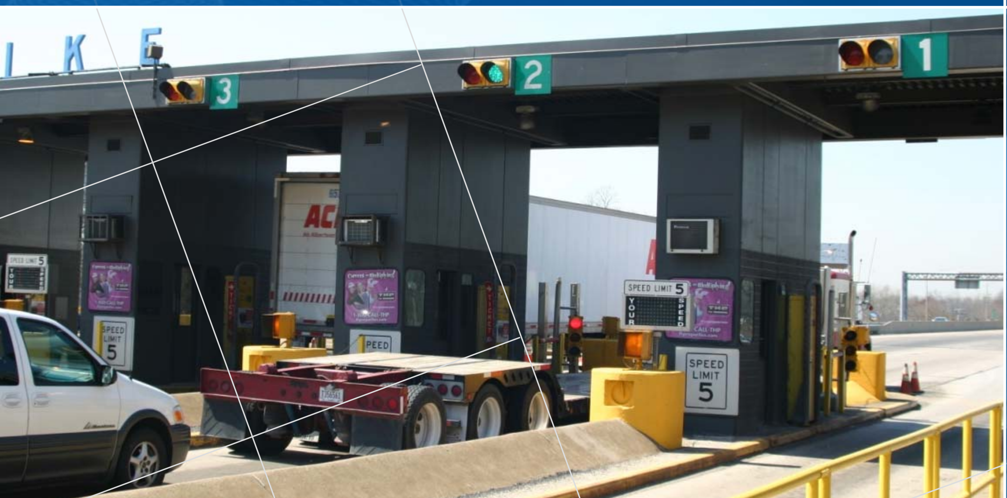
(1) Does not include debt service on Subordinate Bonds and Special Revenue Bonds issued under the Subordinate Indenture.
(2) All variable rate debt, unless subject to an interest rate swap agreement, is shown at an assumed rate of 4.0%. All variable rate debt which is swapped to a fixed rate is shown at the fixed swap rate. As only a portion of principal on the 2009C, 2011D and 2012B Turnpike Revenue Bonds (SIFMA Index Notes) is swapped, the interest rate is a calculated as a weighted average between (a) an assumed rate of 4.0% plus the fixed spread and (b) the swap rate of 4.403% plus the fixed spread, based on the outstanding principal amounts of unhedged and hedged bonds. The interest on the 2013A Bonds is calculated as a sum of the assumed rate of 4.0% plus the fixed spread.
(3) Interest reflects anticipated receipt of Federal Subsidy.
(4) Does not reflect any likely refunding of 2009C, 2011D, 2012B or 2013A Turnpike Revenue Bonds (SIFMA Index Notes) at their maturities.
(5) Interest net of capitalized interest; does not reflect any expected earnings credited against debt service.
(6) Totals may not add due to rounding.

APPENDIX F

TRAFFIC AND REVENUE STUDY

Pennsylvania Turnpike 2012 Traffic and Revenue Forecast Study

March 9, 2012



PENNA TURN-PIKE

Pennsylvania Turnpike Commission

CDM Smith

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Tabulations

Illustrations (Follows Page)

Chapter 1

Introduction

This report summarizes the analyses conducted by CDM Smith (formerly Wilbur Smith Associates) in developing updated traffic and toll revenue estimates for the various toll facilities operated by the Pennsylvania Turnpike Commission (PTC). CDM Smith forecasts have been used by PTC for more than 20 years in support of the issuance of bond financing and for internal financial planning. In light of the current economic climate, it is more important than ever to have up-to-date traffic and revenue forecasts based on the most current information available.

CDM Smith last developed a detailed investment grade traffic and toll revenue study in January 2009. Since that time additional “bring down” letters have also been developed to update forecasts developed in the 2009 study. Bring down letters were developed in March 2010 and February 2011. The purpose of a bring down letter is to update actual traffic and revenue experience since the last study and to adjust short term (2 to 5 year) forecasts based on recent trends. Detailed economic analyses are not conducted as part of a bring down letter and therefore longer term forecasts are not adjusted from those originally developed as part of the latest investment grade study.

This current study included a comprehensive evaluation of the most currently available long term socioeconomic forecasts, and is, therefore, meant to be an update of the January 2009 investment grade study. This forecast includes updated long term traffic and revenue forecasts through 2041. PTC’s most recent assumptions regarding future toll rate increases, discount levels for the commercial volume-discount program, and future capital improvements have been incorporated into this study. Additional assumptions regarding future E-ZPass market share and toll elasticities have also been updated for this work.

PTC has been studying the possible implementation of all electronic tolling (AET) on its facilities. CDM Smith has been a member of the study team analyzing both the potential traffic and toll revenue impacts as well as the potential capital and maintenance and operating (M&O) cost impacts AET may have on the Turnpike. No final decision has yet been made regarding implementation of AET, though studies continue and implementation, should it occur, would not be for several years. As such, AET is not assumed in the forecasts developed for this study. It should be noted, however, that PTC has emphasized that a key requirement of AET is that it be net revenue positive and enhance the overall financial strength of the Turnpike. Absent this, among other criteria, AET would not be implemented on the Turnpike System.

Report Structure

This report is comprised of four chapters, including the following:

Chapter 1: Introduction
Chapter 2: Turnpike Characteristics
Chapter 3: Socioeconomic Trends and Forecasts
Chapter 4: Transaction and Toll Revenue Forecasts

Following is a brief description of each Chapter.

Chapter 2 (Turnpike Characteristics) provides a review of monthly and annual transaction and toll revenue trends. Data are provided for passenger cars and commercial vehicles separately. Information is provided for the entire Turnpike System as well as for each of the individual toll facilities (Ticket System, Turnpike 43, etc.) that make up the Turnpike System. E-ZPass market share trends, historical toll rate adjustments, and changes to the commercial volume-discount program are also summarized in Chapter 2.

Chapter 3 (Socioeconomic Trends and Forecasts) summarizes trends and forecasts in key socioeconomic variables, including population, employment, retail sales, and gross regional product. This data is broken down (at a county level) to reflect the actual market share for the various interchanges on the Turnpike System. Pennsylvania statewide data, as well as data for surrounding states and the United States, are also provided for each of these variables. Trends and forecasts in motor fuel prices are also covered in this chapter. The methodology used to estimate future traffic growth is described in detail. The ultimate product of Chapter 3 is a table showing the assumed growth rates used to develop traffic and toll revenue estimates for passenger cars and commercial vehicles for each Turnpike toll facility.

Chapter 4 (Transaction and Toll Revenue Forecasts) begins with a review of the assumed roadway improvement program for the Pennsylvania Turnpike. Planned toll rate adjustments throughout the 30 year forecast period are identified. A review of the impact of the 25 percent toll increase (January 2009) is provided to show the relatively inelastic nature of the Turnpike. Because of the toll differential that now exists between cash and E-ZPass, assumptions regarding future E-ZPass market share are important. All assumptions regarding E-ZPass market share throughout the forecast period are discussed in this chapter. Finally, estimates of traffic and gross toll revenue are provided through 2041. Forecasts are provided for passenger cars and commercial vehicles, for both the ticket system and the combined barrier systems, as well as for the total Turnpike.

Chapter 2

Turnpike Characteristics

This chapter presents historical transaction and gross toll revenue trends on the Turnpike facilities. It also presents actual trends in the E-ZPass market share and historical toll increases. A comparison is presented between the current Turnpike per-mile toll rate on I-76/I-276 and other toll road facilities. Lastly, recent changes to the PTC's commercial volume-discount program are described.

The Pennsylvania Turnpike Facilities

Figure 2-1 provides an overview of the Turnpike System, identifying each of its six toll facilities:

- Mainline I-76/I-276
- Northeast Extension I-476
- Turnpike I-376 (PA 60)
- Turnpike 576 (Southern Beltway)
- Turnpike 43 – Mon/Fayette Expressway
- Turnpike 66

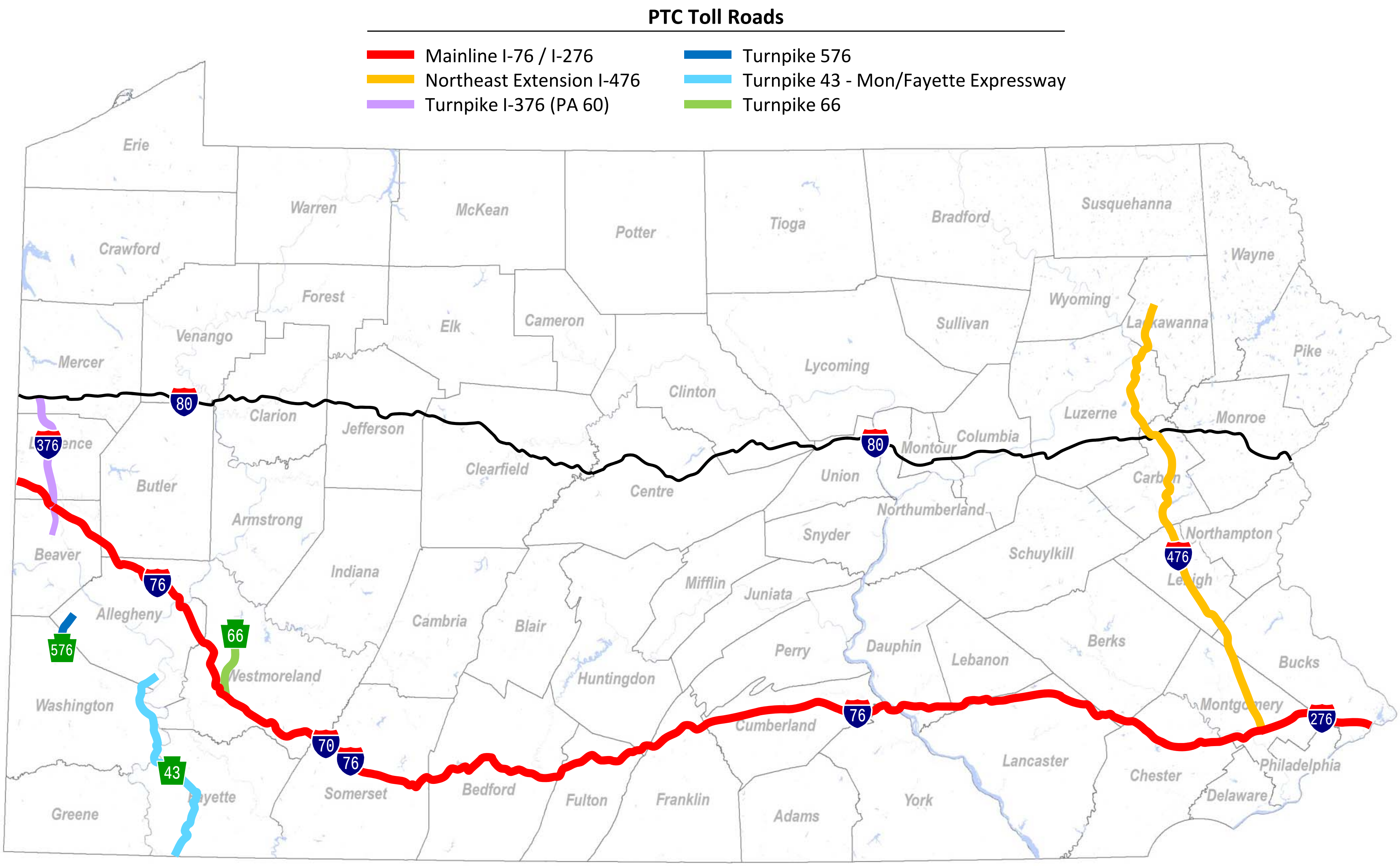
There are two toll collection systems on the Turnpike System; a ticket system, and a barrier system. The ticket system is comprised of the majority of Mainline I-76 / I-276 (from Interchange 30 in western Pennsylvania to Interchange 359 near the New Jersey border) and the majority of the Northeastern Extension (from Interchange 20 to Interchange 131).

The Barrier system is comprised of Turnpikes I-376 (PA 60), Turnpike 66, Turnpike 43, and Turnpike 576 (Southern Beltway). In addition, one barrier toll plaza exists on Mainline I-76/I-276 consisting of the Gateway Mainline Toll Plaza. This toll plaza was converted from a ticket-system plaza to a barrier-system plaza in 2003. For continuity, ticket system traffic and toll revenue trends include the Gateway Barrier Plaza in this report. Two other barrier toll plazas exist at the northern end of the Northeast Extension; consisting of Clarks Summit and Keyser Avenue.

The ticket system is by far the largest component of the Turnpike System. As seen in Figure 2-2, the ticket system accounted for 94.5 percent of the Turnpike System's total gross toll revenue, and 82.1 percent of the total transactions in calendar year 2011. Fixed barrier locations accounted for only 5.5 percent of gross toll revenue and 17.9 percent of transactions.

Turnpike Transaction and Toll Revenue Trends

This section presents long-term annual transaction trends on the ticket and barrier systems by toll plaza. Recent monthly transaction and toll revenue trends are also presented for the two systems.

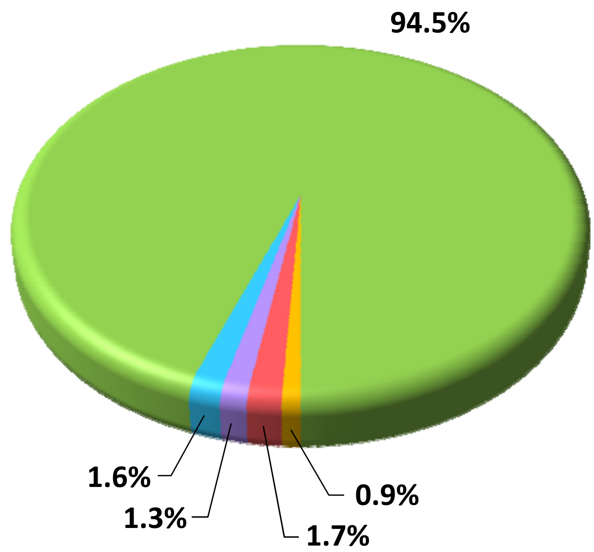


PENNSYLVANIA TURNPIKE COMMISSION (PTC) TOLL ROAD FACILITIES

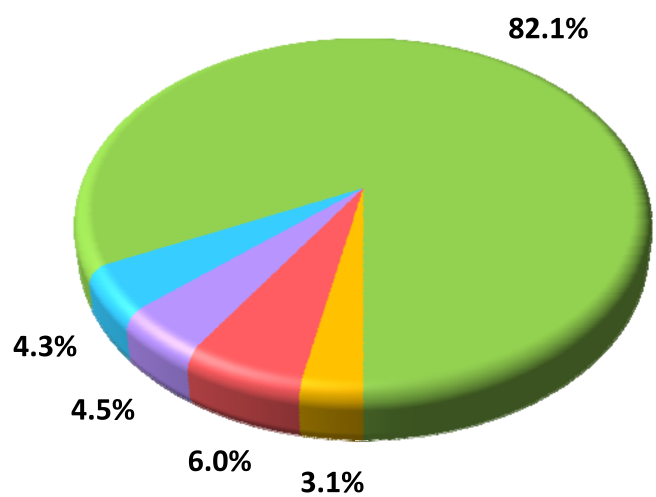
FIGURE 2-1

CDM Smith

Gross Toll Revenue



Transactions



- Ticket System (Including Gateway Plaza)
- Northeast Extension Barrier Plazas
- Turnpike 43 and Turnpike 576
- Turnpike I-376 (PA 60)
- Turnpike 66

PERCENT OF CALENDAR YEAR 2011 TRANSACTIONS AND GROSS TOLL REVENUE BY FACILITY

FIGURE 2-2

Finally, long term annual transaction and adjusted gross toll revenue trends are presented for the entire Turnpike System.

Ticket System Transaction Trends

Table 2-1 identifies average annual daily traffic trends for each of the ticket system locations between 1991 and 2011. Gateway barrier plaza (Interchange 2) is also shown in this table. Please note that in 2003 the west end of the system converted from a ticket system to a barrier system. Thus, volumes shown at Gateway are not comparable between 2002 and 2003. Also at this time, exit toll plazas were removed from Interchanges 10, 13 and 28 as the new endpoint of the ticket system (identified in this table as Interchange 30) was shifted to between Interchanges 28 and 39. Also as footnoted in Table 2-1, two-way toll collection was replaced by one-way toll collection at Gateway in 2006. Traffic values in Table 2-1 were doubled from that point forward to simulate total two-way traffic volumes in order to be comparable to historical trends.

Passenger-car trends are shown on the first page of Table 2-1. Average annual percent changes are shown for various time periods. Relatively strong growth was experienced during the first decade (1991-2001) where total passenger-car transactions grew at an annual rate of 3.7 percent. Growth in passenger-car transactions slowed to 0.9 percent per year in the decade from 2001 -2011. This decreased growth rate was primarily due to the economic recession that began in late 2007. Growth in annual transactions was only 0.1 percent between 2006 through 2011, due largely to the recession. A secondary reason for the reduced growth in transactions was the multiple toll increases that took place in 1991 (32 percent), 2004 (42.5 percent), 2009 (25 percent), 2010 (3 percent), and 2011 (3 percent E-ZPass and 10 percent cash). As will be discussed in Chapter 3 and Chapter 4, it is believed the recession has had more impact on the low growth in transactions than the toll rate increases. Overall, passenger-car transactions increased by 2.3 percent per year from 1991 through 2011.

The second page of Table 2-1 shows historical commercial-vehicle transaction trends on the ticket system. As with passenger cars, the strongest period of growth for commercial vehicles was between 1991 and 2001. Commercial traffic increased at a 3.6 percent annual rate over that period. Over the most recent ten-year period (2001-2011) commercial traffic grew at an annual rate of 1.5 percent. This is heavily influenced by the negative 1.4 percent annual growth between 2006 and 2011 when commercial activity was particularly impacted by the economic recession. Still, over the entire twenty-year period from 1991 to 2011, commercial transactions increased at an average annual rate of 2.5 percent.

Total-vehicle transaction trends are shown on the third page of Table 2-1. Because passenger cars make up about 82 percent of total ticket system toll transactions, the trends and growth rates for total vehicles closely mirror those for passenger cars.

Barrier System Transaction Trends

Table 2-2 identifies average annual daily traffic trends for each of the Turnpike barrier systems. Transactions on the barrier system have been increasing at a faster rate than on the Mainline I-76/I-276. Passenger car transactions increased by an average 9.5 percent per year from 1994 to 2001, and by 4.7 percent per year from 2001 to 2011. During the recession, from 2006 to 2011, passenger-car transactions grew by 5.4 percent per year. In general, the higher growth rates in passenger-car transactions are attributable to several items, including 1) these tend to be younger facilities that have

Table 2-1
Passenger Cars - Ticket System (Including Gateway Plaza) - Average Daily Transactions
Pennsylvania Turnpike System

Interchange	Calendar Year																					Average Annual Percent Change			
(Milepost)[1]	1991[2]	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004[3]	2005	2006	2007	2008	2009[4]	2010[5]	2011[8]	1991-01	2001-11	2006-11	1991-11
2[6]	6,873	6,916	6,999	7,064	7,288	7,292	7,496	7,815	7,850	7,333	8,056	9,082	13,828	16,379	15,873	16,388	16,365	16,192	16,882	17,432	17,486	1.6	8.1	1.3	4.8
10[7]				1,556	1,691	1,836	1,911	2,010	2,064	2,164	2,302	2,344										NA	NA	NA	NA
13[7]	1,740	1,654	1,581	1,507	1,488	1,516	1,604	1,743	1,759	1,771	1,824	1,860										0.5	NA	NA	NA
28[7]	7,414	7,445	7,519	7,574	7,819	8,232	8,569	9,211	9,369	9,399	9,940	10,183										3.0	NA	NA	NA
30[7]													7,374	11,585	11,269	11,419	11,940	12,056	12,232	12,118	12,023	NA	NA	1.0	NA
39	4,019	4,013	4,029	4,035	4,053	4,279	4,483	4,827	5,003	4,939	5,180	5,186	5,448	5,417	5,154	5,181	5,613	5,627	5,495	5,527	5,333	2.6	0.3	0.6	1.4
48	7,198	7,196	7,235	7,257	7,045	7,602	8,084	7,962	8,686	9,251	8,998	9,366	9,505	9,377	9,101	9,129	9,406	9,226	9,087	8,879	8,576	2.3	(0.5)	(1.2)	0.9
57	15,621	15,624	15,714	15,763	15,887	16,101	16,700	17,291	17,626	17,782	18,337	18,436	18,770	18,598	18,087	18,290	18,198	18,305	18,083	17,452	17,172	1.6	(0.7)	(1.3)	0.5
67	7,874	7,971	8,113	8,236	8,226	8,398	8,586	9,082	9,481	9,533	9,593	9,789	10,303	10,054	9,437	9,582	9,614	9,068	8,674	8,776	8,718	2.0	(1.0)	(1.9)	0.5
75	7,785	7,629	7,519	7,391	7,651	8,046	8,331	8,706	9,684	8,594	8,868	9,366	9,394	9,191	8,880	8,779	8,806	8,522	8,433	8,550	8,246	1.3	(0.7)	(1.2)	0.3
91	2,126	2,149	2,185	2,216	2,311	2,212	2,253	2,352	2,381	2,142	2,236	2,204	2,253	2,239	2,257	2,237	2,478	2,395	2,351	2,371	2,279	0.5	0.2	0.4	0.3
110	1,944	1,949	1,966	1,978	2,024	2,025	2,030	2,059	1,916	1,848	1,911	2,031	2,061	1,948	1,892	1,927	2,067	2,119	2,104	2,136	2,159	(0.2)	1.2	2.3	0.5
146	1,943	1,927	1,922	1,912	2,038	2,135	2,222	2,479	2,728	2,760	2,960	3,225	3,290	3,370	3,163	3,037	3,059	2,994	2,972	2,945	2,848	4.3	(0.4)	(1.3)	1.9
161	5,407	5,214	5,057	4,893	5,109	5,214	5,438	5,697	5,838	5,828	6,331	6,599	6,820	6,713	6,517	6,356	6,216	6,005	6,356	6,262	6,064	1.6	(0.4)	(0.9)	0.6
180	570	566	566	564	569	586	617	643	673	630	661	700	715	761	691	676	711	675	655	658	645	1.5	(0.3)	(0.9)	0.6
189	358	362	368	373	381	407	428	462	480	453	436	477	488	483	448	443	440	426	409	418	409	2.0	(0.6)	(1.6)	0.7
201	430	439	451	462	477	500	521	549	567	574	591	661	670	679	649	658	662	614	603	642	634	3.2	0.7	(0.7)	2.0
226	4,333	4,327	4,346	4,354	4,675	4,665	4,281	4,626	4,886	4,792	5,304	5,180	5,365	5,262	4,939	4,959	4,973	4,736	4,628	4,899	4,705	2.0	(1.2)	(1.0)	0.4
236	2,672	2,726	2,797	2,862	3,499	3,665	3,495	3,641	3,889	4,039	4,172	4,580	4,804	4,796	4,567	4,562	4,661	4,507	4,470	5,074	4,883	4.6	1.6	1.4	3.1
242	3,974	3,905	3,858	3,802	4,186	4,146	4,080	4,295	4,699	5,103	5,081	5,400	5,781	5,734	5,352	5,196	5,265	6,068	5,894	5,476	5,371	2.5	0.6	0.7	1.5
247	7,164	7,182	7,241	7,282	7,608	7,989	7,991	8,409	8,818	9,004	9,125	9,739	10,217	10,256	9,917	9,553	9,902	10,073	9,952	10,478	10,155	2.4	1.1	1.2	1.8
266	2,212	2,241	2,282	2,319	2,363	2,500	2,643	2,867	2,987	3,037	3,214	3,381	3,663	3,695	3,643	3,602	3,740	3,577	3,484	3,571	3,442	3.8	0.7	(0.9)	2.2
286	4,750	4,887	5,056	5,220	5,453	5,490	5,729	6,041	6,096	6,242	6,472	6,655	6,954	7,207	6,969	7,185	7,397	7,060	6,910	6,937	6,766	3.1	0.4	(1.2)	1.8
298	4,001	4,035	4,092	4,139	4,224	4,330	4,844	5,253	5,513	5,661	6,187	6,682	7,201	7,359	7,335	7,457	7,446	7,448	7,176	7,018	6,789	4.5	0.9	(1.9)	2.7
312	6,439	6,587	6,775	6,950	7,070	6,723	7,311	7,838	8,361	8,824	9,437	10,008	10,421	10,455	10,291	10,558	11,011	10,635	10,234	10,353	10,315	3.9	0.9	(0.5)	2.4
326	22,920	21,881	21,009	20,122	20,707	21,092	21,337	22,360	21,643	21,531	24,784	25,264	26,928	28,231	28,201	28,173	27,069	26,975	27,783	29,284	28,965	0.8	1.6	0.6	1.2
333	12,073	10,730	9,592	8,553	8,975	9,296	9,912	10,337	10,665	10,585	11,335	11,901	12,297	12,586	11,861	11,455	11,312	11,848	11,904	12,166	12,093	(0.6)	0.6	1.1	0.0
20				22,910	25,569	26,959	28,430	29,605	29,628	30,770	31,945	33,406	34,130	35,753	35,452	36,060	36,659	35,518	34,961	35,236	35,478	NA	1.1	(0.3)	NA
339	14,473	15,262	16,186	17,125	18,179	18,335	18,812	20,185	20,031	19,967	21,056	21,380	22,140	22,015	21,709	21,561	21,203	20,312	20,989	22,973	23,265	3.8	1.0	1.5	2.4
340												998	1,318	1,541	1,570	1,581	1,537	1,521	1,370	1,422	1,447	NA	NA	(1.7)	NA
343	17,576	18,267	19,100	19,926	21,963	22,370	22,902	23,207	22,397	23,085	23,753	24,197	24,850	25,716	25,152	24,609	26,054	25,277	25,165	26,569	26,178	3.1	1.0	1.2	2.0
351	21,666	21,995	22,458	22,876	24,361	24,750	25,685	26,256	26,089	26,665	27,653	28,556	29,503	30,084	29,563	29,433	29,917	29,315	29,196	29,690	28,170	2.5	0.2	(0.9)	1.3
352																				158	1,805	NA	NA	NA	NA
358	5,065	5,050	5,065	5,068	5,024	5,215	5,291	5,422	5,476	5,373	5,317	5,478	5,755	6,011	5,856	5,854	5,917	5,964	5,767	5,716	5,538	0.5	0.4	(1.1)	0.4
359	14,113	14,026	14,019	13,979	14,248	14,595	14,829	15,312	15,450	15,565	16,349	16,765	17,532	18,086	17,844	17,635	17,727	17,274	16,943	17,255	16,846	1.5	0.3	(0.9)	0.9
31	5,191	5,936	6,826	7,830	8,256	8,760	9,980	10,594	11,187	11,381	11,430	12,411	12,939	13,166	12,941	13,034	13,304	13,389	13,431	13,432	12,950	8.2	1.3	(0.1)	4.7
44	4,141	4,358	4,615	4,877	5,087	5,344	5,595	6,250	6,526	6,690	6,693	6,981	7,378	7,926	7,950	8,149	8,235	8,313	8,399	8,478	8,157	4.9	2.0	0.0	3.4
56	7,764	8,248	8,811	9,387	9,907	10,534	11,218	11,290	11,843	12,558	13,363	13,805	14,528	15,392	15,064	15,318	15,581	14,950	15,339	16,008	15,365	5.6	1.4	0.1	3.5
74	2,551	2,669	2,809	2,949	3,059	3,261	3,452	3,709	3,885	3,897	4,137	4,323	4,442	4,691	4,562	4,657	4,796	4,811	4,723	4,722	4,580	5.0	1.0	(0.3)	3.0
95	3,020	3,105	3,211	3,313	3,397	3,603	3,832	4,003	4,150	4,144	4,151	4,413	4,599	5,020	4,722	4,750	4,761	4,709	5,021	5,200	4,859	3.2	1.6	0.5	2.4
105	1,970	2,053	2,152	2,250	2,305	2,329	2,442	4,003	2,593	2,611	2,716	2,859	2,946	3,243	3,033	3,060	3,188	3,062	3,232	3,337	3,234	3.3	1.8	1.1	2.5
115	2,018	2,286	2,606	2,965	3,170	3,232	3,401	3,548	3,587	3,592	3,697	4,042	4,013	4,256	4,051	4,047	4,043	4,128	4,289	4,067	3,948	6.2	0.7	(0.5)	3.4
Total	241,388	242,810	246,130	273,839	287,342	295,564	306,765	321,939	326,504	330,117	345,595	359,914	370,623	385,275	375,967	376,550	381,271	375,695	375,594	383,685	377,896	3.7	0.9	0.1	2.3
Percent Change Over Prior Year		0.6	1.4	11.3	4.9	2.9	3.8	4.9	1.4	1.1	4.7	4.1	3.0	4.0	(2.4)	0.2	1.3	(1.5)	(0.0)	2.2	(1.5)				

(1) Interchanges 2 through 259 reflect those for the Mainline 1-76/I-276. Interchanges 31 through 115 correspond to those on the Northeast Extension I-476.
(2) A toll increase of 32% was implemented on June 1, 1991.
(3) A toll increase of 42.5% was implemented on August 1, 2004.
(4) A toll increase of 25% was implemented on January 4, 2009. Toll rates on Turnpike 576 and Turnpike 43 from Unionville to Brownsville remained unchanged.
(5) A toll increase of 3% was implemented on January 3, 2010.
(6) Several changes have occurred at Gateway Plaza during this time period. It was converted from the western terminus of the ticket system to a barrier plaza on June 1, 2003; at this time toll classifications were switched from weight based to axle based. On January 2, 2006, toll collection at the barrier location was converted from two-way to one-way collection.
(7) Once Gateway was converted to a barrier plaza, Interchange 30, Warrendale, became the new start of the Turnpike ticket system in 2004. Toll collection was removed from Interchanges 10, 13 and 28 at this time.
(8) An E-ZPass toll increase of 3% and a cash toll increase of 10% was implemented on January 2, 2011. Exceptions include Turnpike 576 and near the Pittsburgh International Airport where coin machine fares will not change.

Table 2-1 (Cont'd)
Commercial Vehicles - Ticket System (Including Gateway Plaza) - Average Daily Transactions
Pennsylvania Turnpike System

Interchange	Calendar Year																					Average Annual Percent Change			
(Milepost)(1)	1991(2)	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004(3)	2005	2006	2007	2008	2009(4)	2010(5)	2011(8)	1991-01	2001-11	2006-11	1991-11
2(6)	2,370	2,356	2,355	2,348	2,404	2,374	2,446	2,605	2,848	2,649	2,709	2,937	4,259	5,447	5,760	5,288	5,403	5,243	4,517	4,864	5,030	1.3	6.4	(1.0)	3.8
10(7)				225	241	281	302	314	363	384	394	402										NA	NA	NA	NA
13(7)	371	345	322	304	274	285	303	295	324	324	315	303										(1.6)	NA	NA	NA
28(7)	1,372	1,355	1,346	1,334	1,392	1,433	1,502	1,576	1,690	1,708	1,693	1,670										2.1	NA	NA	NA
30(7)													1,865	3,196	3,340	3,371	3,505	3,412	2,994	3,060	3,116	NA	NA	(1.6)	NA
39	389	388	390	391	412	413	437	472	519	526	521	523	513	536	552	527	575	571	544	565	552	3.0	0.6	0.9	1.8
48	869	856	848	839	820	860	849	983	1,042	1,057	1,032	1,027	1,048	1,075	1,072	1,081	1,177	1,185	1,104	1,153	1,058	1.7	0.2	(0.4)	1.0
57	1,321	1,206	1,216	1,344	1,381	1,419	1,471	1,534	1,635	1,662	1,663	1,604	1,591	1,653	1,680	1,706	1,735	1,636	1,498	1,590	1,606	2.3	(0.3)	(1.2)	1.0
67	664	662	665	665	655	665	706	745	810	809	809	826	837	849	857	853	894	895	869	847	816	2.0	0.1	(0.9)	1.0
75	3,292	3,239	3,206	3,164	3,300	3,400	3,548	3,789	4,059	4,138	4,066	4,161	4,255	4,345	4,348	4,389	4,478	4,389	3,902	3,854	3,828	2.1	(0.6)	(2.7)	0.8
91	205	203	202	201	199	195	202	211	238	228	226	253	267	318	262	286	306	287	314	334	323	1.0	3.6	2.5	2.3
110	658	639	624	608	651	674	691	725	808	750	712	734	729	729	710	715	743	738	652	669	690	0.8	(0.3)	(0.7)	0.2
146	641	644	651	657	694	695	721	825	1,062	1,145	1,198	1,312	1,375	1,454	1,350	1,332	1,327	1,151	1,009	1,077	1,056	6.5	(1.3)	(4.5)	2.5
161	1,908	1,918	1,939	1,955	2,041	2,115	2,208	2,390	2,711	2,729	2,672	2,753	2,840	2,888	2,902	2,835	2,910	2,616	2,261	2,440	2,431	3.4	(0.9)	(3.0)	1.2
180	111	114	119	123	120	124	130	138	157	151	148	160	173	198	205	218	230	203	169	207	215	2.9	3.8	(0.2)	3.4
189	99	93	88	83	81	89	90	95	102	104	98	100	108	106	106	107	108	96	85	100	101	(0.1)	0.3	(1.1)	0.1
201	111	110	110	109	113	109	113	117	124	135	143	151	161	186	215	214	229	219	193	212	265	2.6	6.4	4.4	4.5
226	2,316	2,286	2,269	2,247	2,560	2,619	2,454	2,799	3,030	3,072	3,121	3,196	3,359	3,471	3,430	3,483	3,548	3,350	2,893	2,886	2,889	3.0	(0.8)	(3.7)	1.1
236	365	381	399	417	517	478	479	470	516	536	544	569	619	632	668	723	774	690	646	751	774	4.1	3.6	1.4	3.8
242	529	536	546	555	638	629	656	695	771	802	813	856	995	1,070	1,119	1,154	1,194	1,243	1,146	1,105	1,100	4.4	3.1	(0.9)	3.7
247	1,164	1,183	1,208	1,231	1,293	1,273	1,378	1,479	1,574	1,556	1,517	1,567	1,718	1,812	1,895	1,854	1,863	1,817	1,653	1,749	1,743	2.7	1.4	(1.2)	2.0
266	285	271	265	261	268	282	316	358	400	399	418	452	499	501	518	538	549	523	469	486	482	3.9	1.4	(2.2)	2.7
286	921	937	959	978	978	913	1,059	1,035	1,123	1,305	1,325	1,338	1,437	1,492	1,461	1,507	1,572	1,491	1,325	1,354	1,364	3.7	0.3	(2.0)	2.0
298	548	576	610	645	679	690	829	881	966	997	985	1,034	1,146	1,194	1,160	1,187	1,188	1,084	936	963	995	6.0	0.1	(3.5)	3.0
312	732	714	700	684	679	616	670	740	798	839	844	901	935	971	967	996	1,058	908	806	904	929	1.4	1.0	(1.4)	1.2
326	2,437	2,341	2,085	2,182	2,269	2,375	2,495	2,670	2,708	2,727	2,868	2,894	3,137	3,360	3,408	3,486	3,446	3,190	2,902	3,118	3,105	1.6	0.8	(2.3)	1.2
333	867	656	499	378	415	427	452	473	514	532	504	572	598	618	626	611	636	663	597	644	629	(5.3)	2.2	0.6	(1.6)
20				2,435	2,619	2,830	3,052	3,258	3,408	3,573	3,470	3,707	3,839	4,124	4,187	4,320	4,433	4,114	3,751	3,883	3,961	NA	1.3	(1.7)	NA
339	899	927	960	992	1,005	1,035	1,062	1,152	1,200	1,198	1,227	1,323	1,373	1,408	1,453	1,424	1,403	1,343	1,260	1,329	1,417	3.2	1.5	(0.1)	2.3
340												4	11	13	16	19	20	19	18	20	24	NA	NA	5.2	NA
343	1,278	1,296	1,323	1,347	1,404	1,471	1,541	1,628	1,627	1,680	1,623	1,749	1,877	2,040	2,102	2,119	2,210	2,109	1,999	2,109	2,116	2.4	2.7	(0.0)	2.6
351	2,369	2,342	2,328	2,308	2,355	2,371	2,569	2,691	2,814	2,881	2,880	3,071	3,204	3,268	3,338	3,374	3,397	3,384	3,111	3,178	3,151	2.0	0.9	(1.4)	1.4
352																				4	54	NA	NA	NA	NA
358	1,010	1,027	1,051	1,073	1,112	1,162	1,199	1,242	1,383	1,552	1,332	1,420	1,624	1,737	1,807	1,810	1,812	1,529	1,410	1,654	1,571	2.8	1.7	(2.8)	2.2
359	2,436	2,312	2,206	2,099	2,125	2,179	2,240	2,364	2,510	2,716	2,722	2,971	3,296	3,613	3,754	3,790	3,949	4,137	3,768	3,474	3,389	1.1	2.2	(2.2)	1.7
31	663	726	800	880	924	1,005	1,097	1,143	1,216	1,242	1,202	1,249	1,319	1,387	1,409	1,429	1,505	1,495	1,453	1,498	1,450	6.1	1.9	0.3	4.0
44	399	416	438	459	480	495	541	615	646	678	633	689	842	869	897	951	990	958	929	965	943	4.7	4.1	(0.2)	4.4
56	1,255	1,326	1,409	1,493	1,582	1,713	1,911	2,081	2,250	2,380	2,336	2,443	2,592	2,833	2,909	3,051	3,139	3,118	3,039	3,147	3,114	6.4	2.9	0.4	4.6
74	250	258	268	278	311	342	357	396	406	429	418	461	465	496	526	546	596	484	480	527	536	5.3	2.5	(0.4)	3.9
95	476	517	566	618	674	775	837	899	1,039	1,113	1,076	1,139	1,169	1,235	1,227	1,292	1,336	1,264	1,226	1,337	1,329	8.5	2.1	0.6	5.3
105	97	100	104	108	107	114	122	899	131	141	142	165	176	205	209	210	218	400	396	200	209	3.9	3.9	(0.1)	3.9
115	543	632	739	863	901	944	1,038	1,113	1,160	1,162	1,140	1,241	1,250	1,336	1,340	1,329	1,358	1,204	1,167	1,268	1,266	7.7	1.1	(1.0)	4.3
Total	36,220	35,888	35,813	38,881	40,673	41,869	44,073	47,895	50,682	52,009	51,539	53,925	57,500	62,662	63,786	64,125	65,816	63,156	57,489	59,525	59,627	3.6	1.5	(1.4)	2.5
Percent Change Over Prior Year		(0.9)	(0.2)	8.6	4.6	2.9	5.3	8.7	5.8	2.6	(0.9)	4.6	6.6	9.0	1.8	0.5	2.6	(4.0)	(9.0)	3.5	0.2				

(1) Interchanges 2 through 259 reflect those for the Mainline 1-76/I-276. Interchanges 31 through 115 correspond to those on the Northeast Extension I-476.
(2) A toll increase of 32% was implemented on June 1, 1991.
(3) A toll increase of 42.5% was implemented on August 1, 2004.
(4) A toll increase of 25% was implemented on January 4, 2009. Toll rates on Turnpike 576 and Turnpike 43 from Unionville to Brownsville remained unchanged.
(5) A toll increase of 3% was implemented on January 3, 2010.
(6) Several changes have occurred at Gateway Plaza during this time period. It was converted from the western terminus of the ticket system to a barrier plaza on June 1, 2003; at this time toll classifications were switched from weight based to axle based. On January 2, 2006, toll collection at the barrier location was converted from two-way to one-way collection.
(7) Once Gateway was converted to a barrier plaza, Interchange 30, Warrendale, became the new start of the Turnpike ticket system in 2004. Toll collection was removed from Interchanges 10, 13 and 28 at this time.
(8) An E-ZPass toll increase of 3% and a cash toll increase of 10% was implemented on January 2, 2011. Exceptions include Turnpike 576 and near the Pittsburgh International Airport where coin machine fares will not change.

Table 2-1 (Cont'd)
Total Vehicles - Ticket System (Including Gateway Plaza) - Average Daily Transactions
Pennsylvania Turnpike System

Interchange (Milepost)[1]	Calendar Year 1991[2]	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004[3]	2005	2006	2007	2008	2009[4]	2010[5]	2011[8]	Average Annual Percent Change 1991-01	2001-11	2006-11	1991-11
2[6]	9,243	9,272	9,354	9,412	9,692	9,666	9,942	10,420	10,698	9,982	10,765	12,019	18,087	21,826	21,633	21,676	21,768	21,434	21,400	22,296	22,516	1.5	7.7	0.8	4.6
10[7]				1,781	1,932	2,117	2,213	2,324	2,427	2,548	2,696	2,746										NA	NA	NA	NA
13[7]	2,111	1,999	1,903	1,811	1,762	1,801	1,907	2,038	2,083	2,095	2,139	2,163										0.1	NA	NA	NA
28[7]	8,786	8,800	8,865	8,908	9,211	9,665	10,071	10,787	11,059	11,107	11,633	11,853										2.8	NA	NA	NA
30[7]													9,239	14,781	14,609	14,791	15,445	15,468	15,226	15,178	15,140	NA	NA	0.5	NA
39	4,408	4,401	4,419	4,426	4,465	4,692	4,920	5,299	5,522	5,465	5,701	5,709	5,961	5,953	5,706	5,709	6,188	6,198	6,039	6,092	5,885	2.6	0.3	0.6	1.5
48	8,067	8,052	8,083	8,096	7,865	8,462	8,933	8,945	9,728	10,308	10,030	10,393	10,553	10,452	10,173	10,210	10,583	10,411	10,191	10,032	9,634	2.2	(0.4)	(1.2)	0.9
57	16,942	16,830	16,930	17,107	17,268	17,520	18,171	18,825	19,261	19,444	20,000	20,040	20,361	20,251	19,767	19,996	19,933	19,941	19,581	19,042	18,778	1.7	(0.6)	(1.2)	0.5
67	8,538	8,633	8,778	8,901	8,881	9,063	9,292	9,827	10,291	10,342	10,402	10,615	11,140	10,902	10,294	10,435	10,507	9,963	9,543	9,623	9,534	2.0	(0.9)	(1.8)	0.6
75	11,077	10,868	10,725	10,555	10,951	11,446	11,879	12,495	13,743	12,732	12,934	13,527	13,650	13,537	13,228	13,168	13,284	12,912	12,334	12,404	12,074	1.6	(0.7)	(1.7)	0.4
91	2,331	2,352	2,387	2,417	2,510	2,407	2,455	2,563	2,619	2,370	2,462	2,457	2,520	2,556	2,520	2,523	2,784	2,681	2,665	2,705	2,602	0.5	0.6	0.6	0.6
110	2,602	2,588	2,590	2,586	2,675	2,699	2,721	2,784	2,724	2,598	2,623	2,766	2,789	2,676	2,602	2,642	2,810	2,857	2,755	2,805	2,849	0.1	0.8	1.5	0.5
146	2,584	2,571	2,573	2,569	2,732	2,830	2,943	3,304	3,790	3,905	4,158	4,536	4,665	4,824	4,514	4,369	4,386	4,146	3,981	4,022	3,904	4.9	(0.6)	(2.2)	2.1
161	7,315	7,132	6,996	6,848	7,150	7,329	7,646	8,087	8,549	8,557	9,003	9,352	9,661	9,601	9,419	9,191	9,126	8,621	8,617	8,702	8,495	2.1	(0.6)	(1.6)	0.8
180	681	680	685	687	689	710	747	781	830	781	809	860	888	959	896	894	941	878	824	865	860	1.7	0.6	(0.8)	1.2
189	457	455	456	456	462	496	518	557	582	557	534	577	596	589	555	550	548	522	494	518	510	1.6	(0.4)	(1.5)	0.6
201	541	549	561	571	590	609	634	666	691	709	734	812	831	865	863	872	891	832	796	854	899	3.1	2.1	0.6	2.6
226	6,649	6,613	6,615	6,601	7,235	7,284	6,735	7,425	7,916	7,864	8,425	8,376	8,724	8,733	8,369	8,442	8,521	8,085	7,521	7,785	7,594	2.4	(1.0)	(2.1)	0.7
236	3,037	3,107	3,196	3,279	4,016	4,143	3,974	4,111	4,405	4,575	4,716	5,149	5,422	5,428	5,235	5,285	5,435	5,197	5,116	5,825	5,657	4.5	1.8	1.4	3.2
242	4,503	4,441	4,404	4,357	4,824	4,775	4,736	4,990	5,470	5,905	5,894	6,256	6,777	6,803	6,471	6,350	6,459	7,311	7,040	6,581	6,471	2.7	0.9	0.4	1.8
247	8,328	8,365	8,449	8,513	8,901	9,262	9,369	9,888	10,392	10,560	10,642	11,306	11,936	12,068	11,812	11,407	11,765	11,890	11,604	12,227	11,898	2.5	1.1	0.8	1.8
266	2,497	2,512	2,547	2,580	2,631	2,782	2,959	3,225	3,387	3,436	3,632	3,833	4,163	4,196	4,161	4,140	4,289	4,100	3,954	4,057	3,924	3.8	0.8	(1.1)	2.3
286	5,671	5,824	6,015	6,198	6,431	6,403	6,788	7,076	7,219	7,547	7,797	7,992	8,391	8,699	8,430	8,691	8,969	8,551	8,235	8,291	8,130	3.2	0.4	(1.3)	1.8
298	4,549	4,611	4,702	4,784	4,903	5,020	5,673	6,134	6,479	6,658	7,172	7,715	8,347	8,552	8,495	8,644	8,634	8,532	8,112	7,981	7,784	4.7	0.8	(2.1)	2.7
312	7,171	7,301	7,475	7,634	7,749	7,339	7,981	8,578	9,159	9,663	10,281	10,909	11,355	11,426	11,259	11,554	12,069	11,543	11,039	11,257	11,244	3.7	0.9	(0.5)	2.3
326	25,357	24,222	23,094	22,304	22,976	23,467	23,832	25,030	24,351	24,258	27,652	28,158	30,064	31,591	31,609	31,659	30,515	30,165	30,685	32,402	32,070	0.9	1.5	0.3	1.2
333	12,940	11,386	10,091	8,931	9,390	9,723	10,364	10,810	11,179	11,117	11,839	12,473	12,895	13,204	12,487	12,066	11,948	12,511	12,501	12,810	12,722	(0.9)	0.7	1.1	(0.1)
20				25,345	28,188	29,789	31,482	32,863	33,036	34,343	35,415	37,113	37,969	39,877	39,640	40,381	41,091	39,631	38,712	39,119	39,439	NA	1.1	(0.5)	NA
339	15,372	16,189	17,146	18,117	19,184	19,370	19,874	21,337	21,231	21,165	22,283	22,703	23,513	23,422	23,162	22,984	22,606	21,655	22,249	24,302	24,683	3.8	1.0	1.4	2.4
340												1,002	1,329	1,554	1,587	1,599	1,558	1,540	1,388	1,442	1,471	NA	NA	(1.7)	NA
343	18,854	19,563	20,423	21,273	23,367	23,841	24,443	24,835	24,024	24,765	25,376	25,945	26,727	27,756	27,254	26,728	28,264	27,385	27,163	28,678	28,294	3.0	1.1	1.1	2.1
351	24,035	24,337	24,786	25,184	26,716	27,121	28,254	28,947	28,903	29,546	30,533	31,627	32,707	33,352	32,900	32,807	33,315	32,700	32,307	32,868	31,321	2.4	0.3	(0.9)	1.3
352																				162	1,859	NA	NA	NA	NA
358	6,075	6,077	6,116	6,141	6,136	6,377	6,490	6,664	6,859	6,925	6,649	6,898	7,380	7,748	7,663	7,664	7,728	7,494	7,177	7,370	7,109	0.9	0.7	(1.5)	0.8
359	16,549	16,338	16,225	16,078	16,373	16,774	17,069	17,676	17,960	18,281	19,071	19,736	20,828	21,699	21,598	21,425	21,676	21,411	20,712	20,729	20,235	1.4	0.6	(1.1)	1.0
31	5,854	6,662	7,626	8,710	9,180	9,765	11,077	11,737	12,403	12,623	12,632	13,660	14,258	14,553	14,350	14,463	14,809	14,885	14,884	14,930	14,400	8.0	1.3	(0.1)	4.6
44	4,540	4,774	5,053	5,336	5,567	5,839	6,136	6,865	7,172	7,368	7,326	7,669	8,220	8,796	8,848	9,099	9,225	9,271	9,328	9,443	9,100	4.9	2.2	0.0	3.5
56	9,019	9,574	10,220	10,880	11,489	12,247	13,129	13,371	14,093	14,938	15,699	16,247	17,120	18,225	17,973	18,369	18,720	18,068	18,378	19,155	18,480	5.7	1.6	0.1	3.7
74	2,801	2,927	3,077	3,227	3,370	3,603	3,809	4,105	4,291	4,326	4,555	4,784	4,907	5,188	5,088	5,204	5,393	5,295	5,204	5,249	5,116	5.0	1.2	(0.3)	3.1
95	3,496	3,622	3,777	3,931	4,071	4,378	4,669	4,902	5,189	5,257	5,227	5,552	5,768	6,255	5,949	6,042	6,097	5,973	6,247	6,537	6,188	4.1	1.7	0.5	2.9
105	2,067	2,153	2,256	2,358	2,412	2,443	2,564	4,902	2,724	2,752	2,858	3,024	3,122	3,448	3,242	3,269	3,406	3,463	3,627	3,537	3,443	3.3	1.9	1.0	2.6
115	2,561	2,918	3,345	3,828	4,071	4,176	4,439	4,661	4,747	4,754	4,837	5,283	5,263	5,592	5,391	5,377	5,401	5,332	5,456	5,335	5,214	6.6	0.8	(0.6)	3.6
Total	277,608	278,698	281,943	312,720	328,015	337,433	350,838	369,834	377,186	382,126	397,134	413,839	428,123	447,937	439,753	440,674	447,087	438,851	433,083	443,210	437,524	3.6	1.0	(0.1)	2.3
Percent Change Over Prior Year		0.4	1.2	10.9	4.9	2.9	4.0	5.4	2.0	1.3	3.9	4.2	3.5	4.6	(1.8)	0.2	1.5	(1.8)	(1.3)	2.3	(1.3)				

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Table 2-2
Passenger Cars - Barrier System - Average Daily Transactions
Pennsylvania Turnpike

Toll Location	Calendar Year 1994	1995	1996	1997	1998	1999	2000	2001	2002 (1)	2003	2004 (2)	2005	2006	2007	2008	2009(3)	2010 (4)	2011 (9)	Average Annual Percent Change 1994-01	2001-11	2006-11	1994-11
Northeast Extension I-476																						
Keiser Ave.	0	4,803	6,491	6,941	6,461	5,686	5,527	5,622	5,948	6,274	6,719	6,489	6,573	6,736	6,782	7,012	6,935	6,970	2.7	2.2	1.2	2.4
Clarks Summit	2,831	5,177	6,814	7,281	6,769	5,844	5,642	5,847	6,169	6,492	6,747	6,519	6,545	6,740	6,790	6,850	6,670	6,673	2.0	1.3	0.4	1.6
Subtotal	2,831	9,980	13,305	14,222	13,230	11,530	11,169	11,469	12,117	12,766	13,466	13,008	13,117	13,476	13,572	13,862	13,605	13,643	2.3	1.8	0.8	2.0
Turnpike I-376 (PA 60)(6,7)																						
East Toll 376	6,965	7,268	7,897	8,407	8,724	8,798	9,008	9,390	9,586	9,782	9,821	9,896	9,854	10,334	10,288	9,897	9,884	9,940	4.4	0.6	0.2	2.1
Beaver Falls Rte. 551	271	319	334	336	359	370	382	399						434	458	430	455	430	5.7	0.8	NA	2.8
Moravia Rte. 168	481	520	546	579	613	610	619	682						756	808	706	674	778	5.1	1.3	NA	2.9
West Toll 376	3,915	4,130	4,614	4,964	5,192	5,298	5,481	5,866	6,021	6,176	6,385	6,812	7,047	7,524	7,633	7,617	7,738	7,632	5.9	2.7	1.6	4.0
Mt. Jackson Rte. 108	720	826	1,097	1,211	1,313	1,385	1,454	1,606						1,277	1,557	1,390	1,236	1,173	12.1	(3.1)	NA	2.9
Subtotal	12,352	13,063	14,488	15,497	16,201	16,461	16,944	17,943	15,607	15,958	16,206	16,708	16,901	20,326	20,744	20,040	19,987	19,953	5.5	1.1	3.4	2.9
Turnpike 66 (8)																						
Rte. 136	295	303	366	413	437	469	478	518					217	597	806	727	742	731	8.4	3.5	27.4	5.5
AKH Mainline	5,754	6,411	7,259	8,081	8,911	8,850	9,283	9,613	10,044	10,476	10,858	11,123	12,053	12,308	12,327	12,114	12,276	11,947	7.6	2.2	(0.2)	4.4
Route 30	1,641	1,977	2,191	2,471	3,020	3,105	3,390	3,751					861	2,889	4,617	4,645	4,921	4,809	12.5	2.5	41.1	6.5
Route 130	822	873	1,017	1,190	1,123	966	893	1,001					226	1,260	1,370	1,370	1,397	1,459	2.9	3.8	45.3	3.4
Route 66	413	459	501	523	527	458	455	516					117	580	762	738	752	774	3.2	4.1	45.9	3.8
Subtotal	8,925	10,023	11,334	12,678	14,018	13,848	14,499	15,399	10,044	10,476	10,858	11,123	13,473	17,633	19,883	19,594	20,088	19,719	8.1	2.5	7.9	4.8
Turnpike 43 - Mon//Fayette Expressway (10)																						
Ramp M4								29	29	30	29	26	32	39	32	22	22	147	NA	17.6	35.4	NA
M5								1,659	1,726	1,794	1,884	1,973	2,060	2,151	2,257	2,301	2,477	3,467	NA	7.7	11.0	NA
Ramp M15																	13	109	NA	NA	NA	NA
Ramp M18																	114	228	NA	NA	NA	NA
M19																	275	3,543	NA	NA	NA	NA
M35 California	5,436	5,942	6,714	7,314	6,643	7,312	8,274	8,437	5,582	2,728	9,365	9,366	9,754	10,224	10,530	10,318	10,515	10,407	6.5	2.1	1.3	3.9
Ramp M39								954	1,360	1,766	906	868	963	1,030	1,052	1,050	1,067	1,073	NA	1.2	2.2	NA
Ramp M44											736	720	758	745	749	703	692	665	NA	NA	(2.6)	NA
Ramp M48											2,543	2,790	2,936	3,213	3,301	3,356	3,471	3,478	NA	NA	3.4	NA
M52										5,689	6,326	6,746	7,099	7,179	7,351	7,181	7,161	7,149	NA	NA	0.1	NA
Subtotal	5,436	5,942	6,714	7,314	6,643	7,312	8,274	11,079	8,698	12,006	21,789	22,489	23,602	24,581	25,273	24,931	25,807	30,266	10.7	10.6	5.1	10.6
Turnpike 576 (Southern Beltway)																						
SB Rte. 30													80	166	223	262	298	364	NA	NA	35.6	NA
SB Westport Rd.													59	125	130	153	160	163	NA	NA	22.5	NA
Rte. 22													533	2,914	3,320	3,727	3,897	4,135	NA	NA	50.7	NA
Subtotal													671	3,204	3,673	4,142	4,355	4,662	NA	NA	47.4	NA
All Barrier Facilities																						
Total	29,544	39,008	45,841	49,711	50,092	49,151	50,886	55,890	46,467	51,205	62,320	63,328	67,765	79,221	83,146	82,569	83,842	88,244	9.5	4.7	5.4	6.6
Percent Change Over Prior Year		32.0	17.5	8.4	0.8	(1.9)	3.5	9.8	(16.9)	10.2	21.7	1.6	7.0	16.9	5.0	(0.7)	1.5	5.2				

(1) 2002 traffic data is not available. It is estimated by averaging 2001 and 2003 traffic data.
(2) New rates became effective Sunday, August 1, 2004. Rates were increased by 42.5%.
(3) A toll increase of 25 % was implemented on January 4, 2009. Toll rates on Turnpike 576 and Turnpike 43 from Unionville to Brownsville remained unchanged.
(4) A toll increase of 3% was implemented on January 3, 2010.
(5) Average annual growth rate of Northeastern Facilities began in 1995.
(6) Toll 60 (Turnpike 376) ramp counts were not available from 2002 to 2006.
(7) On August 1, 2010, PA 60 was renamed Turnpike I-376.
(8) Toll 66 ramp counts were not available from 2002 to 2006.
(9) An E-ZPass toll increase of 3% and a cash toll increase of 10% was implemented on January 2, 2011. Exceptions include Turnpike 576, where coin machine fares will not change.
(10) On July 11, 2011, the West Virginia section of Turnpike 43 was opened.

Table 2-2 (Cont'd)
Commercial Vehicles - Barrier System - Average Daily Transactions
Pennsylvania Turnpike

Toll Location	Calendar Year 1994	1995	1996	1997	1998	1999	2000	2001	2002 (1)	2003	2004 (2)	2005	2006	2007	2008	2009(3)	2010 (4)	2011 (9)	Average Annual Percent Change 1994-01	2001-11	2006-11	1994-11
Northeast Extension I-476																						
Keiser Ave.	0	782	1,113	1,163	1,038	936	919	892	905	918	938	1,092	1,227	1,408	1,363	1,306	1,365	1,492	2.2	5.3	4.0	4.1
Clarks Summit	480	941	1,272	1,349	1,255	1,125	1,118	1,142	1,049	957	931	1,038	1,112	1,162	1,096	1,047	1,082	1,149	3.3	0.1	0.7	1.3
Subtotal	480	1,723	2,385	2,512	2,293	2,061	2,037	2,034	1,954	1,875	1,869	2,130	2,339	2,570	2,459	2,353	2,447	2,641	2.8	2.6	2.5	2.7
Turnpike I-376 (PA 60)(6,7)																						
East Toll 376	719	819	986	1,110	1,147	1,263	1,301	1,359	1,332	1,304	1,328	1,353	1,311	1,490	1,548	1,342	1,506	1,621	9.5	1.8	4.3	4.9
Beaver Falls Rte. 551	35	34	39	44	45	52	51	65						36	39	31	48	59	9.2	(0.9)	NA	3.1
Moravia Rte. 168	36	60	72	93	91	85	93	144						96	145	60	73	92	21.9	(4.4)	NA	5.6
West Toll 376	409	491	614	681	725	793	863	874	872	870	911	915	998	1,133	1,170	1,034	1,196	1,211	11.5	3.3	4.0	6.6
Mt. Jackson Rte. 108	53	50	85	101	109	118	138	141						98	108	113	98	133	15.0	(0.6)	NA	5.6
Subtotal	1,252	1,454	1,796	2,029	2,117	2,311	2,446	2,583	2,204	2,174	2,239	2,268	2,309	2,854	3,010	2,580	2,921	3,116	10.9	1.9	6.2	5.5
Turnpike 66 (8)																						
Rte. 136	134	159	169	222	196	230	241	232					126	211	183	146	165	183	8.2	(2.4)	7.7	1.8
AKH Mainline	908	1,024	1,215	1,457	1,518	1,552	1,729	1,673	1,743	1,813	1,818	1,872	1,935	2,070	2,146	2,010	2,261	2,333	9.1	3.4	3.8	5.7
Route 30	141	157	172	225	256	268	296	345					142	290	282	265	300	292	13.6	(1.7)	15.4	4.4
Route 130	56	29	30	35	38	50	67	75					17	38	29	30	26	26	4.3	(10.0)	9.0	(4.4)
Route 66	66	27	30	35	32	29	27	28					5	15	16	17	18	19	(11.5)	(3.6)	29.9	(7.0)
Subtotal	1,305	1,396	1,616	1,974	2,040	2,129	2,360	2,353	1,743	1,813	1,818	1,872	2,226	2,623	2,656	2,468	2,770	2,853	8.8	1.9	5.1	4.7
Turnpike 43 - Mon//Fayette Expressway (10)																						
Ramp M4								2	2	1	1	1	1	1	2	1	1	4	NA	6.8	28.0	NA
M5								119	135	151	135	136	150	140	196	240	275	366	NA	11.9	19.6	NA
Ramp M15																	0	6	NA	NA	NA	NA
Ramp M18																	6	16	NA	NA	NA	NA
M19																	182	302	NA	NA	NA	NA
M35 California	227	248	280	305	277	305	345	352	218	84	314	303	321	384	478	532	573	574	6.5	5.0	12.4	5.6
Ramp M39								30	41	52	23	23	26	32	34	35	40	45	NA	4.2	11.4	NA
Ramp M44											37	34	42	46	68	33	29	53	NA	NA	5.0	NA
Ramp M48											107	82	59	65	66	60	73	85	NA	NA	7.5	NA
M52										92	107	118	108	111	127	125	143	156	NA	NA	7.5	NA
Subtotal	227	248	280	305	277	305	345	503	396	382	724	697	707	779	971	1,025	1,322	1,607	12.0	12.3	17.9	12.2
Turnpike 576 (Southern Beltway)																						
SB Rte. 30													2	18	27	31	36	29	NA	NA	67.0	NA
SB Westport Rd.													1	6	14	56	58	33	NA	NA	97.5	NA
Rte. 22													24	210	249	287	311	312	NA	NA	66.6	NA
Subtotal													28	234	290	375	405	375	NA	NA	68.4	NA
All Barrier Facilities																						
Total	3,264	4,821	6,077	6,820	6,727	6,806	7,188	7,473	6,297	6,244	6,650	6,967	7,608	9,060	9,385	8,801	9,865	10,592	12.6	3.5	6.8	7.2
Percent Change Over Prior Year		47.7	26.1	12.2	(1.4)	1.2	5.6	4.0	(15.7)	(0.9)	6.5	4.8	9.2	19.1	3.6	(6.2)	12.1	7.4				

(1) 2002 traffic data is not available. It is estimated by averaging 2001 and 2003 traffic data.
(2) New rates became effective Sunday, August 1, 2004. Rates were increased by 42.5%.
(3) A toll increase of 25 % was implemented on January 4, 2009. Toll rates on Turnpike 576 and Turnpike 43 from Unionville to Brownsville remained unchanged.
(4) A toll increase of 3% was implemented on January 3, 2010.
(5) Average annual growth rate of Northeastern Facilities began in 1995.
(6) Toll 60 (Turnpike 376) ramp counts were not available from 2002 to 2006.
(7) On August 1, 2010, PA 60 was renamed Turnpike I-376.
(8) Toll 66 ramp counts were not available from 2002 to 2006.
(9) An E-ZPass toll increase of 3% and a cash toll increase of 10% was implemented on January 2, 2011. Exceptions include Turnpike 576, where coin machine fares will not change.
(10) On July 11, 2011, the West Virginia section of Turnpike 43 was opened.

Table 2-2 (Cont'd)
Total Vehicles - Barrier System - Average Daily Transactions
Pennsylvania Turnpike

Toll Location	1994	1995	1996	1997	1998	1999	2000	2001	2002 (1)	2003	2004 (2)	2005	2006	2007	2008	2009(3)	2010 (4)	2011 (9)	1994-01	2001-11	2006-11	1994-11
	Calendar Year																		**Average Annual Percent Change**			
Northeast Extension I-476																						
Keiser Ave.	0	5,585	7,604	8,104	7,499	6,622	6,446	6,514	6,853	7,192	7,657	7,581	7,800	8,144	8,144	8,318	8,300	8,462	2.6	2.7	1.6	2.6
Clarks Summit	3,311	6,118	8,086	8,630	8,024	6,969	6,760	6,989	7,219	7,449	7,678	7,557	7,656	7,903	7,887	7,897	7,752	7,822	2.2	1.1	0.4	1.5
Subtotal	3,311	11,703	15,690	16,734	15,523	13,591	13,206	13,503	14,072	14,641	15,335	15,138	15,456	16,047	16,031	16,215	16,052	16,284	2.4	1.9	1.0	2.1
Turnpike I-376 (PA 60)(6,7)																						
East Toll 376	7,684	8,087	8,883	9,517	9,871	10,061	10,309	10,749	10,917	11,086	11,149	11,249	11,165	11,824	11,836	11,239	11,390	11,561	4.9	0.7	0.7	2.4
Beaver Falls Rte. 551	306	353	373	380	404	422	433	464						471	497	461	503	490	6.1	0.5	NA	2.8
Moravia Rte. 168	517	580	618	672	704	695	712	826						853	953	766	747	869	6.9	0.5	NA	3.1
West Toll 376	4,324	4,621	5,228	5,645	5,917	6,091	6,344	6,740	6,893	7,046	7,296	7,727	8,044	8,658	8,803	8,651	8,934	8,844	6.5	2.8	1.9	4.3
Mt. Jackson Rte. 108	773	876	1,182	1,312	1,422	1,503	1,592	1,747						1,375	1,665	1,503	1,334	1,306	12.4	(2.9)	NA	3.1
Subtotal	13,604	14,517	16,284	17,526	18,318	18,772	19,390	20,526	17,811	18,132	18,445	18,976	19,210	23,180	23,754	22,620	22,908	23,070	6.1	1.2	3.7	3.2
Turnpike 66 (8)																						
Rte. 136	429	462	535	635	633	699	719	750					343	808	989	873	907	914	8.3	2.0	21.6	4.5
AKH Mainline	6,662	7,435	8,474	9,538	10,429	10,402	11,012	11,286	11,787	12,288	12,676	12,995	13,988	14,378	14,473	14,124	14,537	14,280	7.8	2.4	0.4	4.6
Route 30	1,782	2,134	2,363	2,696	3,276	3,373	3,686	4,096					1,003	3,178	4,899	4,910	5,221	5,101	12.6	2.2	38.4	6.4
Route 130	878	902	1,047	1,225	1,161	1,016	960	1,076					243	1,298	1,399	1,400	1,423	1,485	2.9	3.3	43.7	3.1
Route 66	479	486	531	558	559	487	482	544					122	595	778	754	770	793	1.8	3.8	45.3	3.0
Subtotal	10,230	11,419	12,950	14,652	16,058	15,977	16,859	17,752	11,787	12,288	12,676	12,995	15,699	20,256	22,539	22,062	22,858	22,572	8.2	2.4	7.5	4.8
Turnpike 43 - Mon//Fayette Expressway (10)																						
Ramp M4								31	31	31	30	28	33	40	34	23	23	151	NA	17.1	35.1	NA
M5								1,778	1,862	1,945	2,020	2,110	2,210	2,292	2,453	2,541	2,752	3,833	NA	8.0	11.6	NA
Ramp M15																	13	115	NA	NA	NA	NA
Ramp M18																	120	244	NA	NA	NA	NA
M19																	457	3,845	NA	NA	NA	NA
M35 California	5,663	6,190	6,994	7,619	6,920	7,617	8,619	8,789	5,800	2,812	9,679	9,669	10,075	10,608	11,008	10,849	11,088	10,981	6.5	2.3	1.7	4.0
Ramp M39								984	1,401	1,819	929	891	989	1,062	1,087	1,085	1,107	1,118	NA	1.3	2.5	NA
Ramp M44											773	753	799	792	817	736	721	718	NA	NA	(2.1)	NA
Ramp M48											2,649	2,872	2,995	3,277	3,368	3,416	3,544	3,563	NA	NA	3.5	NA
M52										5,781	6,433	6,863	7,208	7,289	7,478	7,306	7,304	7,305	NA	NA	0.3	NA
Subtotal	5,663	6,190	6,994	7,619	6,920	7,617	8,619	11,582	9,094	12,387	22,513	23,186	24,309	25,360	26,245	25,956	27,129	31,873	10.8	10.7	5.6	10.7
Turnpike 576 (Southern Beltway)																						
SB Rte. 30													82	184	250	293	334	394	NA	NA	36.9	NA
SB Westport Rd.													60	131	144	209	218	196	NA	NA	26.7	NA
Rte. 22													557	3,124	3,569	4,014	4,208	4,447	NA	NA	51.5	NA
Subtotal													699	3,438	3,963	4,517	4,760	5,037	NA	NA	48.4	NA
All Barrier Facilities																						
Total	32,808	43,829	51,918	56,531	56,819	55,957	58,074	63,363	52,764	57,448	68,970	70,295	75,373	88,281	92,531	91,371	93,707	98,836	9.9	4.5	5.6	6.7
Percent Change Over Prior Year		33.6	18.5	8.9	0.5	(1.5)	3.8	9.1	(16.7)	8.9	20.1	1.9	7.2	17.1	4.8	(1.3)	2.6	5.5				

(1) 2002 traffic data is not available. It is estimated by averaging 2001 and 2003 traffic data.
(2) New rates became effective Sunday, August 1, 2004. Rates were increased by 42.5%.
(3) A toll increase of 25 % was implemented on January 4, 2009. Toll rates on Turnpike 576 and Turnpike 43 from Unionville to Brownsville remained unchanged.
(4) A toll increase of 3% was implemented on January 3, 2010.
(5) Average annual growth rate of Northeastern Facilities began in 1995.
(6) Toll 60 (Turnpike 376) ramp counts were not available from 2002 to 2006.
(7) On August 1, 2010, PA 60 was renamed Turnpike I-376.
(8) Toll 66 ramp counts were not available from 2002 to 2006.
(9) An E-ZPass toll increase of 3% and a cash toll increase of 10% was implemented on January 2, 2011. Exceptions include Turnpike 576, where coin machine fares will not change.
(10) On July 11, 2011, the West Virginia section of Turnpike 43 was opened.

historically been adding additional lane miles and sometimes additional toll plazas. These facilities also tend to be on the fringe of urban areas and are benefiting from the increasing spread of development into their corridors. Lastly, two of the newest facilities, Turnpike 576 and the portion of Turnpike 43 from Uniontown to Brownsville were exempt from the toll increases implemented in 2009, 2010, and 2011.

Monthly Transactions and Gross Toll Revenue Trends

Table 2-3 provides monthly transactions on all facilities for FY 2007-08 through January FY 2011-12. The information is provided for passenger cars and commercial vehicles separately. Subtotals for June through January are also shown for each fiscal year to facilitate comparison with the eight month data set available for FY 2011-12. Similar to the longer term historical trends shown in Tables 2-1 and 2-2, the ticket system has exhibited generally lower growth compared to the barrier locations. The effects of the current negative economic climate are clearly shown in this data. What is especially clear, however, is that the biggest decline in transactions occurred between FY 2007-08 and FY 2008-09. During that year, total passenger-car transactions (shown on the third page of Table 2-3) declined by 0.9 percent and commercial-vehicle traffic declined by 7.4 percent. It should be pointed out that the January 2009 25 percent toll increase negatively impacted transactions during this period, but the biggest impact was due to the general economic climate.

In FY 2009-10, passenger-car transactions increased on the Turnpike System by 0.6 percent, while commercial vehicle transactions decreased for a second straight year by 2.8 percent. In FY 2010-11, both passenger cars and commercial vehicle transactions increased by 1.0 percent and 3.8 percent, respectively. This growth was attributed primarily to a slowly recovering economy. Thus growth was evidenced even though a toll increase of 3 percent was implemented in January 2011 for E-ZPass transactions and 10 percent for cash transactions. The most recent eight months of data (June 2011 through January 2012) show a decrease in system wide passenger-car transactions of negative 1.2 percent, and an increase in commercial vehicle transactions of 0.5 percent.

Figure 2-3 provides another perspective to recent transaction trends on the Pennsylvania Turnpike by comparing its experience with those of other toll facilities around the country. Monthly passenger-car and commercial-vehicle transaction trends are shown for the last five full calendar years for the Pennsylvania Turnpike System, the Oklahoma Turnpike System, the New Jersey Turnpike, and the Illinois Tollway System.

Two features are especially prominent in this figure. First are the nearly identical patterns exhibited by commercial vehicles over the last four years. Each of these facilities experienced peak negative impacts in 2009, with peak declines approaching 15 percent, and a return to positive growth in early 2010. Commercial vehicle growth in transactions continued through 2010, increasing by 5 to 10 percent per month over the prior year, with the exception of the New Jersey Turnpike where growth in commercial-vehicle transactions was less robust. In 2011 growth in both passenger-car and commercial-vehicle transactions has become less stable, either exhibiting months of negative growth over the prior year, or smaller positive increases than experienced in 2010.

The second interesting feature of these graphs is that each of the facilities had toll increases at different times during the five year period. Yet, the overall patterns of growth are nearly identical (especially for commercial vehicles) among all four facilities. This would indicate that the impact of

Table 2-3

Pennsylvania Turnpike Monthly Transaction Trends By Facility and Vehicle Class

Volumes in Thousands

Ticket System (Including Gateway Barrier Plaza)

Passenger Cars

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	11,992	(3.6)	11,561	2.4	11,836	2.0	12,077	(2.1)	11,827
July	12,197	(0.8)	12,100	2.7	12,421	1.4	12,594	(3.5)	12,154
August	12,731	(1.8)	12,502	(0.6)	12,431	2.0	12,674	(5.0)	12,039
September	11,431	(3.6)	11,014	3.3	11,378	1.3	11,529	(2.3)	11,264
October	12,002	(1.3)	11,843	(0.7)	11,766	2.5	12,059	(3.7)	11,608
November	11,236	(2.8)	10,927	1.8	11,129	1.7	11,322	(1.5)	11,148
December	10,585	3.1	10,916	(1.6)	10,745	1.2	10,876	0.8	10,962
January	10,347	(5.1)	9,816	2.9	10,104	(4.5)	9,649	3.6	9,993
February	9,718	(2.1)	9,516	(12.6)	8,321	13.1	9,408		
March	11,077	(3.0)	10,740	4.5	11,227	(1.9)	11,011		
April	11,077	1.2	11,205	1.6	11,387	(3.2)	11,020		
May	11,625	0.3	11,657	1.4	11,825	(2.7)	11,503		
Total Year	136,018	(1.6)	133,797	0.6	134,570	0.9	135,722		
June-Jan	92,521	(2.0)	90,679	1.2	91,810	1.1	92,780	(1.9)	90,994

Commercial Vehicles

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	1,991	(4.8)	1,895	(7.1)	1,760	4.7	1,843	(0.9)	1,827
July	1,936	0.6	1,947	(8.9)	1,774	1.8	1,806	(4.8)	1,720
August	2,079	(8.5)	1,902	(8.6)	1,738	6.2	1,846	0.2	1,850
September	1,847	(0.6)	1,835	(6.6)	1,713	3.9	1,779	(1.0)	1,761
October	2,045	(6.5)	1,912	(8.7)	1,746	2.0	1,781	(0.9)	1,764
November	1,803	(13.4)	1,562	(1.9)	1,532	7.6	1,648	0.5	1,656
December	1,626	(3.7)	1,566	(1.7)	1,540	3.6	1,596	(1.2)	1,576
January	1,745	(14.7)	1,488	(2.5)	1,451	2.6	1,489	1.8	1,515
February	1,624	(13.5)	1,405	(5.5)	1,328	7.7	1,430		
March	1,747	(8.6)	1,596	7.4	1,714	0.9	1,729		
April	1,897	(12.4)	1,662	4.5	1,736	(4.2)	1,664		
May	1,913	(12.2)	1,679	3.2	1,733	1.4	1,757		
Total Year	22,253	(8.1)	20,449	(3.3)	19,765	3.1	20,368		
June-Jan	15,072	(6.4)	14,107	(6.0)	13,254	4.0	13,788	(0.9)	13,669

Total Vehicles

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	13,983	(3.8)	13,456	1.0	13,596	2.4	13,920	(1.9)	13,654
July	14,133	(0.6)	14,047	1.1	14,195	1.4	14,400	(3.7)	13,873
August	14,810	(2.7)	14,404	(1.6)	14,169	2.5	14,520	(4.3)	13,888
September	13,278	(3.2)	12,849	1.9	13,091	1.7	13,308	(2.1)	13,024
October	14,047	(2.1)	13,755	(1.8)	13,512	2.4	13,840	(3.4)	13,372
November	13,039	(4.2)	12,489	1.4	12,661	2.4	12,970	(1.3)	12,804
December	12,211	2.2	12,482	(1.6)	12,285	1.5	12,472	0.5	12,538
January	12,092	(6.5)	11,304	2.2	11,555	(3.6)	11,138	3.3	11,509
February	11,342	(3.7)	10,921	(11.6)	9,649	12.3	10,837		
March	12,824	(3.8)	12,336	4.9	12,941	(1.6)	12,740		
April	12,974	(0.8)	12,867	2.0	13,123	(3.3)	12,684		
May	13,538	(1.5)	13,336	1.7	13,558	(2.2)	13,261		
Total Year	158,271	(2.5)	154,246	0.1	154,335	1.1	156,090		
June-Jan	107,593	(2.6)	104,786	0.3	105,064	1.4	106,568	(1.8)	104,663

Turnpike 43 - Mon/Fayette Expressway

Passenger Cars

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	712	1.5	723	11.5	806	2.2	824	1.4	835
July	722	4.6	755	11.5	842	2.0	859	6.4	914
August	787	3.7	816	6.5	869	3.2	897	11.5	1,000
September	780	4.0	811	8.4	879	4.1	915	10.0	1,006
October	819	7.4	880	4.4	919	3.8	954	7.9	1,029
November	735	11.8	822	0.2	824	3.6	854	12.0	956
December	692	17.5	813	(2.1)	796	4.6	833	12.8	939
January	679	7.4	729	(1.0)	722	3.9	750	11.4	836
February	676	8.7	735	(9.9)	662	15.0	761		
March	715	14.5	819	5.1	861	(0.4)	858		
April	758	11.1	842	4.0	876	(1.6)	862		
May	749	8.5	813	2.8	836	0.6	841		
Total Year	8,824	8.3	9,558	3.5	9,892	3.2	10,208		
June-Jan	5,926	7.1	6,349	4.9	6,657	3.4	6,886	9.2	7,516

Commercial Vehicles

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	27	22.2	33	9.1	36	19.4	43	14.7	49
July	28	28.6	36	13.9	41	9.8	45	10.1	50
August	29	24.1	36	27.8	46	2.2	47	25.6	59
September	24	37.5	33	33.3	44	0.0	44	25.6	55
October	27	29.6	35	20.0	42	2.4	43	23.2	53
November	22	45.5	32	15.6	37	2.7	38	30.5	50
December	17	58.8	27	14.8	31	0.0	31	43.0	44
January	19	31.6	25	12.0	28	14.3	32	39.8	45
February	20	40.0	28	(14.3)	24	30.8	31		
March	21	52.4	32	21.9	39	13.4	44		
April	25	24.0	31	32.3	41	(4.3)	39		
May	29	6.9	31	29.0	40	9.4	44		
Total Year	288	31.6	379	18.5	449	7.3	482		
June-Jan	193	33.2	257	18.7	305	5.9	323	25.3	405

Total Vehicles

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	739	2.3	756	11.4	842	3.0	867	2.0	885
July	750	5.5	791	11.6	883	2.4	904	6.6	964
August	816	4.4	852	7.4	915	3.2	944	12.2	1,059
September	804	5.0	844	9.4	923	3.9	959	10.7	1,062
October	846	8.2	915	5.0	961	3.7	997	8.5	1,082
November	757	12.8	854	0.8	861	3.6	892	12.8	1,006
December	709	18.5	840	(1.5)	827	4.5	864	13.9	984
January	698	8.0	754	(0.5)	750	4.3	782	12.6	880
February	696	9.6	763	(10.1)	686	15.5	793		
March	736	15.6	851	5.8	900	0.2	902		
April	783	11.5	873	5.0	917	(1.7)	901		
May	778	8.5	844	3.8	876	1.0	885		
Total Year	9,112	9.1	9,937	4.1	10,341	3.4	10,690		
June-Jan	6,119	8.0	6,606	5.4	6,962	3.5	7,209	9.9	7,921

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(2) On January 3, 2010, a toll increase of 3% was implemented on all toll facilities except Turnpike 576.
(3) On January 2, 2011, a 3% E-ZPass and a 10% cash toll increase was implemented on all toll facilities except Turnpike 576.
(4) On January 1, 2012 , cash tolls were increased by 10% on all toll facilities except the Turnpike 576.
(5) All six (6) Phase 1 projects of the Turnpike 43, Uniontown to Brownsville Project were completed in the fall of 2008. Phase 1 was open to traffic on October 30, 2008. This had positive traffic impacts on Turnpike 43.
(6) February 2010 traffic was negatively impacted several times due to severe snowstorms.
(7) January 2011 traffic was negatively impacted due to several winter storms.
(8) On July 11, 2011, the West Virginia section of Turnpike 43 was completed.

Table 2-3 (Cont'd)

Pennsylvania Turnpike Monthly Transaction Trends By Facility and Vehicle Class

Volumes in Thousands

Turnpike 66

Passenger Cars

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	538	10.8	596	2.0	608	2.0	620	(1.9)	608
July	547	12.8	617	0.8	622	3.4	643	(4.5)	614
August	577	11.3	642	(3.1)	622	4.3	649	(2.7)	631
September	565	7.4	607	(0.3)	605	4.5	632	(3.1)	612
October	640	0.0	640	(4.1)	614	5.0	645	(3.4)	623
November	587	(0.7)	583	(1.2)	576	3.5	596	(1.6)	586
December	579	5.0	608	(4.3)	582	1.9	593	0.8	598
January	542	(4.1)	520	(0.2)	519	(0.6)	516	2.3	528
February	516	(2.9)	501	(8.6)	458	9.4	501		
March	573	(0.9)	568	4.9	596	(2.7)	580		
April	594	(2.7)	578	4.3	603	(4.7)	574		
May	611	(0.3)	609	1.8	620	(3.1)	601		
Total Year	6,869	2.9	7,069	(0.6)	7,025	1.8	7,150		
June-Jan	4,575	5.2	4,813	(1.4)	4,748	3.1	4,894	(1.9)	4,801

Commercial Vehicles

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	87	(1.1)	86	(8.1)	79	16.5	92	(1.9)	90
July	87	3.4	90	(8.9)	82	11.0	91	(0.9)	90
August	90	(2.2)	88	(11.4)	78	23.1	96	2.7	99
September	83	4.8	87	(6.9)	81	14.8	93	0.9	94
October	96	(7.3)	89	(5.6)	84	6.0	89	10.8	99
November	77	(9.1)	70	1.4	71	11.3	79	14.6	91
December	63	3.2	65	4.6	68	5.9	72	9.1	79
January	70	(11.4)	62	4.8	65	7.7	70	7.2	75
February	67	(10.4)	60	(1.7)	59	10.9	65		
March	71	(2.8)	69	10.1	76	5.1	80		
April	83	(14.5)	71	18.3	84	(7.2)	78		
May	84	(11.9)	74	17.6	87	0.3	87		
Total Year	958	(4.9)	911	0.3	914	8.6	992		
June-Jan	653	(2.5)	637	(4.6)	608	12.2	682	4.9	716

Total Vehicles

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	625	9.1	682	0.7	687	3.6	712	(1.9)	699
July	634	11.5	707	(0.4)	704	4.3	734	(4.1)	704
August	667	9.4	730	(4.1)	700	6.4	745	(2.0)	730
September	648	7.1	694	(1.2)	686	5.7	725	(2.6)	706
October	736	(1.0)	729	(4.3)	698	5.2	734	(1.7)	721
November	664	(1.7)	653	(0.9)	647	4.3	675	0.3	677
December	642	4.8	673	(3.4)	650	2.3	665	1.7	676
January	612	(4.9)	582	0.3	584	0.3	586	2.9	603
February	583	(3.8)	561	(7.8)	517	9.6	567		
March	644	(1.1)	637	5.5	672	(1.8)	660		
April	677	(4.1)	649	5.9	687	(5.0)	652		
May	695	(1.7)	683	3.5	707	(2.7)	688		
Total Year	7,827	2.0	7,980	(0.5)	7,939	2.6	8,143		
June-Jan	5,228	4.2	5,450	(1.7)	5,356	4.1	5,576	(1.1)	5,516

Northeast Extension Barrier Plazas Only

Passenger Cars

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	429	1.4	435	1.1	440	(2.7)	428	1.7	435
July	511	1.2	517	11.4	576	(4.9)	548	0.2	549
August	552	3.3	570	6.1	605	(8.1)	556	(6.0)	522
September	427	(6.1)	401	10.0	441	(3.2)	427	(1.9)	419
October	420	2.6	431	(1.2)	426	4.9	447	(0.7)	444
November	391	0.8	394	1.5	400	4.0	416	(2.1)	407
December	332	7.8	358	(3.1)	347	1.2	351	4.6	367
January	297	(3.7)	286	0.0	286	0.7	288	2.6	295
February	286	1.0	289	(12.1)	254	8.7	276		
March	355	(5.1)	337	3.0	347	(4.4)	332		
April	397	0.8	400	(0.2)	399	1.9	407		
May	455	0.7	458	(6.1)	430	7.9	464		
Total Year	4,852	0.5	4,876	1.5	4,951	(0.2)	4,939		
June-Jan	3,359	1.0	3,392	3.8	3,521	(1.7)	3,461	(0.6)	3,440

Commercial Vehicles

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	80	(2.5)	78	(1.3)	77	1.3	78	8.4	85
July	80	3.8	83	3.6	86	(4.7)	82	3.5	85
August	88	(6.8)	82	4.9	86	(1.2)	85	4.8	89
September	79	1.3	80	(1.3)	79	2.5	81	7.0	87
October	80	(2.5)	78	(5.1)	74	6.8	79	9.8	87
November	66	(7.6)	61	0.0	61	19.7	73	0.7	74
December	60	1.7	61	(1.6)	60	10.0	66	4.5	69
January	65	(13.8)	56	3.6	58	8.6	63	3.1	65
February	63	(14.3)	54	(3.7)	52	13.8	59		
March	65	(6.2)	61	9.8	67	4.3	70		
April	78	(12.8)	68	1.5	69	11.0	77		
May	83	(7.2)	77	(2.6)	75	19.4	90		
Total Year	887	(5.4)	839	0.6	844	6.9	902		
June-Jan	598	(3.2)	579	0.3	581	4.5	607	5.3	639

Total Vehicles

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	509	0.8	513	0.8	517	(2.1)	506	2.7	520
July	591	1.5	600	10.3	662	(4.8)	630	0.6	634
August	640	1.9	652	6.0	691	(7.2)	641	(4.6)	612
September	506	(4.9)	481	8.1	520	(2.3)	508	(0.5)	506
October	500	1.8	509	(1.8)	500	5.2	526	0.9	531
November	457	(0.4)	455	1.3	461	6.1	489	(1.6)	481
December	392	6.9	419	(2.9)	407	2.5	417	4.6	436
January	362	(5.5)	342	0.6	344	2.0	351	2.7	360
February	349	(1.7)	343	(10.8)	306	9.6	335		
March	420	(5.2)	398	4.0	414	(3.0)	402		
April	475	(1.5)	468	0.0	468	3.2	483		
May	538	(0.6)	535	(5.6)	505	9.6	553		
Total Year	5,739	(0.4)	5,715	1.4	5,795	0.8	5,841		
June-Jan	3,957	0.4	3,971	3.3	4,102	(0.8)	4,068	0.3	4,079

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Table 2-3 (Cont'd)

Pennsylvania Turnpike Monthly Transaction Trends By Facility and Vehicle Class

Volumes in Thousands

Turnpike I-376 (Formerly PA 60)

Passenger Cars

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	665	(2.4)	649	(1.4)	640	(1.1)	633	0.7	638
July	694	0.3	696	(3.3)	673	1.0	680	(0.9)	674
August	712	(1.1)	704	(5.1)	668	1.0	675	(1.6)	664
September	650	(2.9)	631	(1.4)	622	2.6	638	(3.9)	613
October	668	(1.8)	656	(1.8)	644	1.2	652	0.2	653
November	616	(3.7)	593	0.3	595	2.0	607	(3.5)	586
December	589	4.1	613	(4.9)	583	(2.6)	568	3.0	585
January	545	(8.4)	499	0.2	500	(1.2)	494	0.5	497
February	519	(4.2)	497	(10.9)	443	6.6	472		
March	596	(3.2)	577	0.3	579	(1.5)	571		
April	624	(5.0)	593	0.0	593	(0.3)	591		
May	655	(3.8)	630	(1.3)	622	1.2	630		
Total Year	7,533	(2.6)	7,338	(2.4)	7,162	0.7	7,211		
June-Jan	5,139	(1.9)	5,041	(2.3)	4,925	0.4	4,947	(0.8)	4,909

Commercial Vehicles

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	100	(2.0)	98	(14.3)	84	21.4	102	(0.2)	102
July	92	12.0	103	(15.5)	87	8.0	94	4.3	98
August	99	3.0	102	(13.7)	88	13.6	100	11.9	112
September	89	10.1	98	(14.3)	84	19.0	100	2.4	102
October	99	(2.0)	97	(13.4)	84	11.9	94	11.1	104
November	85	(11.8)	75	(5.3)	71	19.7	85	9.8	93
December	70	2.9	72	(6.9)	67	11.9	75	12.7	85
January	81	(18.5)	66	(1.5)	65	12.3	73	11.0	81
February	76	(17.1)	63	9.5	69	0.9	70		
March	81	(8.6)	74	13.5	84	5.9	89		
April	97	(21.6)	76	14.5	87	1.7	88		
May	99	(19.2)	80	12.5	90	9.2	98		
Total Year	1,068	(6.0)	1,004	(4.4)	960	11.3	1,068		
June-Jan	715	(0.6)	711	(11.4)	630	14.8	723	7.5	777

Total Vehicles

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	765	(2.4)	747	(3.1)	724	1.5	735	0.6	739
July	786	1.7	799	(4.9)	760	1.8	774	(0.3)	772
August	811	(0.6)	806	(6.2)	756	2.5	775	0.1	776
September	739	(1.4)	729	(3.2)	706	4.5	738	(3.0)	716
October	767	(1.8)	753	(3.3)	728	2.5	746	1.6	758
November	701	(4.7)	668	(0.3)	666	3.9	692	(1.9)	679
December	659	3.9	685	(5.1)	650	(1.1)	643	4.1	670
January	626	(9.7)	565	0.0	565	0.4	567	1.9	578
February	595	(5.9)	560	(8.6)	512	5.8	542		
March	677	(3.8)	651	1.8	663	(0.5)	660		
April	721	(7.2)	669	1.6	680	(0.0)	680		
May	754	(5.8)	710	0.3	712	2.2	728		
Total Year	8,601	(3.0)	8,342	(2.6)	8,122	1.9	8,279		
June-Jan	5,854	(1.7)	5,752	(3.4)	5,555	2.1	5,670	0.3	5,687

Total Transactions

Passenger Cars

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	14,336	(2.6)	13,964	2.6	14,330	1.8	14,582	(1.6)	14,344
July	14,671	0.1	14,685	3.1	15,134	1.3	15,324	(2.7)	14,905
August	15,359	(0.8)	15,234	(0.3)	15,195	1.7	15,451	(3.8)	14,857
September	13,853	(2.8)	13,464	3.4	13,925	1.6	14,141	(1.6)	13,915
October	14,549	(0.7)	14,450	(0.6)	14,369	2.7	14,757	(2.7)	14,357
November	13,565	(1.8)	13,319	1.5	13,524	2.0	13,795	(0.8)	13,684
December	12,777	4.2	13,308	(1.9)	13,053	1.3	13,221	1.7	13,451
January	12,410	(4.5)	11,850	2.4	12,131	(3.6)	11,697	3.9	12,149
February	11,715	(1.5)	11,538	(12.1)	10,138	12.6	11,418		
March	13,316	(2.1)	13,041	4.4	13,610	(1.9)	13,351		
April	13,450	1.2	13,618	1.8	13,858	(2.9)	13,455		
May	14,095	0.5	14,167	1.2	14,333	(2.1)	14,039		
Total Year	164,096	(0.9)	162,638	0.6	163,600	1.0	165,231		
June-Jan	111,520	(1.1)	110,274	1.3	111,661	1.2	112,968	(1.2)	111,660

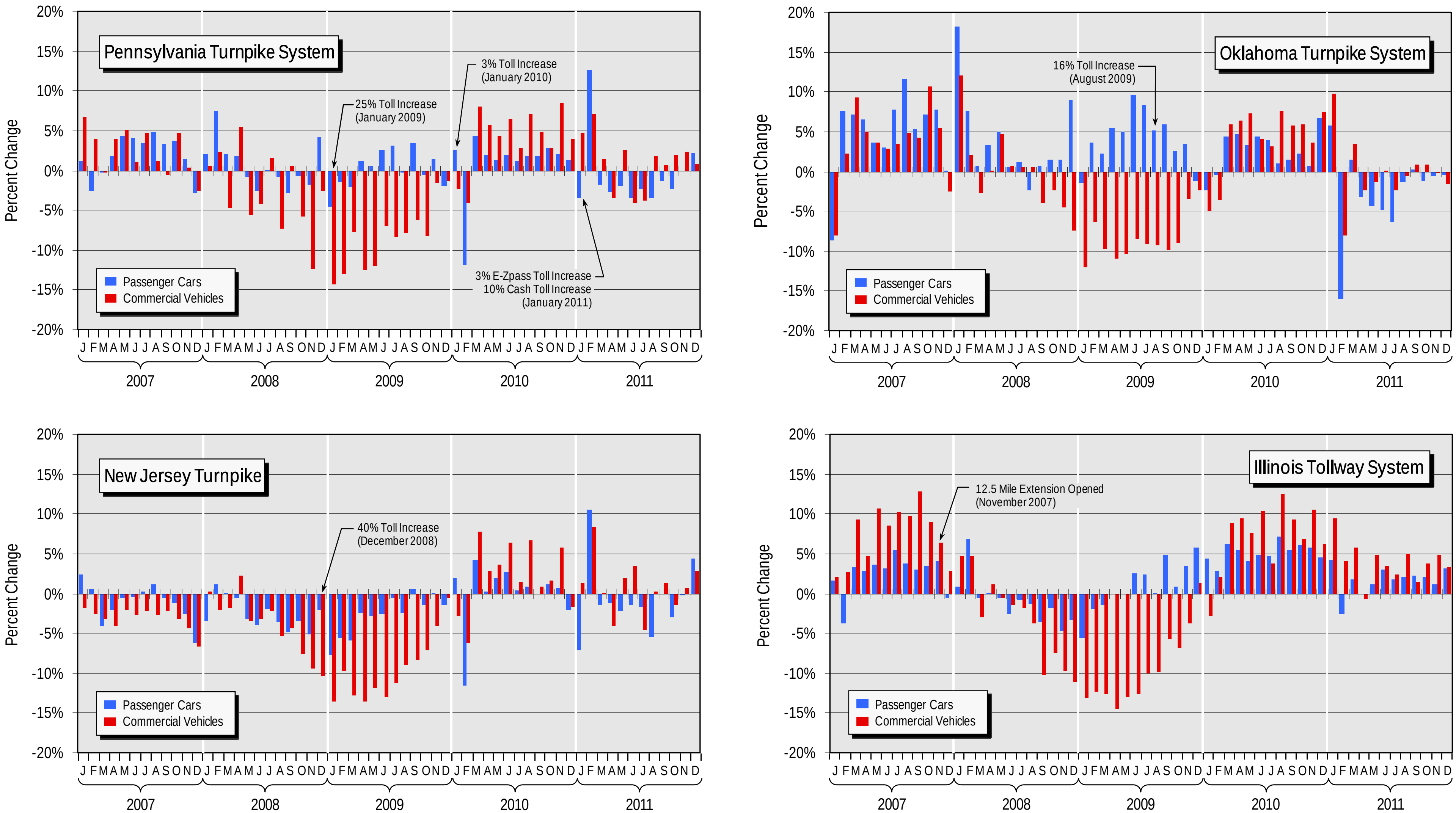
Commercial Vehicles

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	2,285	(4.2)	2,190	(7.0)	2,036	6.0	2,158	(0.2)	2,153
July	2,223	1.6	2,259	(8.4)	2,070	2.3	2,118	(3.6)	2,042
August	2,385	(7.3)	2,210	(7.9)	2,036	6.8	2,174	1.6	2,208
September	2,122	0.5	2,133	(6.2)	2,001	4.8	2,097	0.1	2,099
October	2,347	(5.8)	2,211	(8.2)	2,030	2.8	2,086	1.0	2,107
November	2,053	(12.3)	1,800	(1.6)	1,772	8.5	1,923	2.1	1,963
December	1,836	(2.5)	1,791	(1.4)	1,766	4.2	1,840	0.7	1,853
January	1,980	(14.3)	1,697	(1.8)	1,667	3.6	1,727	3.1	1,781
February	1,850	(13.0)	1,610	(4.8)	1,532	8.1	1,655		
March	1,985	(7.7)	1,832	8.1	1,980	1.6	2,012		
April	2,180	(12.5)	1,908	5.7	2,017	(3.5)	1,946		
May	2,208	(12.1)	1,941	4.3	2,025	2.5	2,076		
Total Year	25,454	(7.4)	23,582	(2.8)	22,932	3.8	23,813		
June-Jan	17,231	(5.5)	16,291	(5.6)	15,378	4.8	16,123	0.5	16,206

Total Vehicles

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	16,621	(2.8)	16,154	1.3	16,366	2.3	16,740	(1.5)	16,496
July	16,894	0.3	16,944	1.5	17,204	1.4	17,442	(2.8)	16,947
August	17,744	(1.7)	17,444	(1.2)	17,231	2.3	17,625	(3.2)	17,065
September	15,975	(2.4)	15,597	2.1	15,926	2.0	16,238	(1.4)	16,013
October	16,896	(1.4)	16,661	(1.6)	16,399	2.7	16,843	(2.2)	16,464
November	15,618	(3.2)	15,119	1.2	15,296	2.8	15,718	(0.5)	15,647
December	14,613	3.3	15,099	(1.9)	14,819	1.6	15,061	1.6	15,304
January	14,390	(5.9)	13,547	1.9	13,798	(2.7)	13,424	3.8	13,930
February	13,565	(3.1)	13,148	(11.2)	11,670	12.0	13,074		
March	15,301	(2.8)	14,873	4.8	15,590	(1.5)	15,363		
April	15,630	(0.7)	15,526	2.2	15,875	(3.0)	15,401		
May	16,303	(1.2)	16,108	1.6	16,358	(1.5)	16,115		
Total Year	189,550	(1.8)	186,220	0.2	186,532	1.3	189,043		
June-Jan	128,751	(1.7)	126,565	0.4	127,039	1.6	129,091	(0.9)	127,866

(1) On January 3, 2009, a toll increase of 25% was implemented. Toll rates on Turnpike 576 and Turnpike 43 from Unionville to Brownsville remained unchanged.
(2) On January 3, 2010, a toll increase of 3% was implemented on all toll facilities except Turnpike 576.
(3) On January 2, 2011, a 3% E-ZPass and a 10% cash toll increase was implemented on all toll facilities except Turnpike 576.
(4) On January 1, 2012 , cash tolls were increased by 10% on all toll facilities except the Turnpike 576.
(5) All six (6) Phase 1 projects of the Turnpike 43, Uniontown to Brownsville Project were completed in the fall of 2008. Phase 1 was open to traffic on October 30, 2008. This had positive traffic impacts on Turnpike 43.
(6) February 2010 traffic was negatively impacted several times due to severe snowstorms.
(7) January 2011 traffic was negatively impacted due to several winter storms.
(8) On July 11, 2011, the West Virginia section of Turnpike 43 was completed.



COMPARISON OF VARIOUS STATES' MONTHLY PASSENGER CAR AND COMMERCIAL VEHICLE TRANSACTION TRENDS

FIGURE 2-3

the toll rate increases have been minimal and totally eclipsed by the impact of the economic downturn.

Monthly gross toll revenue trends over the same time period are shown in Table 2-4 for each toll facility. The effects of the January 2009 25 percent toll increase are clearly evident in this data. For the total system, passenger-car revenue growth generally ranges between 20 percent and 30 percent in calendar year 2009 over calendar year 2008. Though positive, commercial-vehicle toll revenue growth over the same period was much lower due to the larger negative traffic impacts resulting from the economic downturn. The improved picture for commercial vehicles, however, is evident by largely consistent revenue growth throughout calendar years 2009, 2010 and 2011. On a system wide basis, total toll revenue increased by 3.1 percent in FY 2008-09, 12.5 percent in FY 2009-10, and 6.4 percent in FY 2012-11. Year to date in FY 2011-12 (June through January), total toll revenue has increased by 4.3 percent over the prior year. The increased toll revenues are partly attributed to the toll increases implemented in 2009, 2012 and 2011.

Thus far, in FY 2011-12, total gross toll revenue has increased by 4.3 percent (through January) over the prior fiscal year. During this time period, growth in commercial-vehicle revenue totaled 5.2 percent and passenger-car revenue increased by 3.7 percent. This data shows the increased growth in toll revenue due to the impacts of the toll increase implemented in January 2011, as toll revenue is growing faster than toll transactions. For example, the system wide commercial-vehicle toll revenue increased by 5.2 percent in FY 2011-12 (year-to-date) compared to the 0.5 percent increase in commercial-vehicle transactions. Similarly, total passenger-car revenue increased by 3.7 percent in FY 2011-12 (year-to-date) compared to the 1.2 percent decrease in passenger car transactions.

Table 2-5 further depicts the correlation between Turnpike performance and the general economic climate by comparing Turnpike System annual transactions with PA gross state product (GSP), Tri-State gross regional product (GRP) and U.S. gross domestic product (GDP) for 2009 through 2011. Commercial activity in each of the three regions along with Turnpike System transactions followed the same general pattern. As presented in Table 2-5, Turnpike System transactions decreased by 0.9 percent in 2009, mirroring the decrease in commercial activity in GDP (-3.5 percent), GRP (-2.9 percent), and GSP (-1.7 percent). As commercial activity increased in 2010, ranging from 3.0 to 4.0 percent increases among the different geographic areas, transactions also increased on the Turnpike System by 1.3 percent. In 2011, the rate of growth in commercial activity contracted sharply compared to 2010, particularly in the second and third quarters in the mid-Atlantic Region and the third and fourth quarter in Pennsylvania. During this time period, Turnpike transactions decreased by 1.1 percent for passenger cars, increased by 1.0 percent for commercial vehicles, and decreased by 0.9 percent for total

Annual Transaction and Gross Toll Revenue Trends

Table 2-6 provides a summary of annual Systemwide transactions and adjusted gross toll revenue trends from FY 1979-80 through FY 2010-11. Note that transactions and adjusted toll revenue in Table 2-6 reflect final audited Systemwide totals after adjustments and discounts attributable to the commercial volume-discount program described in more detail later in this chapter.

The Turnpike System has demonstrated consistent long term growth in transactions and toll revenue. Between FY 1979-80 and FY 1989-90, Turnpike transactions and adjusted toll revenue grew by an

Table 2-4
Pennsylvania Turnpike Monthly Gross Toll Revenue Trends By Facility and Vehicle Class
Revenue in Thousands

Ticket System (Including Gateway Barrier Plaza)

Passenger Cars

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	$28,665	(5.4)	$27,110	27.5	$34,578	5.3	$36,414	3.3	$37,602
July	29,935	(2.3)	29,244	30.6	38,194	6.1	40,507	3.0	41,736
August	31,655	(2.2)	30,972	25.1	38,760	4.0	40,319	(1.9)	39,538
September	26,218	(5.9)	24,682	31.7	32,509	3.3	33,584	3.5	34,758
October	26,410	0.3	26,482	25.3	33,193	5.8	35,102	1.8	35,750
November	25,673	(1.5)	25,296	27.8	32,323	3.7	33,523	4.2	34,946
December	23,564	4.4	24,612	22.8	30,228	3.7	31,351	6.3	33,328
January	21,183	20.8	25,598	7.6	27,544	0.1	27,567	8.3	29,864
February	19,687	26.4	24,894	(11.8)	21,952	21.0	26,554		
March	23,622	22.4	28,925	7.1	30,980	3.2	31,980		
April	23,981	31.4	31,511	4.7	33,002	2.2	33,735		
May	26,706	26.5	33,794	5.0	35,494	1.1	35,870		
Total Year	$307,299	8.4	$333,120	16.7	$388,757	4.6	$406,506		
June-Jan	213,303	0.3	213,996	24.9	267,329	4.1	278,367	3.3	287,522

Commercial Vehicles

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	$24,714	(5.6)	$23,324	10.1	$25,674	5.1	$26,995	7.3	$28,971
July	24,208	(1.6)	23,824	6.8	25,448	4.8	26,682	2.6	27,364
August	26,054	(10.0)	23,439	7.8	25,276	8.1	27,328	7.1	29,259
September	23,716	(3.9)	22,787	9.6	24,979	8.6	27,133	3.7	28,142
October	25,828	(9.1)	23,477	8.1	25,385	6.5	27,024	4.9	28,359
November	22,865	(15.7)	19,267	14.7	22,107	12.6	24,896	6.9	26,611
December	21,193	(9.2)	19,244	17.3	22,568	10.3	24,890	2.1	25,405
January	22,928	0.4	23,010	(3.1)	22,287	10.6	24,658	4.1	25,657
February	21,504	1.0	21,716	(4.7)	20,697	14.4	23,674		
March	23,336	3.6	24,179	8.1	26,144	9.6	28,651		
April	23,568	4.4	24,604	4.7	25,753	5.1	27,061		
May	23,597	4.5	24,657	4.9	25,856	7.4	27,777		
Total Year	$283,511	(3.5)	$273,528	6.8	$292,174	8.4	$316,769		
June-Jan	191,506	(6.9)	178,372	8.6	193,724	8.2	209,606	4.8	219,768

Total Vehicles

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	$53,379	(5.5)	$50,434	19.5	$60,252	5.2	$63,409	5.0	$66,573
July	54,143	(2.0)	53,068	19.9	63,642	5.6	67,189	2.8	69,100
August	57,709	(5.7)	54,411	17.7	64,036	5.6	67,647	1.7	68,796
September	49,934	(4.9)	47,469	21.1	57,488	5.6	60,717	3.6	62,900
October	52,238	(4.4)	49,959	17.3	58,578	6.1	62,126	3.2	64,109
November	48,538	(8.2)	44,563	22.1	54,430	7.3	58,419	5.4	61,557
December	44,757	(2.0)	43,856	20.4	52,796	6.5	56,241	4.4	58,734
January	44,111	10.2	48,608	2.5	49,831	4.8	52,225	6.3	55,521
February	41,191	13.2	46,610	(8.5)	42,649	17.8	50,228		
March	46,958	13.1	53,104	7.6	57,124	6.1	60,631		
April	47,549	18.0	56,115	4.7	58,755	3.5	60,796		
May	50,303	16.2	58,451	5.0	61,350	3.7	63,647		
Total Year	$590,810	2.7	$606,648	12.2	$680,931	6.2	$723,275		
June-Jan	404,809	(3.1)	392,368	17.5	461,053	5.8	487,973	4.0	507,290

Turnpike 43 - Mon/Fayette Expressway

Passenger Cars

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	$549	1.6	$558	39.6	$779	6.5	$830	7.9	$896
July	558	4.5	583	39.8	815	6.1	865	13.6	982
August	608	3.5	629	33.7	841	7.4	903	18.8	1,073
September	600	4.2	625	35.8	849	8.2	919	17.1	1,076
October	632	7.8	681	30.8	891	7.5	958	14.4	1,096
November	570	13.7	648	23.6	801	7.2	859	19.1	1,023
December	537	19.7	643	20.5	775	8.3	839	20.2	1,008
January	525	32.8	697	4.7	730	10.0	803	17.1	940
February	522	37.0	715	(6.4)	669	22.2	818		
March	554	43.3	794	9.7	871	5.6	920		
April	586	39.1	815	8.2	882	4.8	925		
May	580	35.7	787	7.2	844	6.8	902		
Total Year	$6,821	19.9	$8,175	19.2	$9,747	8.1	$10,540		
June-Jan	4,579	10.6	5,064	28.0	6,481	7.6	6,976	16.0	8,094

Commercial Vehicles

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	$60	25.0	$75	34.7	$101	25.7	$127	20.2	$153
July	62	29.0	80	45.0	116	11.2	129	19.3	154
August	63	25.4	79	63.3	129	6.2	137	35.7	186
September	55	36.4	75	64.0	123	5.7	130	32.4	172
October	62	27.4	79	51.9	120	7.5	129	29.5	167
November	50	44.0	72	45.8	105	7.6	113	38.2	156
December	40	60.0	64	43.8	92	6.5	98	45.0	142
January	45	62.2	73	17.8	86	20.9	104	42.7	148
February	48	70.8	82	(9.8)	74	36.6	101		
March	48	89.6	91	29.7	118	16.1	137		
April	58	55.2	90	35.6	122	1.2	123		
May	66	36.4	90	32.2	119	14.0	136		
Total Year	$657	44.6	$950	37.4	$1,305	12.2	$1,464		
June-Jan	437	36.6	597	46.1	872	10.9	967	32.2	1,278

Total Vehicles

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	$609	3.9	$633	39.0	$880	8.7	$957	9.5	$1,048
July	620	6.9	663	40.4	931	6.8	994	14.3	1,136
August	671	5.5	708	37.0	970	7.2	1,040	21.1	1,259
September	655	6.9	700	38.9	972	7.9	1,049	19.0	1,248
October	694	9.5	760	33.0	1,011	7.5	1,087	16.2	1,263
November	620	16.1	720	25.8	906	7.3	972	21.3	1,179
December	577	22.5	707	22.6	867	8.1	937	22.8	1,150
January	570	35.1	770	6.0	816	11.2	907	20.0	1,089
February	570	39.8	797	(6.8)	743	23.7	919		
March	602	47.0	885	11.8	989	6.9	1,057		
April	644	40.5	905	10.9	1,004	4.4	1,048		
May	646	35.8	877	9.8	963	7.7	1,037		
Total Year	$7,478	22.0	$9,125	21.1	$11,052	8.6	$12,004		
June-Jan	5,016	12.9	5,661	29.9	7,353	8.0	7,943	18.0	9,372

(1) On January 3, 2009, a toll increase of 25% was implemented. Toll rates on Turnpike 576 and Turnpike 43 from Unionville to Brownsville remained unchanged.
(2) On January 3, 2010, a toll increase of 3% was implemented on all toll facilities except Turnpike 576.
(3) On January 2, 2011, a 3% E-ZPass and a 10% cash toll increase was implemented on all toll facilities except Turnpike 576.
(4) On January 1, 2012 , cash tolls were increased by 10% on all toll facilities except the Turnpike 576.
(5) All six (6) Phase 1 projects of the Turnpike 43, Uniontown to Brownsville Project were completed in the fall of 2008. Phase 1 was open to traffic on October 30, 2008. This had positive traffic impacts on Turnpike 43.
(6) February 2010 traffic was negatively impacted several times due to severe snowstorms.
(7) January 2011 traffic was negatively impacted due to several winter storms.
(8) On July 11, 2011, the West Virginia section of Turnpike 43 was completed.

Table 2-4 (Cont'd)
Pennsylvania Turnpike Monthly Gross Toll Revenue Trends By Facility and Vehicle Class
Revenue in Thousands

Turnpike 66

Passenger Cars

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	$484	8.5	$525	27.4	$669	6.3	$711	4.8	$745
July	492	10.4	543	26.5	687	7.6	739	2.1	755
August	514	10.3	567	21.2	687	8.6	746	3.7	774
September	502	6.6	535	25.0	669	8.4	725	3.4	750
October	564	(0.2)	563	20.4	678	9.1	740	2.8	761
November	516	(0.6)	513	23.8	635	7.2	681	5.5	718
December	507	4.9	532	19.9	638	5.6	674	8.1	729
January	475	17.7	559	5.4	589	6.6	628	7.3	674
February	451	22.4	552	(5.8)	520	17.5	611		
March	503	24.5	626	8.8	681	4.1	709		
April	521	22.5	638	8.2	690	1.8	703		
May	537	24.8	670	6.0	710	3.5	735		
Total Year	$6,066	12.5	$6,823	15.1	$7,853	7.0	$8,401		
June-Jan	4,054	7.0	4,337	21.1	5,252	7.5	5,644	4.6	5,905

Commercial Vehicles

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	$232	(0.9)	$230	12.6	$259	21.6	$315	4.3	$328
July	230	3.0	237	13.1	268	14.9	308	7.6	331
August	236	(2.1)	231	11.3	257	29.6	333	9.3	364
September	213	9.4	233	13.3	264	23.5	326	6.1	346
October	256	(7.0)	238	17.6	280	10.0	308	19.0	366
November	205	(9.8)	185	27.0	235	17.0	275	23.0	338
December	170	0.6	171	34.5	230	9.1	251	15.2	289
January	194	2.6	199	12.6	224	17.0	262	9.2	286
February	184	10.3	203	(0.5)	202	19.6	241		
March	196	16.8	229	16.2	266	10.7	294		
April	222	2.7	228	26.8	289	(1.9)	283		
May	226	5.8	239	23.0	294	7.7	317		
Total Year	$2,564	2.3	$2,623	17.0	$3,068	14.5	$3,514		
June-Jan	1,736	(0.7)	1,724	17.0	2,017	17.9	2,378	11.4	2,650

Total Vehicles

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	$716	5.4	$755	22.9	$928	10.6	$1,026	4.7	$1,074
July	722	8.0	780	22.4	955	9.6	1,047	3.7	1,086
August	750	6.4	798	18.3	944	14.3	1,079	5.5	1,138
September	715	7.4	768	21.5	933	12.6	1,051	4.3	1,096
October	820	(2.3)	801	19.6	958	9.4	1,048	7.5	1,127
November	721	(3.2)	698	24.6	870	9.9	956	10.5	1,057
December	677	3.8	703	23.5	868	6.6	925	10.1	1,018
January	669	13.3	758	7.3	813	9.5	890	7.8	960
February	635	18.9	755	(4.4)	722	18.1	853		
March	699	22.3	855	10.8	947	6.0	1,004		
April	743	16.6	866	13.0	979	0.7	986		
May	763	19.1	909	10.5	1,004	4.7	1,051		
Total Year	$8,630	9.5	$9,446	15.6	$10,921	9.1	$11,915		
June-Jan	5,790	4.7	6,061	19.9	7,269	10.4	8,022	6.6	8,555

Northeast Extension Barrier Plazas Only

Passenger Cars

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	$215	1.4	$218	29.4	$282	2.8	$290	9.6	$318
July	256	1.2	259	42.9	370	0.3	371	8.3	402
August	277	2.9	285	36.5	389	(3.3)	376	1.4	381
September	214	(6.1)	201	40.8	283	1.8	288	5.9	305
October	210	2.4	215	27.0	273	10.3	301	7.3	323
November	196	0.5	197	29.9	256	9.4	280	5.6	296
December	166	7.8	179	24.0	222	6.8	237	12.4	266
January	149	20.1	179	11.2	199	4.5	208	8.0	225
February	143	29.4	185	(7.6)	171	17.0	200		
March	177	22.0	216	8.8	235	2.7	241		
April	198	29.3	256	5.1	269	10.3	297		
May	228	28.9	294	(1.4)	290	16.8	339		
Total Year	$2,429	10.5	$2,684	20.7	$3,239	5.8	$3,428		
June-Jan	1,683	3.0	1,733	31.2	2,274	3.4	2,351	7.0	2,516

Commercial Vehicles

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	$225	(2.2)	$220	24.5	$274	5.1	$288	15.4	$332
July	220	5.0	231	26.8	293	0.0	293	9.1	320
August	242	(6.6)	226	30.5	295	2.7	303	13.3	343
September	221	3.6	229	23.1	282	5.0	296	13.3	335
October	235	(3.0)	228	18.9	271	8.5	294	16.0	341
November	196	(6.1)	184	22.8	226	23.9	280	5.3	295
December	180	1.7	183	25.1	229	14.0	261	7.9	282
January	193	8.3	209	6.7	223	13.9	254	6.0	269
February	186	9.1	203	0.0	203	11.5	226		
March	195	17.9	230	14.8	264	1.7	269		
April	234	6.8	250	6.4	266	7.9	287		
May	236	16.1	274	0.4	275	26.8	349		
Total Year	$2,563	4.1	$2,667	16.3	$3,101	9.6	$3,400		
June-Jan	1,712	(0.1)	1,710	22.4	2,093	8.4	2,269	10.9	2,517

Total Vehicles

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	$440	(0.5)	$438	26.9	$556	4.0	$578	12.5	$650
July	476	2.9	490	35.3	663	0.2	664	8.7	721
August	519	(1.5)	511	33.9	684	(0.7)	679	6.7	725
September	435	(1.1)	430	31.4	565	3.4	584	9.6	640
October	445	(0.4)	443	22.8	544	9.4	595	11.6	664
November	392	(2.8)	381	26.5	482	16.2	560	5.5	591
December	346	4.6	362	24.6	451	10.4	498	10.0	548
January	342	13.5	388	8.8	422	9.5	462	6.9	494
February	329	17.9	388	(3.6)	374	14.0	426		
March	372	19.9	446	11.9	499	2.2	510		
April	432	17.1	506	5.7	535	9.1	584		
May	464	22.4	568	(0.5)	565	21.6	687		
Total Year	$4,992	7.2	$5,351	18.5	$6,340	7.7	$6,827		
June-Jan	3,395	1.4	3,443	26.8	4,367	5.8	4,620	8.9	5,033

(1) On January 3, 2009, a toll increase of 25% was implemented. Toll rates on Turnpike 576 and Turnpike 43 from Unionville to Brownsville remained unchanged.
(2) On January 3, 2010, a toll increase of 3% was implemented on all toll facilities except Turnpike 576.
(3) On January 2, 2011, a 3% E-ZPass and a 10% cash toll increase was implemented on all toll facilities except Turnpike 576.
(4) On January 1, 2012 , cash tolls were increased by 10% on all toll facilities except the Turnpike 576.
(5) All six (6) Phase 1 projects of the Turnpike 43, Uniontown to Brownsville Project were completed in the fall of 2008. Phase 1 was open to traffic on October 30, 2008. This had positive traffic impacts on Turnpike 43.
(6) February 2010 traffic was negatively impacted several times due to severe snowstorms.
(7) January 2011 traffic was negatively impacted due to several winter storms.
(8) On July 11, 2011, the West Virginia section of Turnpike 43 was completed.

Table 2-4 (Cont'd)
Pennsylvania Turnpike Monthly Gross Toll Revenue Trends By Facility and Vehicle Class
Revenue in Thousands

Turnpike I-376 (Formerly PA 60)

Passenger Cars

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	$455	(2.6)	$443	26.6	$561	4.6	$587	9.3	$641
July	475	0.6	478	23.4	590	6.9	631	7.8	680
August	487	(0.6)	484	21.1	586	6.7	625	6.5	666
September	445	(2.7)	433	25.9	545	8.6	592	3.3	612
October	457	(1.5)	450	25.1	563	7.3	604	7.7	651
November	422	(3.8)	406	28.1	520	7.5	559	4.4	583
December	401	4.7	420	21.2	509	2.6	522	11.9	584
January	373	13.7	424	7.5	456	7.9	492	6.4	524
February	353	22.7	433	(6.7)	404	16.7	472		
March	406	24.4	505	5.3	532	7.0	569		
April	426	21.8	519	5.0	545	8.6	592		
May	448	22.3	548	4.7	574	10.0	631		
Total Year	$5,148	7.7	$5,543	15.2	$6,385	7.7	$6,877		
June-Jan	3,515	0.7	3,538	22.4	4,330	6.5	4,612	7.1	4,941

Commercial Vehicles

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	$209	(11.0)	$186	10.2	$205	32.2	$271	$205	$290
July	176	12.5	198	6.1	210	15.2	242	210	280
August	190	2.6	195	10.8	216	20.8	261	216	328
September	171	10.5	189	7.9	204	28.4	262	204	297
October	191	(2.1)	187	8.6	203	18.2	240	203	302
November	166	(12.7)	145	20.7	175	32.0	231	175	270
December	136	4.4	142	19.0	169	26.6	214	169	249
January	161	0.6	162	5.6	171	29.2	221	169	248
February	151	7.3	162	11.1	180	16.5	210		
March	162	14.8	186	18.8	221	20.2	266		
April	190	(1.6)	187	18.7	222	16.6	259		
May	189	1.6	192	21.9	234	19.8	280		
Total Year	$2,092	1.9	$2,131	13.1	$2,410	22.7	$2,957		
June-Jan	1,400	0.3	1,404	10.6	1,553	25.0	1,942	16.6	2,264

Total Vehicles

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	$664	(5.3)	$629	21.8	$766	12.0	$858	8.5	$931
July	651	3.8	676	18.3	800	9.1	873	10.0	960
August	677	0.3	679	18.1	802	10.5	886	12.2	994
September	616	1.0	622	20.4	749	14.0	854	6.4	908
October	648	(1.7)	637	20.3	766	10.2	844	12.9	953
November	588	(6.3)	551	26.1	695	13.7	790	8.0	853
December	537	4.7	562	20.6	678	8.6	736	13.3	834
January	534	9.7	586	7.0	627	13.7	713	8.2	772
February	504	18.1	595	(1.8)	584	16.7	681		
March	568	21.7	691	9.0	753	10.9	835		
April	616	14.6	706	8.6	767	10.9	851		
May	637	16.2	740	9.2	808	12.8	912		
Total Year	$7,240	6.0	$7,674	14.6	$8,795	11.8	$9,833		
June-Jan	4,915	0.5	4,942	19.0	5,883	11.4	6,554	9.9	7,205

Total Transactions

Passenger Cars

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	$30,368	(5.0)	$28,854	27.8	$36,869	5.3	$38,832	3.5	$40,202
July	31,716	(1.9)	31,107	30.7	40,656	6.0	43,113	3.3	44,555
August	33,541	(1.8)	32,937	25.3	41,263	4.1	42,969	(1.2)	42,432
September	27,979	(5.4)	26,476	31.6	34,855	3.6	36,108	3.9	37,501
October	28,273	0.4	28,391	25.4	35,598	5.9	37,705	2.3	38,580
November	27,377	(1.2)	27,060	27.6	34,535	4.0	35,902	4.6	37,566
December	25,175	4.8	26,386	22.7	32,372	3.9	33,623	6.8	35,916
January	22,705	20.9	27,457	7.5	29,518	0.6	29,698	8.5	32,226
February	21,156	26.6	26,779	(11.4)	23,716	20.8	28,654		
March	25,262	23.0	31,066	7.2	33,299	3.4	34,419		
April	25,712	31.2	33,739	4.9	35,388	2.4	36,251		
May	28,499	26.6	36,093	5.0	37,912	1.5	38,477		
Total Year	$327,763	8.7	$356,345	16.7	$415,981	4.8	$435,751		
June-Jan	227,134	0.7	228,668	24.9	285,666	4.3	297,950	3.7	308,978

Commercial Vehicles

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	$25,440	(5.5)	$24,035	10.3	$26,513	5.6	$27,996	7.4	$30,075
July	24,896	(1.3)	24,570	7.2	26,335	5.0	27,654	2.9	28,449
August	26,785	(9.8)	24,170	8.3	26,173	8.4	28,362	7.5	30,480
September	24,376	(3.5)	23,513	9.9	25,852	8.9	28,147	4.1	29,292
October	26,572	(8.9)	24,209	8.5	26,259	6.6	27,995	5.5	29,536
November	23,482	(15.5)	19,853	15.1	22,848	12.9	25,795	7.3	27,670
December	21,719	(8.8)	19,804	17.6	23,288	10.4	25,714	2.5	26,368
January	23,521	0.6	23,653	(2.8)	22,991	10.9	25,499	4.4	26,609
February	22,073	1.3	22,366	(4.5)	21,356	14.5	24,452		
March	23,937	4.1	24,915	8.4	27,013	9.6	29,617		
April	24,272	4.5	25,359	5.1	26,652	5.1	28,014		
May	24,314	4.7	25,452	5.2	26,778	7.8	28,858		
Total Year	$291,387	(3.3)	$281,899	7.2	$302,058	8.6	$328,103		
June-Jan	196,791	(6.6)	183,807	9.0	200,259	8.4	217,162	5.2	228,477

Total Vehicles

Month	2007-08	% Chg	2008-09	% Chg	2009-10	% Chg	2010-11	% Chg	2011-12
June	$55,808	(5.2)	$52,889	19.8	$63,382	5.4	$66,828	5.2	$70,276
July	56,612	(1.7)	55,677	20.3	66,991	5.6	70,767	3.2	73,004
August	60,326	(5.3)	57,107	18.1	67,436	5.8	71,331	2.2	72,912
September	52,355	(4.5)	49,989	21.4	60,707	5.8	64,255	3.9	66,792
October	54,845	(4.1)	52,600	17.6	61,857	6.2	65,700	3.7	68,116
November	50,859	(7.8)	46,913	22.3	57,383	7.5	61,697	5.7	65,236
December	46,894	(1.5)	46,190	20.5	55,660	6.6	59,337	5.0	62,284
January	46,226	10.6	51,110	2.7	52,509	5.1	55,197	6.6	58,835
February	43,229	13.7	49,145	(8.3)	45,072	17.8	53,107		
March	49,199	13.8	55,981	7.7	60,312	6.2	64,037		
April	49,984	18.2	59,098	5.0	62,040	3.6	64,265		
May	52,813	16.5	61,545	5.1	64,690	4.1	67,335		
Total Year	$619,150	3.1	$638,244	12.5	$718,039	6.4	$763,855		
June-Jan	423,925	(2.7)	412,475	17.8	485,925	6.0	515,112	4.3	537,455

(1) On January 3, 2009, a toll increase of 25% was implemented. Toll rates on Turnpike 576 and Turnpike 43 from Unionville to Brownsville remained unchanged.
(2) On January 3, 2010, a toll increase of 3% was implemented on all toll facilities except Turnpike 576.
(3) On January 2, 2011, a 3% E-ZPass and a 10% cash toll increase was implemented on all toll facilities except Turnpike 576.
(4) On January 1, 2012 , cash tolls were increased by 10% on all toll facilities except the Turnpike 576.
(5) All six (6) Phase 1 projects of the Turnpike 43, Uniontown to Brownsville Project were completed in the fall of 2008. Phase 1 was open to traffic on October 30, 2008. This had positive traffic impacts on Turnpike 43.
(6) February 2010 traffic was negatively impacted several times due to severe snowstorms.
(7) January 2011 traffic was negatively impacted due to several winter storms.
(8) On July 11, 2011, the West Virginia section of Turnpike 43 was completed.

Table 2-5
Near Term Measures of Commercial Activity and Growth in Total Turnpike Transactions

Percent Change over Previous Year

Calendar Year	Gross Domestic Product Growth (1) (U.S.)	Gross Regional Product Growth (1) (NY, NJ, PA)	Gross State Product Growth (1) (PA)	PA Turnpike System Transaction Growth		
				Passenger Cars	Commercial Vehicles	All Vehicles
2009 (Actual)	**(3.5)**	**(2.9)**	**(1.7)**	0.2	(8.5)	(0.9)
1st Quarter	(4.5)	(7.6)	(3.3)			
2nd Quarter	(5.0)	(2.0)	(2.1)			
3rd Quarter	(3.7)	(1.3)	(1.3)			
4th Quarter	(0.5)	(0.4)	(0.1)			
2010 (Actual)	**3.0**	**4.0**	**3.0**	1.0	4.0	1.3
1st Quarter	2.2	5.4	2.1			
2nd Quarter	3.3	4.5	2.7			
3rd Quarter	3.5	3.9	4.6			
4th Quarter	3.1	2.1	2.7			
2011 (Actual)	**1.7**	**0.5**	**1.2**	(1.1)	1.0	(0.9)
1st Quarter	2.2	1.5	2.5			
2nd Quarter	1.6	(0.7)	1.3			
3rd Quarter	1.5	0.0	(0.0)			
4th Quarter	1.6	1.4	0.8			

(1) GDP percent changes are based on constant 2005 dollars. The data is from the US Bureau of Economic Analysis. The information was gathered from Moody's Economy.com baseline Forecast (February 2012).

Table 2-6
Annual Systemwide Traffic and Adjusted Gross Toll Revenue Trends
Pennsylvania Turnpike System
(in thousands)

	Transactions						Adjusted Toll Revenue (7)					
Fiscal Year	Cars	Percent Change Over Prior Year	Trucks	Percent Change Over Prior Year	Total	Percent Change Over Prior Year	Cars	Percent Change Over Prior Year	Trucks	Percent Change Over Prior Year	Total	Percent Change Over Prior Year
1979-80	53,823		9,053		62,876		$53,818		$52,823		$106,641	
1980-81	56,149	4.3	8,865	(2.1)	65,014	3.4	57,098	6.1	52,930	0.2	110,028	3.2
1981-82	59,468	5.9	9,069	2.3	68,537	5.4	60,227	5.5	55,264	4.4	115,491	5.0
1982-83	62,908	5.8	9,088	0.2	71,996	5.0	63,529	5.5	55,162	(0.2)	118,691	2.8
1983-84	65,398	4.0	10,234	12.6	75,632	5.1	65,849	3.7	63,510	15.1	129,359	9.0
1984-85	69,919	6.9	11,081	8.3	81,000	7.1	69,965	6.3	69,516	9.5	139,481	7.8
1985-86	73,926	5.7	11,790	6.4	85,716	5.8	73,616	5.2	74,729	7.5	148,345	6.4
1986-87 (1)	75,255	1.8	11,981	1.6	87,236	1.8	84,025	14.1	84,220	12.7	168,245	13.4
1987-88	78,434	4.2	12,747	6.4	91,181	4.5	103,741	23.5	101,477	20.5	205,218	22.0
1988-89	83,771	6.8	13,604	6.7	97,375	6.8	110,781	6.8	109,499	7.9	220,280	7.3
1989-90	86,650	3.4	13,442	(1.2)	100,092	2.8	114,269	3.1	107,599	(1.7)	221,868	0.7
1990-91	89,040	2.8	13,027	(3.1)	102,067	2.0	116,579	2.0	102,833	(4.4)	219,412	(1.1)
1991-92 (2)	89,499	0.5	12,178	(6.5)	101,677	(0.4)	150,158	28.8	118,337	15.1	268,495	22.4
1992-93	96,953	8.3	13,061	7.3	110,014	8.2	153,394	2.2	123,393	4.3	276,787	3.1
1993-94	106,708	10.1	14,261	9.2	120,969	10.0	158,053	3.0	122,846	(0.4)	280,899	1.5
1994-95	114,033	6.9	15,620	9.5	129,653	7.2	165,850	4.9	131,749	7.2	297,599	5.9
1995-96	121,911	6.9	16,719	7.0	138,630	6.9	172,339	3.9	136,269	3.4	308,608	3.7
1996-97	126,654	3.9	17,479	4.5	144,133	4.0	179,303	4.0	140,837	3.4	320,140	3.7
1997-98	132,472	4.6	18,627	6.6	151,099	4.8	186,290	3.9	149,036	5.8	335,326	4.7
1998-99	136,399	3.0	19,833	6.5	156,232	3.4	191,804	3.0	158,761	6.5	350,565	4.5
1999-00	138,762	1.7	21,341	7.6	160,103	2.5	195,301	1.8	172,035	8.4	367,336	4.8
2000-01	141,033	1.6	21,278	(0.3)	162,311	1.4	193,563	(0.9)	172,337	0.2	365,900	(0.4)
2001-02	150,496	6.7	22,298	4.8	172,794	6.5	212,650	9.9	163,101	(5.4)	375,751	2.7
2002-03	156,220	3.8	23,179	4.0	179,399	3.8	219,201	3.1	168,021	3.0	387,222	3.1
2003-04	163,612	4.7	24,407	5.3	188,019	4.8	228,515	4.2	180,229	7.3	408,744	5.6
2004-05 (3)	163,316	(0.2)	25,109	2.9	188,425	0.2	309,032	35.2	236,126	31.0	545,158	33.4
2005-06	160,590	(1.7)	25,311	0.8	185,901	(1.3)	321,268	4.0	267,369	13.2	588,637	8.0
2006-07	160,107	(0.3)	25,316	0.0	185,423	(0.3)	322,781	0.5	269,861	0.9	592,642	0.7
2007-08	164,097	2.5	25,455	0.5	189,552	2.2	332,035	2.9	265,637	(1.6)	597,672	0.8
2008-09 (4)	162,638	(0.9)	23,583	(7.4)	186,220	(1.8)	356,345	7.3	260,047	(2.1)	616,392	3.1
2009-10 (5)	163,599	0.6	22,933	(2.8)	186,531	0.2	415,981	16.7	277,789	6.8	693,770	12.6
2010-11 (6)	165,230	1.0	23,812	3.8	189,042	1.3	435,752	4.8	303,535	9.3	739,286	6.6

Average Annual Percent Change

	Transactions			Adjusted Gross Toll Revenue (7)		
Fiscal Year	Cars	Trucks	Total	Cars	Trucks	Total
FY 1979-80 - FY 1989-90	4.9	4.0	4.8	7.8	7.4	7.6
FY 1989-90 - FY 1999-00	4.8	4.7	4.8	5.5	4.8	5.2
FY 1999-00 - FY 2010-11	1.6	1.0	1.5	7.6	5.3	6.6
FY 1979-80 - FY 2010-11	3.7	3.2	3.6	7.0	5.8	6.4

(1) A toll increase of 30% was implemented on January 2, 1987.
(2) A toll increase of 30% was implemented on June 1, 1991.
(3) A toll increase of 42.5% was implemented on August 1, 2004.
(4) A toll increase of 25% was implemented on January 4, 2009. Toll rates on Turnpike 576 and Turnpike 43 from Unionville to Brownsville remained unchanged.
(5) A toll increase of 3% was implemented on January 3, 2010.
(6) An E-ZPass toll increase of 3% and a cash toll increase of 10% was implemented on January 2, 2011, except for Turnpike 576 where the toll rates did not increase.
(7) The toll revenue includes the adjustments associated with the commercial volume-discount program.

average annual rate of 4.8 percent and 7.6 percent, respectively. Similarly, between FY 1989-90 and FY 1999-00, Turnpike transactions and adjusted gross toll revenue grew by average annual rates of 4.8 percent and 5.2 percent, respectively. Over the most recent eleven-year period from FY 1999-00 through FY 2010-11, Turnpike transaction growth slowed to average annual rate of 1.5 percent per year. Conversely, adjusted toll revenue grew by an average annual rate of 6.6 percent per year during the same eleven-year period.

Figure 2-4 illustrates Turnpike System historical transactions and adjusted gross toll revenue on an annual basis from FY 1979-80 to FY 2010-11. Toll increases are represented by a black star over the fiscal year in which the increase was implemented and the nature of the rate increases are detailed in the text box within the revenue chart on the upper half of the page.

E-ZPass Market Share

Table 2-7 shows the historical growth in E-ZPass transactions as a percent of total toll transactions on the Turnpike System. Over the past eight years, passenger-car E-ZPass market share has increased from 31.9 percent to 57.5 percent of total toll transactions. Commercial-vehicle market share growth has been even greater, increasing from 40.1 percent in FY 2003-04 to 77.7 percent in FY 2010-11. As expected, the predominant trend in E-ZPass market share between FY 2003-04 and FY 2009-10 is one of progressively smaller year-over-year increases. FY 2010-11 represented a departure from this prevailing trend and was due to the January 2, 2011 toll increase (3 percent E-ZPass, 10 percent cash) which introduced a toll rate differential favorable to Turnpike E-ZPass customers for the first time. A toll rate increase of 10 percent for cash customers only was implemented January 1, 2012, further incentivizing E-ZPass participation.

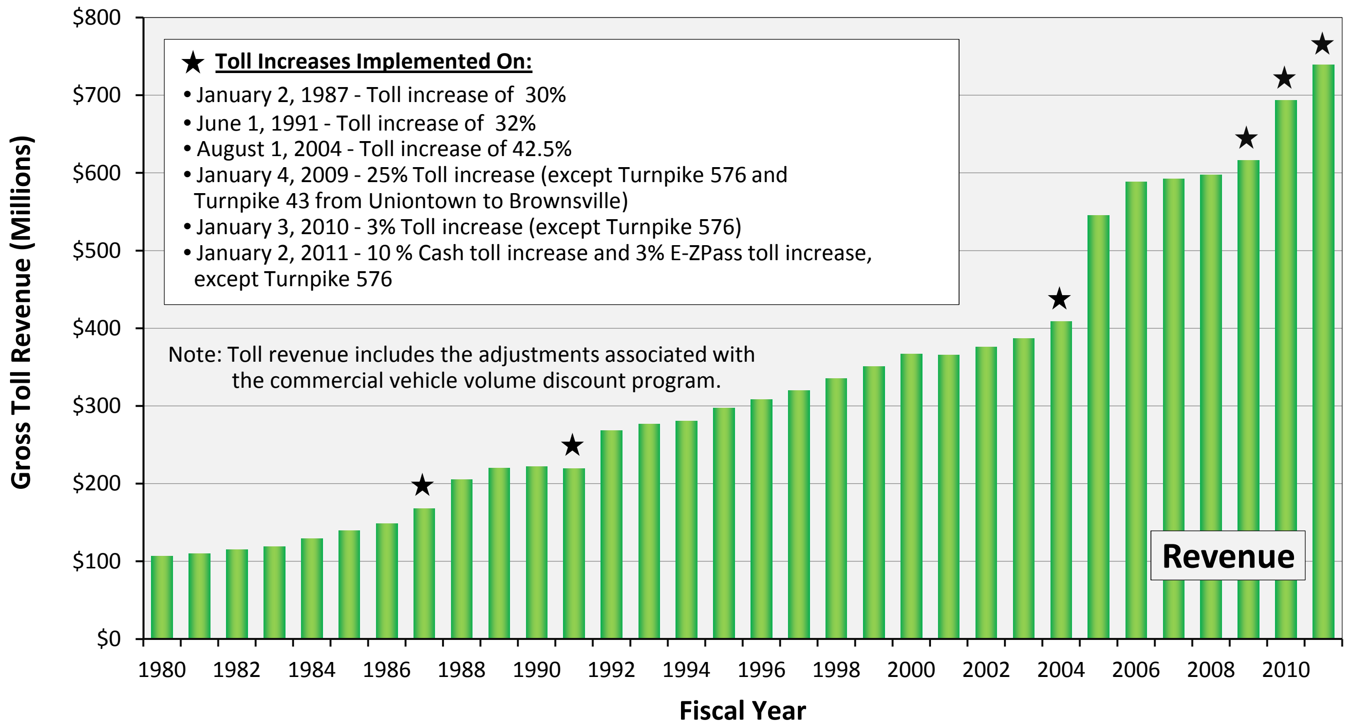
Table 2-8 presents monthly E-ZPass market share trends on the Ticket System for calendar years 2008 through 2011. It is apparent from a comparison of Tables 2-7 and 2-8 that the E-ZPass participation is higher on the Ticket System than on the Turnpike System as a whole. Table 2-8 presents the percent monthly and annual E-ZPass market shares, and the percentage point difference between the annual E-ZPass market share compared to the prior year. The E-ZPass market share for passenger cars increased by 2.7 percentage points in 2009, 2.5 points in 2010, and 4.3 points in 2011. The increase of 4.3 percentage points in 2011 was due to toll increase implemented on January 2 that introduced for the first time a toll differential between cash and E-ZPass. That toll increase instituted a 7 percent increase in most cash rates compared to the E-ZPass rate. The E-ZPass market share for commercial vehicles increased by 2.1 percentage points in 2009, 1.2 points in 2010, and 2.2 points in 2011.

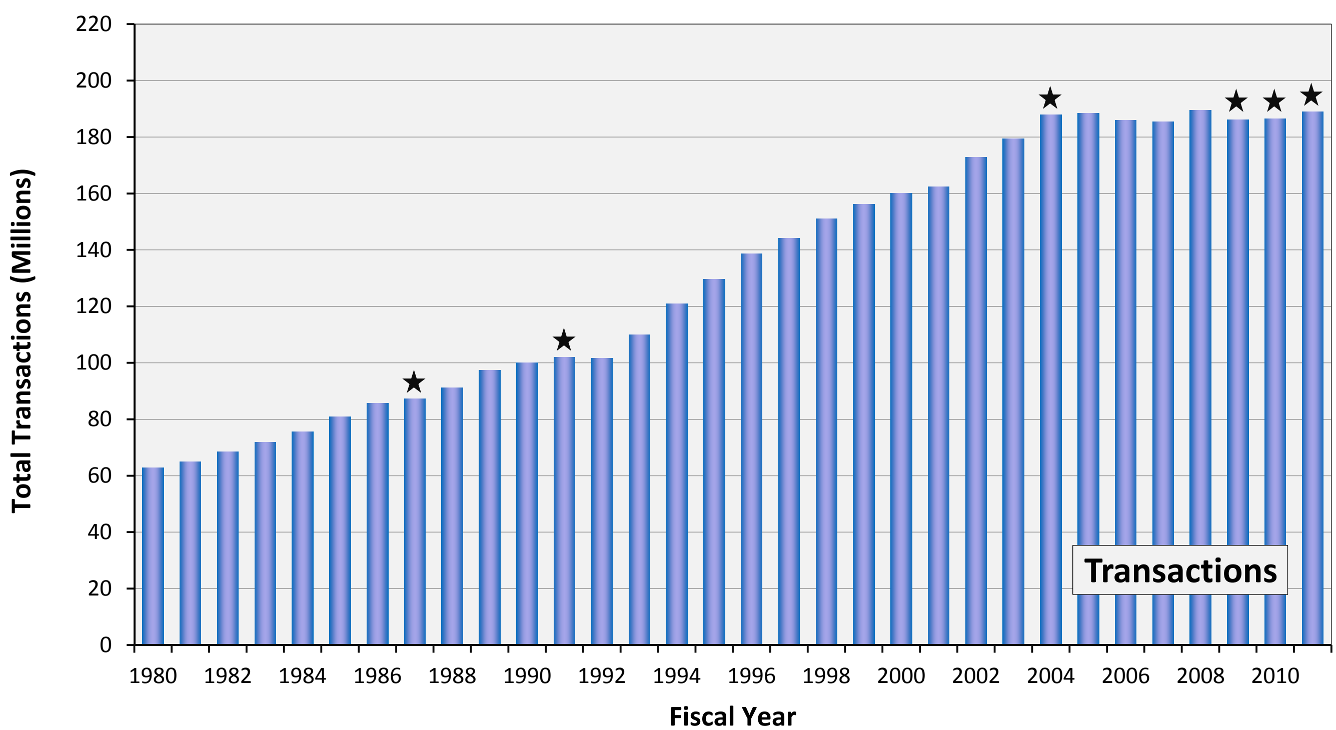
Historical Toll Rate Increases and Changes to the Commercial Volume Discount Program

This section describes toll rate increases that have been implemented in the past. In addition, recent changes to the PTC's commercial vehicle volume-discount program are discussed.

Toll Rate Increases

Table 2-9 provides a historical summary of toll rate increases on the Turnpike from 1987 to the most recent increase implemented on January 1, 2012. Rate increases are presented as a percent increase over the previous toll rate and by payment method. The four rate increases implemented between





PENNSYLVANIA TURNPIKE SYSTEM HISTORICAL TRANSACTIONS AND ADJUSTED GROSS TOLL REVENUE

CDM Smith

FIGURE 2-4

Table 2-7
Annual Percent E-ZPass Market Shares
Based on Transactions
Pennsylvania Turnpike System

Fiscal Year	Percent E-ZPass By Vehicle Class: Passenger Cars	Commercial Vehicles	Total
2003-04 [(1)]	31.9%	40.1%	33.0%
2004-05	36.4	49.1	38.1
2005-06	40.4	60.2	43.2
2006-07	44.3	67.9	47.6
2007-08	46.8	71.1	50.1
2008-09 [(2)]	50.4	74.3	53.4
2009-10 [(3)]	53.9	76.1	56.6
2010-11 [(4)]	57.5	77.7	60.1

(1) A toll increase of 42.5% was implemented on August 1, 2004.
(2) A toll increase of 25% was implemented on January 4, 2009, except for Turnpike 576 and Turnpike 43 from Unionville to Brownsville, where toll rates did not increase.
(3) A toll increase of 3% was implemented on January 3, 2010, except for Turnpike 576.
(4) An E-ZPass toll increase of 3% and a cash toll increase of 10% was implemented on January 2, 2011, except for Turnpike 576 where toll rates did not increase.

Source: Pennsylvania Turnpike Commission

Table 2-8
Monthly E-ZPass Market Shares: Ticket System
Based on Transactions
Pennsylvania Turnpike System

	Percent E-ZPass By Vehicle Class											
	Passenger Cars				Commercial Vehicles				Total			
Month	2008	2009(1)	2010(2)	2011(3)	2008	2009(1)	2010(2)	2011(3)	2008	2009(1)	2010(2)	2011(3)
January	55.3%	57.3%	60.0%	64.0%	75.2%	77.6%	79.1%	80.5%	58.2%	60.0%	62.4%	66.2%
February	55.3	57.9	60.6	64.6	74.8	77.5	78.6	80.6	58.0	60.4	63.1	66.7
March	53.6	57.1	59.8	64.2	74.2	76.9	77.8	80.1	56.4	59.6	62.2	66.4
April	54.3	56.3	58.6	62.9	73.8	76.3	77.1	79.2	57.2	58.9	61.0	65.1
May	52.8	55.1	57.4	62.4	73.1	75.2	76.0	78.6	55.6	57.6	59.8	64.5
June	51.6	54.6	57.1	61.6	72.6	74.8	76.0	78.4	54.5	57.3	59.6	63.8
July	50.6	53.1	55.1	59.1	72.5	74.5	75.6	77.7	53.6	55.8	57.7	61.4
August	50.2	53.4	56.5	61.4	72.4	74.3	75.9	78.4	53.1	55.9	59.0	63.7
September	54.2	56.4	59.1	63.1	73.7	75.4	76.9	78.9	57.0	58.9	61.4	65.3
October	54.7	57.4	59.4	63.8	74.5	76.4	77.2	79.5	57.4	59.8	61.7	65.9
November	54.2	57.3	60.3	64.3	75.4	77.3	78.8	80.5	56.8	59.8	62.7	66.4
December	54.7	58.1	60.9	64.4	76.5	78.3	79.7	81.6	57.4	60.6	63.3	66.5
Total	53.4%	56.1%	58.6%	62.9%	74.0%	76.1%	77.3%	79.5%	56.2%	58.6%	61.0%	65.1%
Percentage Point Difference Over Prior Year		2.7	2.5	4.3		2.1	1.2	2.2		2.4	2.4	4.1

(1) A toll increase of 25% was implemented on January 4, 2009, except for Turnpike 576 and Turnpike 43 from Uniontown to Brownsville, where the toll rates did not increase.
(2) A toll increase of 3% was implemented on January 3, 2010, except for Turnpike 576.
(3) An E-ZPass toll increase of 3% and a cash toll increase of 10% was implemented on January 2, 2011, except for Turnpike 576 where the toll rates did not increase.
Source: Pennsylvania Turnpike Commission

Table 2-9
Historical Toll Rate Increases
Pennsylvania Turnpike

	Percent Increase		
Date	Cash	E-ZPass	**Comment**
1/2/1987	40.0	NA	E-ZPass was not yet implemented on the Turnpike
6/1/1991	32.0	NA	E-ZPass was not yet implemented on the Turnpike
8/1/2004	42.5	42.5	
1/4/2009	25.0	25.0	No increase on Turnpike 576 or Turnpike 43 between Uniontown and Brownsville
1/3/2010	3.0	3.0	No increase on Turnpike 576
1/2/2011	10.0	3.0	No increase on Turnpike 576
1/1/2012	10.0	0.0	No toll increase on Turnpike 576

1987 and 2009 ranged from 25.0 percent to 42.5 percent and were implemented in irregular intervals. The Pennsylvania Turnpike Commission has increased tolls annually since 2009.

As previously discussed, the January 2, 2011 rate increase (3 percent E-ZPass, 10 percent cash) introduced a toll rate differential favorable to Turnpike E-ZPass customers for the first time. The rate increase implemented January 1, 2012 (10 percent cash only) increased the differential; further incentivizing E-ZPass participation.

Figure 2-5 illustrates a comparison of 2012 passenger-car per-mile toll rates for a through trip on thirty-five U.S. toll facilities. The Pennsylvania Turnpike is represented by a through trip on the Mainline I-77/I-276, which is highlighted in yellow. At 9.2 cents per mile, Mainline I-76/I-276 compares favorably to the nearby New Jersey Turnpike (11.3 cents per mile) and to the median per mile rate (12.2 cents per mile) for the facilities presented.

Recent Changes to the Commercial Volume Discount Program

Prior to the implementation of system wide toll rates favorable to E-ZPass customers, a post-paid, commercial volume-discount program was established for high-volume, commercial E-ZPass accounts. Post-paid commercial E-ZPass customers could receive the following discounts based on the amount of their monthly tolls:

- $1,000.00 - $5,000.00 in monthly tolls are eligible for a 10 percent discount;
- $5,000.01 - $10,000.00 in monthly tolls are eligible for a 15 percent discount; and
- $10,000.01 and over are eligible for a 20 percent discount in tolls.

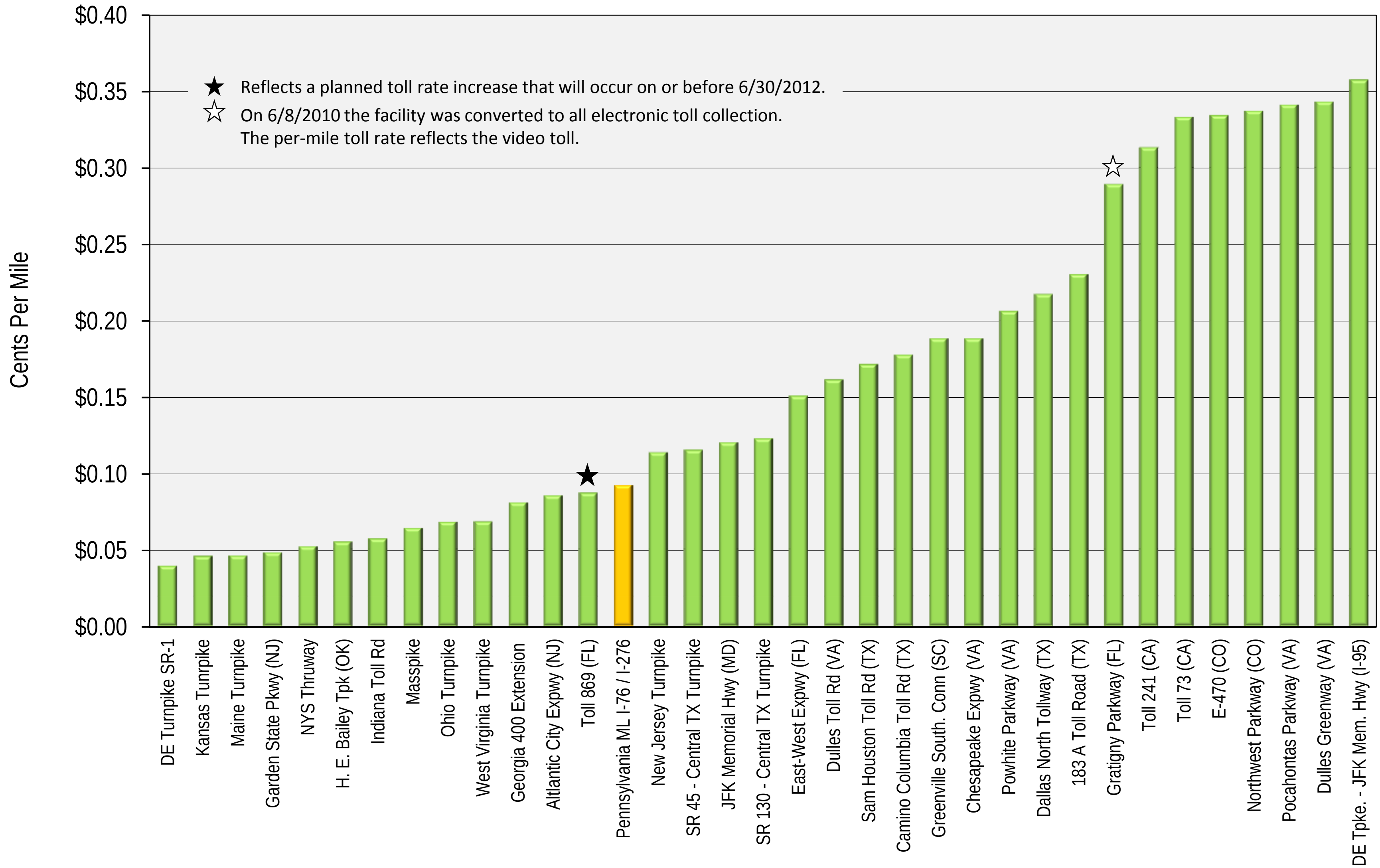
On January 2, 2011 the available discounts were reduced by 5 percentage points for each category, resulting in the following discounts for post-paid commercial E-ZPass customers:

- $1,000.00 - $5,000.00 in monthly tolls are eligible for a 5 percent discount;
- $5,000.01 - $10,000.00 in monthly tolls are eligible for a 10 percent discount; and
- $10,000.01 and over are eligible for a 15 percent discount in tolls.

In light of the approximate 17 percent discount received by all E-ZPass customers as of January 1, 2012, the 15 percent volume discount was eliminated. Also, the minimum level at which customers would be eligible for the program was increased, resulting in the following discounts for post-paid commercial E-ZPass customers:

- $5,000.01 - $10,000.00 in monthly tolls are eligible for a 5 percent discount; and
- $10,000.01 and over are eligible for a 10 percent discount in tolls.

Further reductions in the volume discount program are anticipated by the PTC. These modifications are described in Chapter 4.



COMPARISON OF 2012 PASSENGER CAR PER-MILE THROUGH TRIP TOLL RATES

FIGURE 2-5

Chapter 3

Socioeconomic Trends and Forecasts

An evaluation of longer-term socioeconomic trends and forecasts for the geographies along and surrounding the Pennsylvania Turnpike was conducted as part of this analysis. Such trends and forecasts serve as inputs to the demand growth analysis. Table 3-1 through Table 3-4, provide a summary of various demographic and economic measures reviewed for this study, including population, employment, retail sales, and gross regional product. Additional trend information is provided regarding monthly unemployment rates and weekly retail gasoline prices.

A socioeconomic trend analysis was conducted in order to identify any potential explanatory factors that may have influenced historical variations in toll transactions. Identification of such socioeconomic explanatory factors is necessary to produce a demand growth forecast that accounts for the unique nature of Turnpike usage. Socioeconomic trend data was applied within a regression-based analysis to derive demand growth projections.

In the subsequent tables, the socioeconomic growth rates are presented in compound average annual percent change (AAPC) terms, spanning decade increments from 1980 through 2040 (where available). In regards to the geographic coverage, the United States is presented along with Pennsylvania and the surrounding states: New Jersey, New York, Ohio, and West Virginia. In addition to the larger geographies, the Pennsylvania counties along the Turnpike are presented as well, grouped for the ease of presentation into four aggregations, as follows:

- **Pittsburgh Area:** Allegheny, Armstrong, Beaver, Butler, Indiana, Lawrence, Washington, and Westmoreland;
- **Interurban Area:** Adams, Bedford, Blair, Cambria, Cumberland, Dauphin, Franklin, Fulton, Huntingdon, Juniata, Lancaster, Lebanon, Mifflin, Perry, Somerset, and York;
- **Philadelphia Area:** Berks, Bucks, Chester, Delaware, Montgomery, and Philadelphia; and,
- **Northeastern Corridor:** Carbon, Lackawanna, Lehigh, Luzerne, Northampton, and Wyoming.

Population Trends and Forecasts

Historical population data was obtained from the United States Census Bureau (census years and intercensal estimates), and forecast population growth was obtained from various other public and private sector sources, depending on the geographic focus. As presented in Table 3-1, forecast population growth rates were culled from two sources. Pennsylvania state and county population growth rates were obtained from the Pennsylvania State Data Center (via the Pennsylvania State University), and are available through year 2030; while for the other state and national geographic levels, population growth was obtained from the Woods and Poole, Inc. 2011 Complete Economic and Demographic Data Source (CEDDS)[(1)], available through year 2040.

Table 3-1
Population Trends and Forecasts

Area	1980 - 1990	1990 - 2000	2000 - 2010	2010 - 2020	2020 - 2030	2030 - 2040 (5)	2010 - 2030
	Average Annual Percent Change						
Pittsburgh Area (1)	(0.7)	(0.2)	(0.3)	(0.2)	(0.2)	NA	(0.2)
Interurban Area (2)	0.5	0.7	0.8	0.4	0.4	NA	0.4
Philadelphia Area (3)	0.2	0.4	0.5	0.4	0.4	NA	0.4
Northeastern Corridor (4)	0.2	0.2	0.6	0.3	0.2	NA	0.3
Subtotal	0.0	0.3	0.4	0.3	0.2	NA	0.2
	1980 - 1990	1990 - 2000	2000 - 2010	2010 - 2020	2020 - 2030	2030 - 2040	2010 - 2040
New Jersey	0.5	0.8	0.4	0.6	0.6	0.6	0.6
New York	0.2	0.5	0.2	0.4	0.4	0.4	0.4
Ohio	0.0	0.5	0.2	0.3	0.3	0.3	0.3
Pennsylvania (6)	0.0	0.3	0.3	0.3	0.2	0.4	0.3
West Virginia	(0.8)	0.1	0.2	0.3	0.3	0.3	0.3
Subtotal	0.1	0.5	0.3	0.4	0.4	0.4	0.4
United States	0.9	1.2	0.9	1.0	0.9	0.8	0.9

(1) Pittsburgh Area Counties: Allegheny, Armstrong, Beaver, Butler, Indiana, Lawrence, Washington, and Westmoreland.
(2) Interurban Area Counties: Adams, Bedford, Blair, Cambria, Cumberland, Dauphin, Franklin, Fulton, Huntingdon, Juniata, Lancaster, Lebanon, Mifflin, Perry, Somerset, and York.
(3) Philadelphia Area Counties: Berks, Bucks, Chester, Delaware, Montgomery, and Philadelphia.
(4) Northeastern Corridor Counties: Carbon, Lackawanna, Lehigh, Luzerne, Northampton, and Wyoming.
(5) PA SDC projections are not available past 2030.
(6) PA projections are based on PA SDC through 3030 (no projections are available past 2030), the 2040 projection is based on Woods and Poole, and the 2010-2040 AAPC is based on a blend of PA SDC and Woods and Poole data). The other states and U.S. data are entirely based on Woods and Poole.

Sources: 1980 to 2010 represent United States Census data; county forecasts reflect PA SDC data (available through year 2030 only), and state/national forecasts reflect Woods and Poole, CEDDS, 2011.

As indicated in Table 3-1, population growth along the Pennsylvania Turnpike and in the surrounding states is tempered relative to the population growth in the nation as a whole, for both the historical trends and forecasts. Historically, the resident county population in Pennsylvania has annually increased by between 0.0 and 0.3 percent from 1980 through 2010; resident population growth along the Pennsylvania Turnpike has historically observed similar average annual growth rates as well, which are well below the rates of resident population growth observed for the entire United States. For comparative purposes, historical population growth in the United States averaged about 1.0 percent per year over the same period.

It is interesting to note that, as shown in Table 2-6, traffic growth on the Pennsylvania Turnpike grew by 3.6 percent per annum between FY 1979-80 and 2010-11 – a stronger rate than population growth – and despite multiple toll increases that occurred. A divergence between average annual historical resident population growth and traffic growth demonstrates that the Pennsylvania Turnpike has likely attracted an increasing share of travel in the corridor geographies.

[(1)] Source: Woods & Poole Economics, Inc. Washington, D.C. Copyright 2010. Woods & Poole does not guarantee the accuracy of this data. The use of this data and the conclusion drawn from it are solely the responsibility of CDM Smith.

Future resident county population growth along the Pennsylvania Turnpike is forecast to remain at the relatively low historical levels. As exhibited, projections average 0.3 percent per annum in this decade (2010 to 2020), with a slight deceleration to 0.2 percent per annum in the coming decade. Pennsylvania is forecasted to appreciate in resident population by 0.3 percent per annum between 2010 and 2040, closely comparable to the recent historical trends, but still below the expected population growth for the nation, which, on average, is projected to amount to 0.9 percent per annum through 2040.

Employment and Unemployment Trends and Forecasts

Employment trends are exhibited in Table 3-2. Historical data are from the United States Department of Commerce (Bureau of Economic Analysis from 1980 through 2009, with Bureau of Labor Statistics growth applied for 2009 to 2010), and the future growth rates are based on Woods & Poole data.

Table 3-2
Employment Trends and Forecasts

	Average Annual Percent Change						
Area	1980 - 1990	1990 - 2000	2000 - 2010	2010 - 2020	2020 - 2030	2030 - 2040	2010 - 2040
Pittsburgh Area (1)	0.4	0.9	(0.0)	1.0	0.8	0.8	0.9
Interurban Area (2)	1.8	1.2	0.2	1.1	0.9	0.9	1.0
Philadelphia Area (3)	1.3	0.7	0.1	1.3	1.1	1.1	1.2
Northeastern Corridor (4)	1.1	0.9	0.2	1.2	1.0	1.0	1.1
Subtotal	1.1	0.9	0.1	1.2	1.0	1.0	1.1
New Jersey	1.8	0.9	0.4	1.1	0.9	0.9	1.0
New York	1.2	0.6	0.5	0.9	0.7	0.7	0.8
Ohio	1.2	1.5	(0.5)	1.0	0.8	0.8	0.8
Pennsylvania	1.1	0.9	0.1	1.2	1.0	1.0	1.0
West Virginia	(0.1)	1.2	0.0	1.0	0.8	0.7	0.8
Subtotal	1.3	0.9	0.1	1.0	0.8	0.8	0.9
United States	2.0	1.8	0.5	1.3	1.1	1.1	1.2

(1) Pittsburgh Area Counties: Allegheny, Armstrong, Beaver, Butler, Indiana, Lawrence, Washington, and Westmoreland.
(2) Interurban Area Counties: Adams, Bedford, Blair, Cambria, Cumberland, Dauphin, Franklin, Fulton, Huntingdon, Juniata, Lancaster, Lebanon, Mifflin, Perry, Somerset, and York.
(3) Philadelphia Area Counties: Berks, Bucks, Chester, Delaware, Montgomery, and Philadelphia.
(4) Northeastern Corridor Counties: Carbon, Lackawanna, Lehigh, Luzerne, Northampton, and Wyoming.

Sources: 1980 to 2009 represent Bureau of Economic Analysis data, 2010 reflects BLS growth; forecasts reflect Woods Poole CEDDS, 2011.

Historical employment growth rates for the presented geographies have almost universally decelerated in the three preceding decades from 1980 through 2010. It is important to note that the minimal average annual growth in the 2000 to 2010 period is mostly reflective of the economic downturn realized during the recent severe recession, which officially began in late 2007. In the counties comprising the four aggregated county groupings, the per annum employment growth has decelerated from 1.1 percent in the 1980s to 0.9 percent in the 1990s to almost no growth in the most recent millennial decade. Pennsylvania as a whole has exhibited historical employment growth trends practically identical to the counties' subtotal. Comparatively, the United States has also exhibited historical employment growth deceleration through the recent decades; although, similarly to population trends, the overall employment growth rates were higher for the nation than for Pennsylvania.

Recently observed stagnant employment trends within the recessionary last decade are not realistically expected to continue indefinitely. As exhibited, the employment growth across all presented geographies is forecasted to rebound somewhat, with average annual growth for the entire 2010 through 2040 period amounting to 1.1 percent for the corridor counties' subtotal, 1.0 percent for Pennsylvania, 0.9 percent for the subtotal of the five states, and 1.2 percent per annum for the United States.

Figure 3-1 depicts seasonally-unadjusted monthly unemployment rates over the last decade (from January 2001 through November 2011) for the three major Metropolitan Statistical Areas (MSA) in Pennsylvania located along the Turnpike Mainline: Philadelphia-Camden-Wilmington, Harrisburg-Carlisle, and Pittsburgh. In addition, unemployment data is also included pertaining to the entire Commonwealth of Pennsylvania and for the United States (with data extending through December 2011). Given that the data is seasonally-unadjusted, the graph depicts both the cyclical seasonal variations, as well as the longer-term trends.

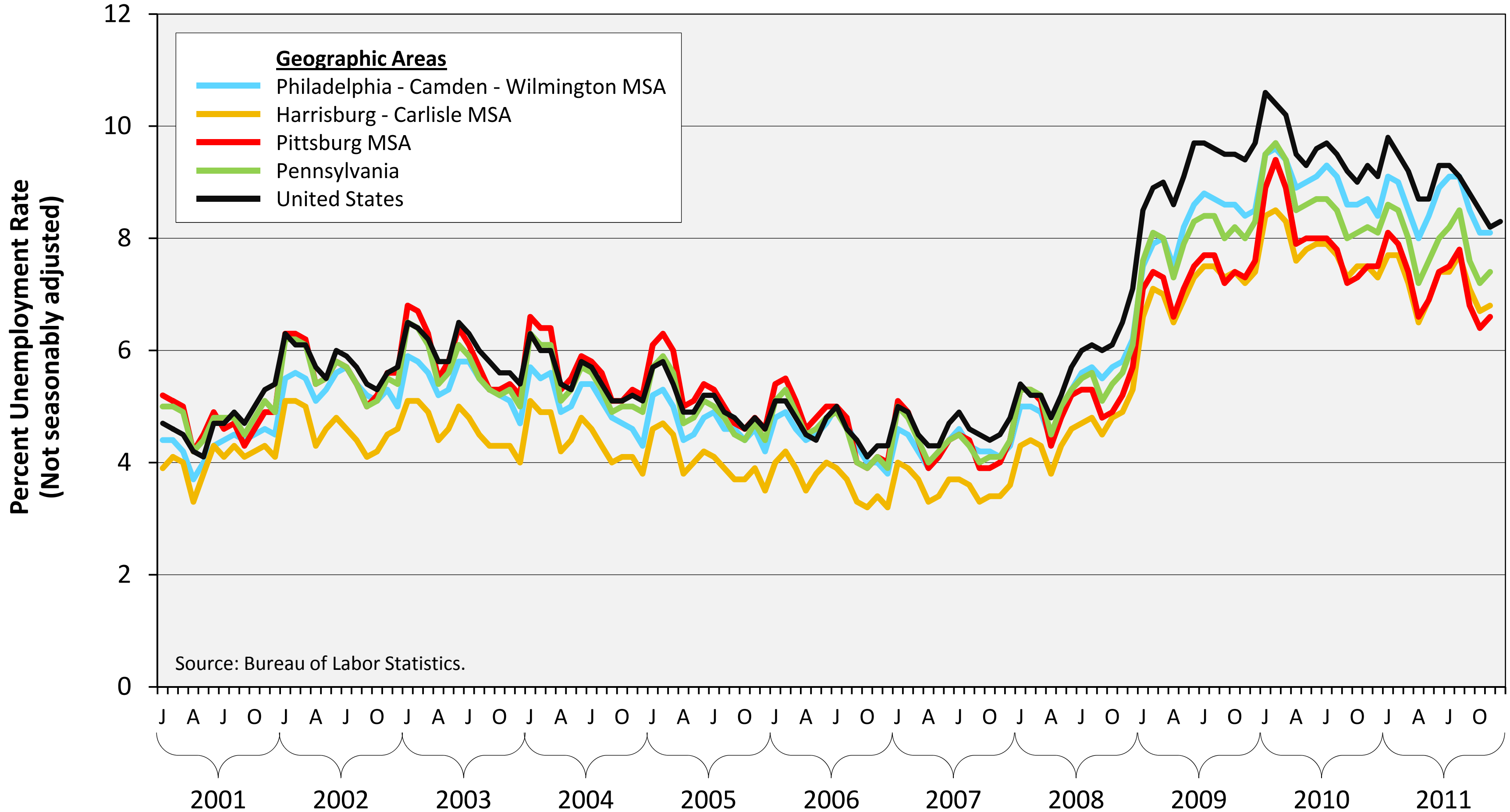
Historically, the Harrisburg-Carlisle MSA has generally exhibited the lowest relative unemployment rates of the select geographies presented, which is probably reflective of the more stable government employment in the State Capital (relative to more volatile private-sector employment). Of the remaining two MSAs, Pittsburgh exhibited higher unemployment rates than either Philadelphia-Camden-Wilmington or Pennsylvania as a whole.

Unemployment rates for the entire Commonwealth, the Philadelphia MSA, and the Pittsburgh MSA have generally changed over time in close-step with those for the nation. However, only within the last couple of years has there been a divergence from that more long-term parallel trend, with unemployment rates in the nation exceeding those for Pennsylvania and the Turnpike areas. Recent unemployment rates for the study area geographies below the average national level indicate that Pennsylvania has not suffered as intensely during the recent recession. November 2011 unemployment rates for the United States reached 8.2 percent, while Pennsylvania's was 7.4 percent. Unemployment rates in that same month for the Philadelphia, Harrisburg, and Pittsburg MSAs were 8.1 percent, 6.8 percent, and 6.6 percent, respectively.

While the data do show variations from month to month, the recent general trends are clear. Unemployment levels in 2011 have clearly declined from their highest levels in 2009 and 2010. As the nation recovers from the recent economic recession, the unemployment levels are expected to continue to decline and eventually stabilize over the long-term around mid-single digit rates.

Retail Sales Trends and Forecasts

Retail sales trends and forecasts are presented in Table 3-3. Both Pennsylvania and corridor counties exhibit almost identical patterns of average annual growth for real retail sales (both historically and forecasted), which is also similar to the aggregated subtotal of the five presented states. In the 2000 to 2010 period, real retail sales growth for those geographies were almost flat, at 0.1 percent per annum, which is a deceleration from the preceding decade in the 1990s, during which the average annual



HISTORICAL UNEMPLOYMENT RATES

FIGURE 3-1

growth in real retail sales was closer to 2.5 percent. In contrast, the United States has observed historical real retail sales growth higher than the geographies surrounding the Pennsylvania Turnpike, with real growth of 3.3 percent in the 1990s and 0.7 percent in the last decade. As with employment trends, the very weak performance in retail sales between 2000 and 2010 is largely the result of the recent severe economic recession.

Table 3-3
Retail Sales Trends and Forecasts

Area	Average Annual Percent Change						
	1980 - 1990	1990 - 2000	2000 - 2010	2010 - 2020	2020 - 2030	2030 - 2040	2010 - 2040
Pittsburgh Area (1)	0.3	2.3	(0.5)	1.0	0.8	0.9	0.9
Interurban Area (2)	2.1	2.6	0.3	1.6	1.3	1.4	1.4
Philadelphia Area (3)	2.0	2.5	0.3	1.4	1.2	1.2	1.3
Northeastern Corridor (4)	1.5	2.4	0.3	1.5	1.3	1.3	1.3
Subtotal	1.5	2.5	0.1	1.4	1.1	1.2	1.2
New Jersey	2.1	2.6	0.3	1.5	1.3	1.3	1.4
New York	1.4	2.3	0.3	1.3	1.1	1.1	1.2
Ohio	1.1	2.9	(0.2)	1.2	1.0	1.1	1.1
Pennsylvania	1.5	2.4	0.1	1.3	1.1	1.2	1.2
West Virginia	(0.3)	2.8	(0.0)	1.2	1.0	1.0	1.1
Subtotal	1.4	2.5	0.1	1.3	1.1	1.2	1.2
United States	1.9	3.3	0.7	1.9	1.6	1.6	1.7

(1) Pittsburgh Area Counties: Allegheny, Armstrong, Beaver, Butler, Indiana, Lawrence, Washington, and Westmoreland.
(2) Interurban Area Counties: Adams, Bedford, Blair, Cambria, Cumberland, Dauphin, Franklin, Fulton, Huntingdon, Juniata, Lancaster, Lebanon, Mifflin, Perry, Somerset, and York.
(3) Philadelphia Area Counties: Berks, Bucks, Chester, Delaware, Montgomery, and Philadelphia.
(4) Northeastern Corridor Counties: Carbon, Lackawanna, Lehigh, Luzerne, Northampton, and Wyoming.

Source: Woods and Poole CEDDS, 2011.

Growth in real retail sales is projected to rebound somewhat relative to the most recent historical decade. However, the forecast is not expected to approach the relatively stronger historical growth observed during the 1990s. Over the future period from 2010 through 2040, real retail sales are projected to grow by an average annual 1.2 percent for the county and state subtotals, while the United States' retail sales is projected to grow by 1.7 percent per annum.

Real Gross Regional Product (GRP) Trends and Forecasts

Another basic economic indicator that has bearing on traffic demand is gross regional product (or gross state product/gross domestic product, depending on the geographic focus). Historical and forecast rates of growth for real GRP are shown in Table 3-4. National real gross domestic product has historically decelerated from an annual average rate of 3.2 percent in the 1990s to 1.5 percent over the last decade. As with the other socioeconomic metrics presented, the deceleration within the last decade is reflective of the recent severe economic recession. Pennsylvania's real gross state product growth also decelerated over the same period from 2.3 percent in the 1990s to 1.2 percent per annum recently; the corridor counties' subtotal exhibited nearly identical growth patterns as the entire Commonwealth. Similar to the trends observed in the other variables already presented, the

Commonwealth and the constituent counties exhibit growth patterns that generally parallel the nation in terms of recent deceleration, but at levels universally below the United States as a whole.

Table 3-4
Gross Regional Product Trends and Forecasts

Area	Average Annual Percent Change						
	1980 - 1990	1990 - 2000	2000 - 2010	2010 - 2020	2020 - 2030	2030 - 2040	2010 - 2040
Pittsburgh Area (1)	0.6	2.5	1.1	1.1	1.0	1.0	1.0
Interurban Area (2)	2.7	2.2	1.1	2.0	1.8	1.7	1.8
Philadelphia Area (3)	3.1	2.4	1.4	1.6	1.5	1.5	1.6
Northeastern Corridor (4)	2.0	2.2	1.2	1.9	1.9	1.9	1.9
Subtotal	2.3	2.4	1.2	1.6	1.5	1.5	1.5
New Jersey	4.5	2.4	1.0	2.0	1.9	1.8	1.9
New York	3.3	2.4	1.7	1.8	1.6	1.6	1.7
Ohio	1.9	2.5	0.0	1.9	1.7	1.7	1.8
Pennsylvania	2.2	2.3	1.2	1.6	1.5	1.5	1.5
West Virginia	(0.4)	1.6	1.2	1.0	0.8	0.8	0.8
Subtotal	2.9	2.4	1.2	1.8	1.6	1.6	1.7
United States	3.0	3.2	1.5	2.1	2.0	1.9	2.0

(1) Pittsburgh Area Counties: Allegheny, Armstrong, Beaver, Butler, Indiana, Lawrence, Washington, and Westmoreland.
(2) Interurban Area Counties: Adams, Bedford, Blair, Cambria, Cumberland, Dauphin, Franklin, Fulton, Huntingdon, Juniata, Lancaster, Lebanon, Mifflin, Perry, Somerset, and York.
(3) Philadelphia Area Counties: Berks, Bucks, Chester, Delaware, Montgomery, and Philadelphia.
(4) Northeastern Corridor Counties: Carbon, Lackawanna, Lehigh, Luzerne, Northampton, and Wyoming.

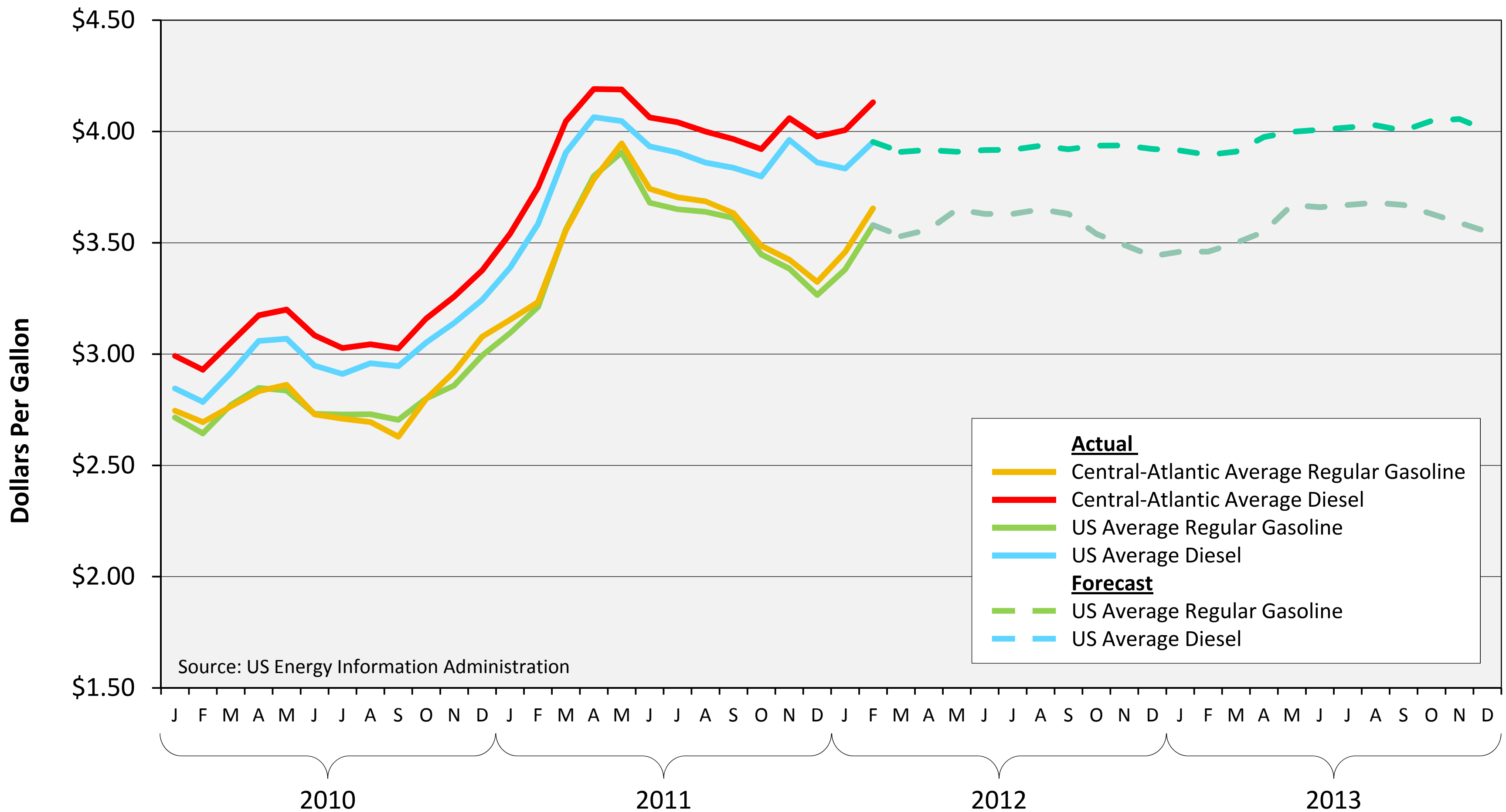
Source: Woods and Poole CEDDS, 2011.

Future real GRP growth rates are estimated to average 2.0 percent for the United States from 2010 through 2040 per annum, with Pennsylvania averaging about a 1.5 percent real increase per year. In the corridor counties, like the entire Commonwealth, the real GRP growth is projected to amount to 1.5 percent per annum. The Pittsburgh area counties exhibit the slowest relative growth at 1.0 percent and the Northeast Corridor counties exhibiting the highest pace at 1.9 percent per annum through 2040.

Historical and Forecast Motor Fuel Prices

Another factor that can influence travel demand is gasoline and diesel prices. Figure 3-2 shows historical and forecast prices for gasoline and diesel for both the Central-Atlantic region (NY, NJ, PA, DE, and D.C.) and for the United States. The most recent actual data shown in this figure is for February 2012. Regular gas prices for the United States and the Central-Atlantic region have been nearly identical and peaked in May 2011 at just over $3.90 per gallon. The last time gasoline prices exceeded these levels was in the summer of 2008 when they peaked at around $4.10 per gallon. The most recent price of gas has moderated to around the $3.60 level. The US Energy Information Administration projects that gasoline prices for the United States (regional forecasts are not provided) will fluctuate around the $3.50 per gallon level for the foreseeable future.

Diesel fuel prices peaked most recently in April 2011, with average prices for the mid-Atlantic region slightly higher than those for the US ($4.19 versus $4.06). As shown, diesel prices have not declined



Note: Retail prices are in US$ for regular grades of gasoline and all types of diesel.
Actual data is through February 2012.

CDM Smith

HISTORICAL AND FORECAST FUEL PRICES

FIGURE 3-2

since that time to the same degree that gasoline prices have. Average US diesel prices are expected to range from just under $4.00 per gallon for the remainder of 2012 and then increase slightly to just above $4.00 in 2013.

Overall General Trends

In scrutinizing the various socioeconomic trends, certain patterns emerge that are fairly self-evident:

- Western Pennsylvania (i.e., Pittsburgh) has exhibited overall weaker recent historical growth patterns for the presented socioeconomic variables than other corridor county areas within the Commonwealth (i.e., Philadelphia and the Northeast Corridor);
- Pennsylvania (and the surrounding states) has exhibited recent historical growth patterns for the presented socioeconomic variables below those for the United States; and,
- Longer-term expectations of socioeconomic growth are to rebound relative to the recent decade, which reflects the recent economic recession; however, growth rates are generally forecasted to be tempered in comparison to the growth that occurred in the 1980s and 1990s, likely to take several years to get back to the pre-recession conditions for some of the variables, in particular, those pertaining to labor markets.

Such general socioeconomic trends reflect changes resulting from a continuously evolving economy, especially in regards to an expected longer-term deceleration in many socioeconomic variables relative to historical patterns. While such variables as population, employment, gross regional product, etc. are reasonably expected to increase in the future, the rate of growth is likely to be tempered relative to the past. A decelerating long-term growth trend is the recent general consensus, as reflected within various publically- and privately-available forecasts for various standard socioeconomic variables. Decelerating trends are easily observed within the preceding exhibits; but, similar deceleration expectations are also observed in the latest data and viewpoint releases from other credible forecasting sources, such as the Congressional Budget Office (CBO), the Federal Open Market Committee (FOMC) of the Federal Reserve Board, and the Economist Intelligence Unit (EIU), to name a few.

A majority of credible forecasting agencies (both public and private) are now publishing expectations for some level of economic recovery within the short-term future. While disagreement is noted regarding the precise timing and scale of such economic recovery from the recent "Great Recession", a large portion predict that the economy would not rebound as pronouncedly as it contracted, but instead would rebound far more slowly. In other words, the graphic depiction of the economic recovery would not likely observe a distinct "V" shape (as have occurred during other historically short-lived recessionary periods), but instead an asymmetrical "U" shape, with the right-hand recovery side only gently increasing.

A number of qualitative arguments are often touted for this slower-recovery rationale, including standpoints regarding fundamental structural changes to the economy. An economy is always in constant flux, but there are some phenomena that are structurally altering the economy in ways likely to become permanent and will diverge from the past, including technological advancements (accelerating), information proliferation and accessibility, and globalization (trade interdependency and increased competition). All these factors and others, especially in combination, have shifted the economic paradigm, leading to overall expectations of a future economic picture that differs from those established in the past.

Econometric Growth Analysis

All of the socioeconomic data described above were evaluated for the purposes of determining the potentially influential factors on traffic demand growth for the Pennsylvania Turnpike. Following the historical socioeconomic data analysis, CDM Smith applied a linear, least-squared regression analysis to develop long-term demand growth estimates. In the regression modeling, the objective is to identify any independent variable (or variables) with historical trends that can explain, by way of statistical significance, corresponding traffic trends on the Turnpike. A resulting correlative relationship between historical trends in corridor traffic and one or more independent variables is in turn applied in forecasting corridor growth, given available and credible forecasts for the independent variable(s). CDM Smith regression-tested annual transaction data for grouped plazas against geographically-weighted independent socioeconomic data (separately for passenger and commercial vehicles) to derive long-term demand growth estimates.

Socioeconomic Inputs

Data inputs requisite for conducting a regression analysis include currently-updated historical data and forecasts for the possibly-explanatory independent variables, which include socioeconomic and demographic variables applicable to a defined geographic area of influence (i.e., Pennsylvania counties and other states). Socioeconomic variables that may be hypothetically influential on corridor traffic demand include, but are not limited to: population, employment, gross regional product, income, and retail sales. Sources from which both historical and forecast data were collected include: the United States Census Bureau; the United States Department of Labor, Bureau of Labor Statistics (BLS); the Bureau of Economic Analysis (BEA); the Pennsylvania State Data Center (SDC); Woods and Poole Complete Economic and Demographic Data Source (CEDDS) by Woods and Poole Economics, Inc., 2011 (Woods and Poole); and the Pennsylvania Turnpike Authority.

Historical population and state-level forecast data were obtained from the U.S. Census Bureau and Woods & Poole Economics, respectively. County-level population forecasts for Pennsylvania were acquired from the Pennsylvania SDC. Historical employment data were obtained from the BEA and BLS. Employment growth rate forecasts were obtained from Woods and Poole and applied to the historical annual employment data obtained from the BEA. All other regression-tested independent variables (i.e., gross regional product, income, and retail sales) were obtained from Woods and Poole for both the historical and forecast components of the data sets, as the publicly available governmental sources do not supply sufficiently detailed and geographically comparable data.

Traffic and Travel Pattern Inputs

Historical traffic data were used (where available) as a continuous, annual time series from 1987 through 2011 by plaza and vehicle type (i.e., passenger and commercial vehicles). Annualized transaction data were available for most of the ticket-based system over that historical timeframe, exempting a few select ticket-based plazas that opened after 1987. However, the annualized barrier-system transaction data were far more limited for regression analysis applicability; historical data were available only as far back as 1994 and many of the barrier plazas have data gaps, or the plazas were opened too recently to provide a statistically defensible trend (insufficient number of data points). Historical transaction data were annually normalized to account for leap-years, etc.

Methodology

After compiling and scrutinizing the available socioeconomic and Pennsylvania Turnpike transaction data for regression analysis applicability, individual toll plazas (for only those with usable data series) were clustered into eight representative groupings:

- Pittsburgh;
- Western Rural;
- Eastern Rural;
- Philadelphia;
- Northeast Extension (Ticket);
- Northeast Extension (Barrier);
- I-376; and,
- PA 66.

Grouping the individual plazas was conducted to narrow the regression testing to a reasonably manageable data universe (i.e., narrowing to eight plaza groupings, down from 64 total toll plazas, of which 39 exhibited usable data series)(2). Grouping toll plazas as such is generally justified by the close geographic proximity and similarity in traffic demand influence of the grouped plazas. An origin-destination (O-D) traffic survey conducted in 1999 provided data on the geographic influence on traffic by plaza and vehicle category, and that data set logically confirmed that the grouped toll plazas have similar (if not identical) geographic influences. While the collection of the O-D data was in 1999 and overall volumes are different today, the general market share distribution patterns should be relatively unchanged.

Utilizing the data compiled as part of the O-D survey, CDM Smith developed a profile (for both passenger and commercial vehicles) identifying the Pennsylvania counties and surrounding states that contribute traffic to each toll plaza interchange. As with the grouping of the individual toll plaza transaction data, the plaza-specific profiles of geographic influence were similarly clustered such that the plaza groupings could be regression tested against socioeconomic data that were appropriately geographically-weighted.

Independent (socioeconomic) regression variables at the state and county levels were then geographically-weighted (e.g., combinations of states and/or certain Pennsylvania counties) and each

(2) Note that the 64 plazas include 13 pertaining to either the Mon Fayette (PA 43) or the I-576 corridors, both of which are being separately analyzed and, as such, dismissed from this demand growth evaluation. Regardless, the transaction data limitations for those excluded barrier plazas preclude the possibility of an econometric regression-based assessment; there are too few data points for a statistically-defensible regression fit.

geographically-weighted subset data series was then regression-tested against the respective corresponding plaza grouping. Regression testing is conducted to determine the statistical influence of such socioeconomic variables (the independent variables) on traffic demand (the dependent variable).

According to the survey-based profiles, 46 counties in Pennsylvania (out of 67) logically serve as the predominate areas of influence for the Pennsylvania Turnpike traffic. As such, the geographically-weighted socioeconomic data for regression testing were consequently more heavily-weighted to account for those proximate geographies relative to the other areas of influence, including peripheral states. Generally, the non-Pennsylvania contributing geographies on traffic demand primarily pertain to those states immediately bordering the Commonwealth and the Turnpike corridors (i.e., NY, NJ, OH, MD, and WV), as would be intuitively expected. The remaining contributing states further beyond Pennsylvania thus have a far smaller weighting.

With the independent socioeconomic variables appropriately weighted to reflect their relative geographic influence, each weighted independent variable was individually regressed against the corresponding grouped plaza transaction data. In most instances, a majority of the pertinent independent variables exhibited a high statistical coefficient of determination, though certain variables and certain plaza groupings exhibited much stronger statistical correlations than others.

All of the independent variables were tested against each other for significant statistical correlation. As expected, the geographically-weighted independent variables that were tested all exhibit very high correlations with each other (because all the tested socioeconomic variables within a given geographic grouping are intuitively interrelated to a greater or lesser degree) and, as such, would result in a likely multicollinearity error in a multivariate regression equation. Therefore, only one socioeconomic independent variable was deemed statistically necessary to identify the correlative relationship with corridor traffic and to develop a forecast growth profile. In addition to quantitatively assessing the data, a qualitative assessment was also conducted. This qualitative assessment considered the reliability of the data sources, the extent of the historical time series, and the forecasting methodology for each data set.

After a careful review of the input data and regression tests results, one variable was reasoned as the best-suited correlative independent variable against historical corridor traffic transactions to forecast future long-term travel demand growth for each toll plaza grouping and vehicle category. Depending on the plaza grouping and vehicle category, the chosen weighted independent socioeconomic variable for the final regression-based estimates was employment, retail sales, or GRP. Adjusted coefficients of determination (adjusted R2) for such regression equations range from 85.3% upwards to 98.0%, indicating relatively strong statistical significance.(3)

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(3) Note that the Northeast Extension (Barrier) plaza grouping, comprised of the two barrier toll plazas at the far north end of the Northeast Extension corridor, for both passenger and commercial vehicles, did not have valid regression results for any of the tested weighted independent variables; as such, the regression-based approach was dismissed and the demand growth forecast for those two plazas were tagged to the regression-based growth results derived for the Northeast Extension (Ticket) system. Consequently, the presented results are for both the Northeast Extension barrier and ticket plazas.

Based on the econometric regression analysis, combined with updated forecasts of the explanatory socioeconomic variables, toll road corridor specific growth rates were developed for both passenger cars and commercial vehicles separately. Table 3-5 provides a summary of the average annual growth rates in 10-year increments, including for 2011 to 2021, 2021 to 2031, and 2031 to 2041. In addition, the total average annual percent growth between 2011 and 2041 is shown in the last column.

Table 3-5
Summary of Estimated Annual Traffic Growth
Pennsylvania Turnpike System

Average Annual Percent Growth Rates Between Fiscal Years

Toll System	**Normal Growth Only** 2011-21	2021-31	2031-41	2011-41	**Normal Growth Plus Toll Increase Impacts (1)** 2011-21	2021-31	2031-41	2011-41
	Passenger Cars				Passenger Cars			
Ticket System	1.8%	1.6%	1.6%	1.7%	1.7%	1.5%	1.5%	1.6%
Turnpike 43 and Turnpike 576	1.9	1.3	1.2	1.5	1.8	1.2	1.1	1.4
Turnpike 66	2.5	2.1	1.9	2.2	2.4	2.0	1.8	2.1
Northeast Extension Barrier Plazas	2.1	1.6	1.6	1.8	2.0	1.5	1.5	1.7
Turnpike I-376	2.2	2.2	2.0	2.1	2.0	2.1	1.9	2.0
Total Turnpike System	1.9	1.6	1.6	1.7	1.8	1.5	1.5	1.6
	Commercial Vehicles				Commercial Vehicles			
Ticket System	2.1%	1.9%	1.8%	1.9%	2.0%	1.8%	1.7%	1.8%
Turnpike 43 and Turnpike 576	5.1	2.7	2.2	3.3	4.9	2.5	2.1	3.2
Turnpike 66	2.9	2.2	1.9	2.3	2.7	2.1	1.8	2.2
Northeast Extension Barrier Plazas	3.3	2.3	2.0	2.5	3.1	2.2	1.9	2.4
Turnpike I-376	4.4	2.2	2.1	2.9	4.2	2.1	1.9	2.8
Total Turnpike System	2.4	2.0	1.8	2.1	2.2	1.8	1.7	1.9
	Total Vehicles				Total Vehicles			
Ticket System	1.9%	1.6%	1.6%	1.7%	1.7%	1.5%	1.5%	1.6%
Turnpike 43 and Turnpike 576	2.1	1.4	1.3	1.6	2.0	1.3	1.2	1.5
Turnpike 66	2.6	2.2	1.9	2.2	2.4	2.1	1.8	2.1
Northeast Extension Barrier Plazas	2.3	1.7	1.7	1.9	2.2	1.6	1.6	1.8
Turnpike I-376	2.5	2.2	2.0	2.2	2.4	2.1	1.9	2.1
Total Turnpike System	2.0	1.7	1.6	1.8	1.8	1.6	1.5	1.6

(1) The toll increase impacts are based on the program of toll increases shown in Table 4-2.

Note: These growth rates exclude the future impacts associated with the PTC's capital improvements program, including the I-95 Interchange project.

The first set of growth rates shown in Table 3-5 reflect "normal" growth only. That is to say, the growth that would likely occur based only on the underlying expected growth in the forecast socioeconomic variables. No other external factors, such as toll increases, capital improvement program impacts, etc. are assumed. The second set of growth rates shown in Table 3-5 shows the expected average annual growth rates assuming normal growth plus future toll rate increases. A more in-depth discussion of future toll rate increases and toll elasticities will be provided in Chapter 4.

The most influential growth rates for the Turnpike System are those for the ticket system; as shown in Figure 2-2, ticket system revenue accounts for about 95 percent of total system toll revenue. Thus, growth rates for the total system are nearly identical to those for the ticket system. As shown, normal passenger car average annual growth rates for the entire system range from 1.9 percent between 2011 and 2021 to 1.6 percent between 2031 and 2041.

Normal commercial vehicle growth rates are expected to increase at a slightly higher rate than those for passenger cars. Between 2011 and 2021 average annual growth is estimated at 2.4 percent. This decreases over time and averages about 1.8 percent per year between 2031 and 2041. The resulting average annual growth rates for total Turnpike System normal growth amount to 2.0 percent between 2011 and 2021 and declines to 1.6 percent for the 2031 to 2041 period. Overall Turnpike System growth averages about 1.8 percent per year over the entire forecast period (2011 to 2041). This is just about half the rate of growth experienced on the Turnpike over the previous 30 years.

The values shown on the right side of Table 3-5 reflect the estimated normal growth plus toll increase impact growth rates for the same time periods. As shown, these all average about 0.1 to 0.2 percentage points lower than the normal growth rates alone, reflecting the impact of annual toll increases. These growth rates are the ones used to develop the future year traffic volumes that will be discussed in Chapter 4. As noted above, the actual program of proposed toll increases and a detailed discussion of assumed toll elasticities will also be provided in Chapter 4. Traffic and revenue impacts resulting from the proposed capital improvement program are also not included in the growth rates shown in Table 3-5. Those, too, will be discussed in Chapter 4.

Chapter 4

Transaction and Toll Revenue Forecasts

Traffic and gross toll revenue forecasts are presented in this chapter for the ticket system, the barrier system, and the total Turnpike System. Forecasts are presented by fiscal year from 2011-12 through 2040-41. Also presented in this chapter are important inputs to the forecasts, including committed roadway projects, assumed future toll rate increases, the estimated sensitivity of customers to toll increases, and the recent modification to the commercial volume-discount program.

Committed Turnpike System Roadway Improvements

Through discussions with PTC personnel and by reviewing the Enhanced FY 2012 Ten Year Capital Plan Project Listing, dated June 13, 2011, CDM Smith identified the major committed roadway improvements that would potentially impact traffic and toll revenue on the Turnpike System. Projects were identified on the Mainline I-76/276 and the Northeast Extension. Table 4-1 lists the identified projects and Figure 4-1 presents the locations of the projects. A brief description of each project is provided below.

Mainline I-76/I-276 Roadway Improvement Projects

Milepost (MP) 31.04 to 37.82 Roadway and Bridge Reconstruction – This project is a total reconstruction effort that will widen the four lane (two lanes per direction) segment of I-76, between the Warrendale Plaza (MP 31) and Butler Valley (MP 38) Interchange, to six lanes (three lanes per direction). The reconstruction effort includes improved curve geometry for the segment between MP 32.4 and MP 35.5. In addition to the roadway improvements, all four structures carrying the mainline will be reconstructed. Construction began (Notice to Proceed) June 9, 2009 and is scheduled for completion in late Fall 2012.

MP 199.34 to MP 201.74 Roadway and Bridge Reconstruction - This project is entering the second year of a two year project to reconstruct the roadway to full depth and widen the roadway from two lanes to three lanes in each direction. In addition, the existing ramps at the Blue Mountain Interchange will be replaced along with a ramp bridge under the turnpike mainline. Construction began in March 2011 and is scheduled for completion in June 2013.

MP 215 to MP 226 Roadway Improvements – This project is now in the first of two stages of a reconstruction and widening effort. The first stage consists of rebuilding and widening the five mile section between MP 215 and MP 220 from two lanes to three lanes in each direction. Construction on Stage 1 began in March 2011 and is scheduled for completion in November 2012. Stage 2 consists of rebuilding and widening the six mile section between MP 220 and the Carlisle Interchange (MP 226) from two lanes to three lanes in each direction. Construction on Stage 2 is scheduled to begin in November 2014 and is expected to be completed in 2016.

Route 29 All-Electronic Interchange Project (MP 320) – Located between the Downingtown (MP 312) and Valley Forge (MP 326) Interchanges, the new full access interchange will be available to E-ZPass customers only. The new interchange is intended to offer an alternative to surface roads that

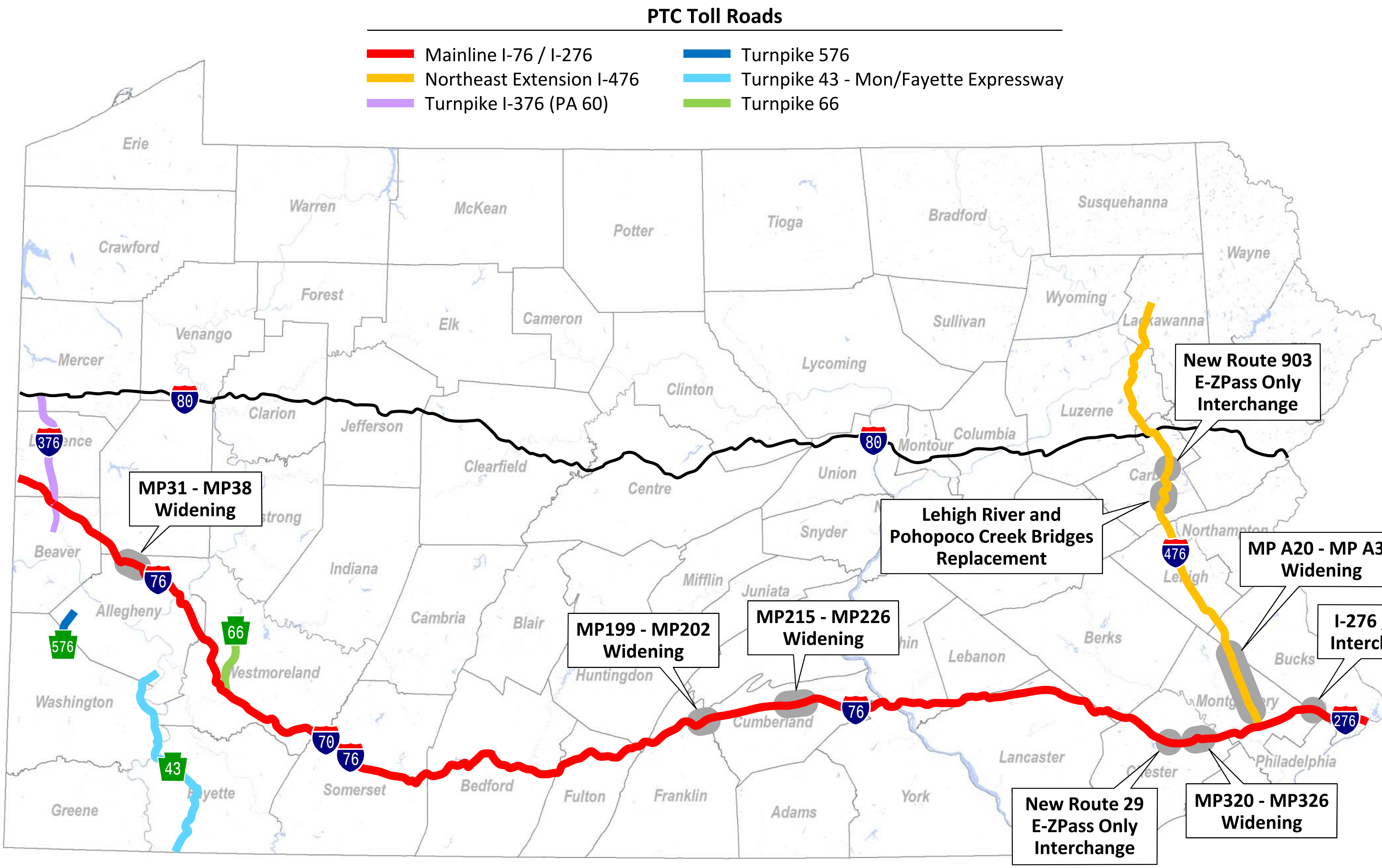
Table 4-1
Major Committed Roadway Improvements on the Turnpike System (1)
Pennsylvania Turnpike

Milepost	Location	Description	Actual or Assumed Start Date	Assumed Completion Date
Mainline I-76/I- 276				
31 - 37	Warrendale to Butler Valley	Widen to 3 lanes per direction	June 2009	Fall 2012
199 - 201	Blue Mountain Interchange	Widen to 3 lanes per direction	March 2011	June 2013
215 - 226	Blue Mountain to Carlisle	Widen to 3 lanes per direction	March 2011	Fall 2016
320	I-76 and Route 29	Construct E-ZPass-only interchange with Route 29	March 2011	Fall 2012
320 - 326	Downingtown to Valley Forge	Widen to 3 lanes per direction	Spring 2013	2015
Mainline I-76/I- 276 and I-95 Interchange				
Stage 1				
356 - 360	I-95 to Delaware River Bridge	Widen I-276 to 3 lanes per direction	2010	Jan. 2018
		Modify toll plaza locations and toll schedule		
		Construct partial I-276/I-95 Interchange		
Northeast Extension I-476				
A20 - A26	Mid-County to Berks Road	Widen to 3 lanes per direction	Feb. 2011	Fall 2013
A26 - A31	Berks Road to Lansdale	Widen to 3 lanes per direction	Spring 2014	Fall 2018
A31 - A38	Wambold to Clump	Widen to 3 lanes per direction	2019(2)	Fall 2022
73 - 75	Lehigh River\Pohopoco Creek Bridges	Replace two existing bridges with four new spans	Dec. 2008	Nov. 2012
74 - 95	I-476 and Route 903	Construct E-ZPass-only interchange with Route 903	Spring 2009	Spring 2014

(1) The roadway improvement projects shown in this table are a small subset of the projects listed in the PTC's Enhanced FY 2012 Ten Year Capital Plan Project Listing, dated June 13, 2011.

(2) The start date of construction on the A31 - A38 segment of I-476 is contingent on the completion of segment A26 - A31

Source: Pennsylvania Turnpike Commission



PENNSYLVANIA TURNPIKE COMMISSION (PTC) MAJOR ROADWAY IMPROVEMENT PROJECTS

provide access to Route 29, and to ease congestion at the Downingtown and Valley Forge Interchanges. Construction began in March 2011 and is scheduled for completion in Fall 2012.

MP 320 to MP 326 Total Reconstruction Project – This project involves a full-depth total reconstruction and widening of the six mile segment from two lanes to three lanes in each direction. The project also includes the replacement of two overhead bridges and seven mainline bridges. 2013 is slated as a potential start date for construction, and the project is expected to take two to three years.

Pennsylvania Turnpike I-276/I-95 Interchange Project

This is a major project that will be completed in three stages. The project includes the construction of a high-speed, full-access interchange between I-276 and a re-designated I-95, making I-95 continuous through the mid-Atlantic region. The project also includes roadway widening on I-276 from immediately west of Interchange 351 (Philadelphia) eastward to the western side of the Delaware River Bridge. A new parallel bridge on I-276 will be constructed over the Delaware River. In addition, the project includes changes to the tolling locations and toll structure on I-276. At this point in time, only Stage 1 is a committed roadway improvement recognized in the Enhanced FY 2012 Ten Year Capital Plan Project Listing, dated June 13, 2011. Only the transaction and toll revenue impacts associated with Stage 1 are included in this study. Stages 2 and 3 are described below only for informational purposes.

The stages are described below.

Stage 1 (MP 356 to MP 360) includes widening the mainline segment between I-95 and the Delaware River Bridge from two to three lanes per direction, construction of a new mainline toll plaza in Bensalem, construction of the northbound-eastbound and westbound-southbound interchange ramps and the replacement of four overhead bridges. Construction began in 2010 and is scheduled for completion by the start of 2018.

Stage 2 (MP 351 to MP 356) includes widening the mainline segment between US 1 and I-95 from two to three lanes per direction, construction of the six remaining interchange ramps and the replacement of two overhead bridges. Construction is currently scheduled to begin in 2020 and is completion is anticipated by the end of 2022.

Stage 3 (MP 320) is the construction of a parallel span to the Delaware River Bridge. Construction is currently expected to begin in 2024. The project is assumed to be completed by the beginning of 2028.

Northeast Extension (I-476) Roadway Improvement Projects

MP A20 to MP A26 Total Reconstruction Project - This project consists of widening the six mile segment between the Mid-County Interchange (MP A20) and Berks Road (MP A26) from two lanes in each direction to three lanes in each direction, including seven mainline bridges. Construction began February 28, 2011 and is scheduled to continue through 2013.

MP A26 to MP A31 Total Reconstruction Project - This project consists of widening the five mile segment from Berks Road (MP A26) to the Lansdale Interchange (MP A31) from two lanes in each direction to three lanes in each direction. This section of the Northeastern Extension Total Reconstruction and Widening Project is in final design and is projected to go to construction in 2014 and continue through 2018. Three overhead bridges remain to be reconstructed as part of the effort, and are also projected to go to construction in 2014.

MP A31 to MP A38 Total Reconstruction Project - Design is beginning for the reconstruction and widening of the Northeast Extension of the Pennsylvania Turnpike from just north of Wambold Road (MP A31) to just north of Clump Road (MP A38). As a continuation of the MP A26 to MP A31 project, widening will again expand the mainline segment from two lanes in each direction to three lanes in each direction. The start date for construction on this segment is currently expected to begin in 2019, but is contingent on the completion of reconstruction and widening of MP A26 to MP A31.

Lehigh River and Pohopoco Creek Bridge Replacements Project (MP 73.52 to MP 75.29) – This project consists of the replacement of both Lehigh River and adjacent Pohopoco Creek bridges located approximately two miles north of the Lehigh Tunnel between MP 73.52 and MP 75.29. The existing spans were first opened to traffic in 1957. Construction on the new structures, two northbound and two southbound, began December 22, 2008 and is scheduled for completion on November 2, 2012.

Route 903 Interchange Project (MP 74 to MP 95) – This project consists of the construction of a new E-ZPass-only interchange along the Northeast Extension between existing Mahoning Valley (MP 74) and Pocono (MP 95) exits. Construction will be performed in two-phases. Phase 1 will result in the construction of one-half of the new bridge to carry Route 903 over the Northeast Extension. Phase 2 includes all remaining work necessary to complete the interchange. Phase 1 began construction in spring 2009 and was completed approximately one year later. Phase two is scheduled to begin construction in spring 2012 and finish in spring 2014.

Construction Related Impacts on Turnpike System Traffic

Construction related impacts stemming from roadway improvement projects on the Turnpike System are expected to be minimal. Construction projects on the Turnpike System are programmed to minimize lane closures and access restrictions. When such measures are necessary, they are conducted overnight to avoid interfering with heavier daytime traffic volumes. Generally, preference is given to Turnpike mainline traffic and construction related disruptions are more likely to affect cross streets and Turnpike access points. Two travel are maintained in both directions during construction activities.

Assumed Toll Rate Increases on the Turnpike

At the direction of the PTC, annual toll rate increases are assumed to occur on the entire Turnpike System. The toll rate increases are assumed to occur within several days of January 1 of each year. Table 4-2 presents the assumed percent increases in toll rates for each calendar year from 2013 through 2041. In addition, the actual percent increases in toll rates are shown for years 2009 through 2012.

As shown in Table 4-2, the assumed percent increases in toll rates are identical for cars and trucks, and E-ZPass and cash transactions throughout the forecast period. The percent toll-rate increases range from 3.0 to 5.5 percent per year between 2013 and 2021. From 2022 through 2041, a three percent toll-rate increase is assumed for each year. Consistent with the PTC tolling policy, E-ZPass tolls are rounded up to the nearest cent, and cash toll rates are rounded to the nearest nickel.

Table 4-2
Actual and Assumed Future Toll Rate Increases (1)
Pennsylvania Turnpike

Calendar		Percent Increase For Cars and Trucks		Sample Toll Rates					
				$1.00 Toll		$2.50 Toll		$10.00 Toll	
Year		Cash	E-Zpass	Cash	E-Zpass	Cash	E-Zpass	Cash	E-Zpass
2009	(2)	25.0	25.0	$1.00	$1.00	$2.50	$2.50	$10.00	$10.00
2010	(2)	3.0	3.0	1.05	1.03	2.60	2.58	10.30	10.30
2011	(2)	10.0	3.0	1.20	1.06	2.90	2.65	11.35	10.61
2012	(2)	10.0	0.0	1.35	1.06	3.20	2.65	12.50	10.61
2013		3.0	3.0	1.40	1.09	3.30	2.73	12.90	10.93
2014		3.0	3.0	1.45	1.13	3.40	2.81	13.30	11.26
2015		4.3	4.3	1.55	1.17	3.55	2.93	13.90	11.73
2016		5.5	5.5	1.65	1.24	3.75	3.09	14.70	12.38
2017		5.5	5.5	1.75	1.31	4.00	3.26	15.55	13.06
2018		5.5	5.5	1.85	1.38	4.25	3.44	16.45	13.78
2019		5.5	5.5	2.00	1.45	4.50	3.63	17.40	14.54
2020		5.5	5.5	2.15	1.53	4.75	3.83	18.40	15.34
2021		4.0	4.0	2.25	1.59	4.95	3.99	19.15	15.95
2022		3.0	3.0	2.35	1.64	5.10	4.11	19.75	16.43
2023		3.0	3.0	2.45	1.69	5.30	4.23	20.35	16.92
2024		3.0	3.0	2.55	1.74	5.50	4.36	21.00	17.43
2025		3.0	3.0	2.65	1.80	5.70	4.49	21.65	17.95
2026		3.0	3.0	2.75	1.85	5.90	4.62	22.30	18.49
2027		3.0	3.0	2.85	1.90	6.10	4.76	23.00	19.04
2028		3.0	3.0	2.95	1.96	6.30	4.90	23.70	19.61
2029		3.0	3.0	3.05	2.02	6.50	5.05	24.45	20.20
2030		3.0	3.0	3.15	2.08	6.70	5.20	25.20	20.81
2031		3.0	3.0	3.25	2.14	6.95	5.36	26.00	21.43
2032		3.0	3.0	3.35	2.21	7.20	5.52	26.80	22.08
2033		3.0	3.0	3.50	2.27	7.45	5.68	27.65	22.74
2034		3.0	3.0	3.65	2.34	7.70	5.86	28.50	23.42
2035		3.0	3.0	3.80	2.41	7.95	6.03	29.40	24.12
2036		3.0	3.0	3.95	2.48	8.20	6.21	30.30	24.85
2037		3.0	3.0	4.10	2.56	8.45	6.40	31.25	25.59
2038		3.0	3.0	4.25	2.64	8.75	6.59	32.20	26.36
2039		3.0	3.0	4.40	2.72	9.05	6.79	33.20	27.15
2040		3.0	3.0	4.55	2.80	9.35	6.99	34.20	27.97
2041		3.0	3.0	4.70	2.88	9.65	7.20	35.25	28.80

(1) Future toll rate increases are assumed to be implemented within several days of January 1.
(2) Actual toll rate increase implememted for most Turnpike tolls. Exceptions include Turnpike 576 and a section of Turnpike 43.

Table 4-2 also shows the actual percent increases in toll rates that were implemented in 2009, 2010, 2011, and 2012. In 2009, most Turnpike tolls increased by 25 percent. That was the first toll increase on the Turnpike since 2004. In 2010, a three percent increase was implemented for both cash and E-ZPass transactions. In 2011, a toll rate increase of 10 percent for cash transactions and 3 percent for E-ZPass transactions was implemented. This was the first time a price differential between cash and

E-ZPass was implemented. An additional 10 percent toll rate increase for cash transactions was implemented in 2012, increasing the difference between cash and E-ZPass tolls.

Estimated Toll Sensitivity of Transactions to Toll Increases

An analysis was conducted to estimate the current sensitivity of Turnpike customers to toll increases. Data from the 2009 toll rate increase was used for the following reasons:

1. Toll rates were increased by 25 percent except for Turnpike 576 and Turnpike 43 between Uniontown and Brownsville. The size of the toll increase was large enough to illicit a more discernable response from Turnpike customers.

2. It is more difficult to estimate the toll sensitivity based on the most recent toll increases in 2010, 2011, and 2012. In 2010, the three percent increase in tolls was not large enough to identify a clear reaction from the customers, as the toll increase was largely keeping pace with inflation. Any sensitivity to the toll increase was easy to mask with other variables such as fuel prices, weather and economy. The 2011 toll increase consisted of a 10 percent increase in cash and a three percent increase in E-ZPass. This toll increase caused several shifts in traffic, including some cash traffic to shift to E-ZPass, some cash traffic to reduce or curtail their trips on the Turnpike, and a very small reduction in some E-ZPass trips. Because of the shift from cash to E-ZPass traffic, it is more difficult to isolate the sensitivity to the toll increase. The last toll increase was just implemented on January 1, 2012. There is insufficient data to analyze this last toll increase.

Table 4-3 provides a summary of the estimated impact on transactions of the 25 percent toll rate increase implemented on January 4, 2009. The transactions for calendar year 2009 were compared with 2008 transactions. Passenger car transactions increased by 0.2 percent and commercial vehicle transactions decreased by 8.5 percent. The change in transactions between 2008 and 2009 incorporated normal growth and the impact due to the toll increase.

An analysis of general growth trends prior to and after the 2009 toll increase led to the estimation that normal transaction growth between 2008 and 2009 was approximately 1.0 percent for passenger cars and -7.5 percent for commercial vehicles, largely due to the recession. The difference in the observed growth and the estimated normal growth reflects the impact of the toll rate increase. In this case, the impact of the 25 percent toll-rate increase is estimated at -0.8 percent for passenger cars and -1.0 percent for commercial vehicles. This results in an elasticity of demand of -3.2 percent for passenger cars and -4.0 percent for commercial vehicles. The elasticity of demand is calculated by dividing the estimated toll increase impact by the percent toll rate increase. Thus, for each 100 percent increase in toll rates, passenger car transactions would be expected to decrease by about 3.2 percent and commercial vehicle transactions by about 4.0 percent. This estimated elasticity of demand was employed in this study to forecast future changes in transactions associated with assumed toll rate increases.

Table 4-3
Estimated Impact of 2009 Toll Rate Increase (1)
Pennsylvania Turnpike System

Time Period/Impact Estimates	Passenger Car	Commercial Vehicle	Total
Toll Increase plus Normal Growth Impact (2)	0.2%	-8.5%	-0.9%
Estimated Normal Growth Only	1.0%	-7.5%	-0.1%
Estimated Toll Increase Impact (3)	-0.8%	-1.0%	-0.8%
Percent Toll Increase	25.0%	25.0%	25.0%
Elasticity of Demand (4)	-3.2%	-4.0%	-3.2%

(1) A rate increase of approximately 25 percent was implemented for all vehicle classes on January 4, 2009.
(2) This reflects the total change in traffic between calendar year 2009 over 2008.
(3) The estimated toll impact is calculated by subtracting normal growth (row two) from the total traffic impact shown in row one.
(4) Elasticity of demand is calculated by dividing the estimated toll increase impact by the percent toll rate increase.

Estimated E-ZPass Market Shares in Future Years

Because a price differential has been established between cash and E-ZPass toll rates, it is important to estimate future year E-ZPass market shares in order to forecast gross toll revenues. Historically, cash and E-ZPass toll rates were virtually identical until 2011, differing only because cash rates were rounded up to the nearest nickel while E-ZPass rates were rounded up to the nearest cent. There was no reason for a customer to choose E-ZPass over cash based solely on the toll rate.

In 2011 and 2012, two sequential toll rate increases established a differential between E-ZPass and cash toll rates. After the 2011 toll rate increase, cash toll rates were approximately 7 percent greater than E-ZPass rates. After the 2012 toll rate increase, cash toll rates are approximately 17 percent greater than cash rates. The differential creates incentives for cash customers to shift to E-ZPass, and for new accounts to favor E-ZPass over cash.

At the direction of the PTC, it is assumed that all future year toll increases will be applied identically to cars and trucks, and to E-ZPass and cash transactions. There will not be any further increases in the E-ZPass and cash toll-rate differential. Table 4-4 presents the actual percent E-ZPass market shares from calendar years 2008 through 2011, and the estimated percent E-ZPass market shares from 2012

Table 4-4
Actual and Estimated
FutureYear E-ZPass Market Shares
Pennsylvania Turnpike System

Calendar Year		Passenger Cars: Percent Market Share	Passenger Cars: Percentage Change Over Prior Year	Commercial Vehicles: Percent Market Share	Commercial Vehicles: Percentage Change Over Prior Year	Total Vehicles: Percent Market Share	Total Vehicles: Percentage Change Over Prior Year
2008	(1)	48.6		73.1		51.9	
2009	(1)	52.7	4.0	75.7	2.5	55.5	3.6
2010	(1)	55.7	3.0	76.9	1.2	58.3	2.9
2011	(1)	60.2	4.5	79.0	2.2	62.6	4.3
2012	(2)	64.3	4.1	80.4	1.4	66.4	3.8
2013	(2)	65.7	1.4	81.0	0.6	67.7	1.3
2014	(2)	66.9	1.2	81.6	0.6	68.8	1.1
2015	(2)	68.1	1.2	82.2	0.6	69.9	1.1
2016	(2)	68.8	0.7	82.8	0.6	70.6	0.7
2017	(2)	69.5	0.7	83.3	0.6	71.3	0.7
2018	(2)	70.1	0.7	83.9	0.6	71.9	0.7
2019	(2)	70.8	0.7	84.5	0.6	72.6	0.7
2020	(2)	71.4	0.6	85.0	0.6	73.2	0.6
2021	(2)	71.9	0.5	85.6	0.5	73.7	0.5
2022	(2)	72.5	0.5	86.1	0.5	74.3	0.5
2023	(2)	73.0	0.5	86.6	0.5	74.8	0.5
2024	(2)	73.5	0.5	87.0	0.5	75.3	0.5
2025	(2)	74.0	0.5	87.5	0.5	75.9	0.5
2026	(2)	74.5	0.5	88.0	0.5	76.4	0.5
2027	(2)	75.0	0.5	88.5	0.5	76.8	0.5
2028	(2)	75.4	0.5	89.0	0.5	77.3	0.5
2029	(2)	75.9	0.5	89.5	0.5	77.7	0.5
2030	(2)	76.4	0.5	90.0	0.5	78.2	0.5
2031	(2)	76.7	0.4	90.3	0.3	78.6	0.4
2032	(2)	77.1	0.4	90.6	0.3	78.9	0.3
2033	(2)	77.4	0.4	90.9	0.3	79.3	0.3
2034	(2)	77.8	0.4	91.2	0.3	79.6	0.3
2035	(2)	78.1	0.3	91.5	0.3	80.0	0.3
2036	(2)	78.5	0.3	91.8	0.3	80.3	0.3
2037	(2)	78.8	0.3	92.1	0.3	80.6	0.3
2038	(2)	79.1	0.3	92.4	0.3	81.0	0.3
2039	(2)	79.4	0.3	92.7	0.3	81.3	0.3
2040	(2)	79.8	0.3	93.0	0.3	81.6	0.3
2041	(2)	80.0	0.2	93.3	0.3	81.9	0.3

(1) Actual E-ZPass market shares
(2) Estimated E-ZPass market shares

through 2041 for passenger cars and commercial vehicles. Also shown are the percentage point increases in the E-ZPass market share over the prior year.

In 2010, the E-ZPass market share totaled 55.7 percent for passenger cars and 76.9 percent for commercial vehicles. In 2011, after the 10 percent increase in cash toll rates and the 0 percent toll increase in E-ZPass toll rates, the E-ZPass market share increased by 4.5 percentage points for passenger cars, and 2.2 percentage points for commercial vehicles resulting in an E-ZPass market of 60.2 percent and 79.0 percent, respectively. It is estimated that the E-ZPass market share will increase by another 4.1 percent for passenger cars and 1.4 percent for commercial vehicles in 2012 due to the 10 percent increase in cash tolls implemented in January of that year. One month (January 2012) of transaction data by payment type was available at the time of this study.

The estimated E-ZPass market shares for calendar years 2013 through 2041 was based on historic trends of E-ZPass growth, and assumed no further increases in the differential between cash and E-ZPass tolls. The estimated market shares ranged from 65.7 percent in 2013 to 80.0 percent in 2041 for passenger cars, and 81.0 percent to 93.3 percent for commercial vehicles.

Assumptions on The Commercial Volume Discount Program

On January 1, 2012 the post-paid, commercial volume-discount program was modified. The available discounts were reduced by 5 percentage points for each category, resulting in the following discounts for post-paid E-ZPass customers:

- $5,000.01 - $10,000.00 in monthly tolls are eligible for a 5 percent discount; and
- $10,000.01 and over are eligible for a 10 percent discount in tolls.

The trend in reduced volume discounts is assumed to continue in the future. In January 2013 only those with more than $10,000 in monthly tolls will receive a discount amounting to 5 percent, and in January 2014 all commercial discounts will be eliminated.

Transaction and Gross Toll Revenue Forecasts

This section summarizes the forecasts of toll transactions and gross toll revenue based on the information provided in the preceding sections of this report. All previously discussed information regarding transaction growth rates in the various Turnpike corridors (Chapter 4) as well as assumed toll rates, toll elasticities, E-ZPass market share, commercial vehicle volume discount program, etc. are all brought together to develop the following forecasts.

A table similar to Table 4-5 was presented in Chapter 2 (Table 2-5). This table adds information regarding the near term forecast to show the relationship between GDP, GRP and GSP and estimated transaction growth on the Turnpike through 2015. These growth rates, as well as those presented for both employment and retail sales forecasts, all show slightly higher than normal growth in the near term as economic activity begins to pick up after the recent severe recession. Table 4-5 shows that transaction growth is estimated to remain relatively subdued in 2012 and into 2013, remaining at, or below 2.0 percent. A somewhat larger recovery impact is then shown for 2014 and 2015, though with

Table 4-5

Near Term Measures of Commercial Activity and Total Turnpike Traffic Estimates

Percent Change Over Previous Year

Calendar Year	Gross Domestic Product Growth (1) (U.S.)	Gross Regional Product Growth (1) (NY, NJ, PA)	Gross State Product Growth (1) (PA)	PA Turnpike System Traffic Growth: Passenger Cars	PA Turnpike System Traffic Growth: Commercial Vehicles	PA Turnpike System Traffic Growth: All Vehicles
2009 (Actual)	**(3.5)**	**(2.9)**	**(1.7)**	0.2	(8.5)	(0.9)
1st Quarter	(4.5)	(7.6)	(3.3)			
2nd Quarter	(5.0)	(2.0)	(2.1)			
3rd Quarter	(3.7)	(1.3)	(1.3)			
4th Quarter	(0.5)	(0.4)	(0.1)			
2010 (Actual)	**3.0**	**4.0**	**3.0**	1.0	4.0	1.3
1st Quarter	2.2	5.4	2.1			
2nd Quarter	3.3	4.5	2.7			
3rd Quarter	3.5	3.9	4.6			
4th Quarter	3.1	2.1	2.7			
2011 (Actual)	**1.7**	**0.5**	**1.2**	(1.1)	1.0	(0.9)
1st Quarter	2.2	1.5	2.5			
2nd Quarter	1.6	(0.7)	1.3			
3rd Quarter	1.5	0.0	(0.0)			
4th Quarter	1.6	1.4	0.8			
2012 (2)	**2.6**	**2.7**	**2.3**	1.8	2.9	1.9
1st Quarter	2.1	2.3	1.8			
2nd Quarter	2.4	2.6	2.2			
3rd Quarter	2.8	2.8	2.5			
4th Quarter	3.1	3.2	2.7			
2013	**3.1**	**2.8**	**2.6**	1.9	2.6	2.0
2014	**3.9**	**3.0**	**3.2**	2.3	2.7	2.4
2015	**3.7**	**3.2**	**2.9**	2.3	2.5	2.3

(1) GDP percent changes are based on constant 2005 dollars. Actual data (2009, 2010, and 2011) is from the US Bureau of Economic Analysis. Forecast data (2012 - 2015) is from Moody's Economy.com baseline forecast (February 2012).

(2) Estimated traffic growth for 2012 includes 1 month of actual experience.

growth still in the 2.3 to 2.4 percent range. Beyond this, traffic growth is assumed to moderate to something closer to its longer term forecast average of around 1.6 percent per year.

Table 4-6 shows estimated ticket system transactions and gross toll revenue through FY 2040-41. Actual data is shown for the first three fiscal years; actual data is also included for the first 8 months of FY 2011-12 (actual through January 2012). As shown, total ticket toll transactions are estimated to increase from about 156.1 million in FY 2010-11 (the latest full year of actual experience) to nearly251.1 million by FY 2040-41; this represents an average annual growth rate of about 1.6 percent. Annual gross toll revenue is estimated to increase from $723.3 million in FY 2010-11 to nearly $3.3 billion by FY 2040-41. This represents an average annual increase of about 5.2 percent and includes the impacts of normal growth, annual toll rate increases, and the impact of the I-95 Interchange. The I-95 Interchange and the toll plaza modifications/toll changes associated with it are estimated to add about 4 percent to ticket system revenue when implemented in January 2018.

Table 4-7 identifies the same transaction and gross toll revenue information for the barrier system. As shown, total transactions are estimated to increase from about 33.0 million in FY 2010-11 to 57.4 million by FY 2040-41, an average annual increase of about 1.9 percent. This is slightly greater than the rate of growth for the ticket system, but consistent with the historical relationship between the ticket and barrier systems. Estimated annual toll revenue is expected to increase from nearly $40.6 million in FY 2010-11 to $205.6 million by the end of the forecast period. This represents a 5.6 percent annual rate of increase.

Total Turnpike System transactions and gross toll revenue are shown in Table 4-8. Total transactions increase from just over 189.0 million in FY 2010-11 to about 308.5 million by FY 2040-41; this represents an average annual increase of 1.6 percent, or just under half the rate of growth during the previous 30 years. Total gross revenue, after discounts and adjustments, is estimated to grow from approximately $739.7 million in FY 2010-11 to nearly $3.5 billion by FY 2040-41, representing a 5.3 percent average annual rate of growth. Again, this includes normal growth, toll increase impacts, and additional revenue from the I-95 Interchange project and associated toll adjustments. As discussed above, the commercial E-ZPass discount program is being phased out. Beginning in January 2014 no discounts will be offered, thus all discount and adjustment impacts are eliminated by FY 2014-15.

Disclaimer

Current accepted professional practices and procedures were used in the development of these traffic and gross toll revenue forecasts. However, as with any forecast of the future, it should be understood that there may be differences between forecasted and actual results caused by events and circumstances beyond the control of the forecasters. In formulating its forecasts, CDM Smith has reasonably relied upon the accuracy and completeness of information provided (both written and oral) by the Pennsylvania Turnpike Commission and other local and state agencies. CDM Smith also has relied upon the reasonable assurances of some independent parties and are not aware of any facts that would make such information misleading.

CDM Smith has made qualitative judgments related to several key variables in the development and analysis of the traffic and revenue forecasts that must be considered as a whole; therefore selecting portions of any individual result without consideration of the intent of the whole may create a

Table 4-6
Ticket System: Estimated Annual Transactions and Gross Toll Revenue (1)
Pennsylvania Turnpike

Traffic and Toll Revenue in Thousands

		Annual Transactions			Annual Gross Toll Revenue		
Fiscal Year		Passenger Cars	Commercial Vehicles	Total Vehicles	Passenger Cars	Commercial Vehicles	Total Vehicles
2008-09	(2) (4)	133,797	20,449	154,245	$333,120	$273,528	$606,648
2009-10	(2) (5)	134,570	19,765	154,335	388,757	292,174	680,931
2010-11	(2) (6)	135,722	20,368	156,090	406,506	316,770	723,276
2011-12	(3) (7)	134,452	20,384	154,836	420,637	331,251	751,888
2012-13	(8)	136,441	20,814	157,255	438,116	346,512	784,629
2013-14	(8)	139,308	21,284	160,592	458,415	364,565	822,980
2014-15	(8)	142,631	21,777	164,407	483,519	385,700	869,219
2015-16	(8)	145,689	22,248	167,938	515,425	412,388	927,813
2016-17	(8)	148,225	22,692	170,917	551,981	443,229	995,210
2017-18	(8) (9)	151,894	23,324	175,217	599,506	483,879	1,083,385
2018-19	(8)	156,162	24,059	180,221	655,625	531,013	1,186,639
2019-20	(8)	158,350	24,477	182,827	699,892	569,305	1,269,197
2020-21	(8)	160,593	24,905	185,498	743,279	606,757	1,350,036
2021-22	(8)	162,933	25,350	188,283	779,883	639,010	1,418,893
2022-23	(8)	165,348	25,807	191,156	813,680	669,288	1,482,969
2023-24	(8)	167,806	26,270	194,077	848,972	700,932	1,549,904
2024-25	(8)	170,311	26,739	197,050	885,845	733,998	1,619,843
2025-26	(8)	172,846	27,213	200,059	924,281	768,549	1,692,829
2026-27	(8)	175,408	27,693	203,101	964,323	804,645	1,768,968
2027-28	(8)	178,016	28,179	206,194	1,006,134	842,353	1,848,487
2028-29	(8)	180,672	28,670	209,343	1,049,818	881,740	1,931,559
2029-30	(8)	183,376	29,168	212,544	1,095,437	922,915	2,018,352
2030-31	(8)	186,124	29,673	215,797	1,143,267	966,120	2,109,387
2031-32	(8)	188,902	30,181	219,083	1,193,455	1,011,458	2,204,913
2032-33	(8)	191,721	30,697	222,418	1,245,844	1,058,862	2,304,706
2033-34	(8)	194,590	31,220	225,810	1,300,579	1,108,443	2,409,021
2034-35	(8)	197,514	31,749	229,262	1,357,798	1,160,230	2,518,028
2035-36	(8)	200,474	32,283	232,757	1,417,477	1,214,318	2,631,794
2036-37	(8)	203,474	32,824	236,297	1,479,744	1,270,801	2,750,544
2037-38	(8)	206,531	33,371	239,902	1,544,835	1,329,834	2,874,670
2038-39	(8)	209,642	33,926	243,568	1,612,849	1,391,553	3,004,402
2039-40	(8)	212,813	34,489	247,301	1,683,955	1,456,051	3,140,006
2040-41	(8)	216,031	35,060	251,092	1,758,517	1,523,538	3,282,055

(1) Includes the transactions and toll revenue from the Warrendale Plaza.
(2) Reflects actual traffic and revenue experience.
(3) Reflects actual experience through January 2012.
(4) A 25 percent toll rate increase was implemented on January 4, 2009, except for the Southern Beltway and the section of PA 43 from Uniontown to Brownsville, where the toll rates remain unchanged.
(5) A 3 percent toll rate increase was implemented on January 3, 2010, except fro the Southern Beltway, whe toll rates remained unchanged.
(6) A 10 percent toll rate increase for cash transactions, and a 3 percent toll rate increase for ETC transaction was implemented on January 2, 2011, except for the Southern Beltway, where toll rates remained unchang
(7) A 10 percent toll rate increase for cash transactions was implemented on January 1, 2012, except for the Southern Beltway, where toll rates remained unchanged.
(8) Annual toll rate increases are assumed to be implemented at the first of each year. The percent increases are the same for cars and trucks, and for E-ZPass and cash. The percent increases range from 3.00% to 5.50%, depending upon the year. The rates for each year are shown listed in Table 4-2.
(9) Includes impacts for I-95 Interchange Stages 0 and 1, as described in Table 4-1.

Table 4-7
Barrier System: Estimated Annual Transactions and Gross Toll Revenue (1)
Pennsylvania Turnpike

Traffic and Toll Revenue in Thousands

Fiscal Year		Annual Transactions: Passenger Cars	Annual Transactions: Commercial Vehicles	Annual Transactions: Total Vehicles	Annual Gross Toll Revenue: Passenger Cars	Annual Gross Toll Revenue: Commercial Vehicles	Annual Gross Toll Revenue: Total Vehicles
2008-09	(2) (4)	28,841	3,134	31,975	$23,225	$8,371	$31,596
2009-10	(2) (5)	29,029	3,168	32,196	27,224	9,884	37,108
2010-11	(2) (6)	29,508	3,445	32,953	29,246	11,335	40,581
2011-12	(3) (7)	30,483	3,755	34,238	32,082	12,922	45,004
2012-13	(8)	31,210	3,967	35,176	34,029	13,953	47,982
2013-14	(8)	31,819	4,144	35,964	35,567	14,981	50,547
2014-15	(8)	32,451	4,317	36,768	37,389	16,120	53,509
2015-16	(8)	33,071	4,482	37,554	39,770	17,505	57,275
2016-17	(8)	33,686	4,624	38,310	42,599	19,035	61,634
2017-18	(8) (9)	34,297	4,750	39,046	45,614	20,615	66,229
2018-19	(8)	34,900	4,868	39,768	48,828	22,277	71,104
2019-20	(8)	35,499	4,984	40,483	52,259	24,051	76,310
2020-21	(8)	36,103	5,103	41,206	55,622	25,814	81,437
2021-22	(8)	36,723	5,224	41,948	58,487	27,370	85,857
2022-23	(8)	37,356	5,348	42,704	61,146	28,847	89,994
2023-24	(8)	37,995	5,472	43,467	63,916	30,392	94,308
2024-25	(8)	38,640	5,597	44,237	66,809	32,009	98,818
2025-26	(8)	39,291	5,722	45,013	69,841	33,697	103,538
2026-27	(8)	39,945	5,848	45,794	73,024	35,460	108,484
2027-28	(8)	40,605	5,975	46,580	76,359	37,296	113,655
2028-29	(8)	41,272	6,101	47,372	79,837	39,208	119,045
2029-30	(8)	41,945	6,227	48,172	83,462	41,200	124,662
2030-31	(8)	42,622	6,353	48,975	87,238	43,277	130,514
2031-32	(8)	43,304	6,481	49,785	91,179	45,448	136,627
2032-33	(8)	43,994	6,609	50,603	95,304	47,720	143,023
2033-34	(8)	44,689	6,740	51,429	99,604	50,099	149,702
2034-35	(8)	45,391	6,871	52,262	104,085	52,588	156,673
2035-36	(8)	46,098	7,004	53,102	108,755	55,190	163,945
2036-37	(8)	46,810	7,138	53,947	113,633	57,914	171,547
2037-38	(8)	47,528	7,273	54,801	118,742	60,769	179,511
2038-39	(8)	48,253	7,410	55,663	124,071	63,754	187,824
2039-40	(8)	48,985	7,548	56,534	129,628	66,877	196,505
2040-41	(8)	49,728	7,689	57,417	135,430	70,152	205,582

(1) Excludes the transactions and toll revenue from the Warrendale Plaza (which is included in the ticket syst
(2) Reflects actual traffic and revenue experience.
(3) Reflects actual experience through January 2012.
(4) A 25 percent toll rate increase was implemented on January 4, 2009, except for the Southern Beltway and the section of PA 43 from Uniontown to Brownsville, where the toll rates remain unchanged.
(5) A 3 percent toll rate increase was implemented on January 3, 2010, except fro the Southern Beltway, whe toll rates remained unchanged.
(6) A 10 percent toll rate increase for cash transactions, and a 3 percent toll rate increase for ETC transactior was implemented on January 2, 2011, except for the Southern Beltway, where toll rates remained unchang
(7) A 10 percent toll rate increase for cash transactions was implemented on January 1, 2012, except for the Southern Beltway, where toll rates remained unchanged.
(8) Annual toll rate increases are assumed to be implemented at the first of each year. The percent increases are the same for cars and trucks, and for E-ZPass and cash. The percent increases range from 3.00% to 5.50%, depending upon the year. The rates fro each year are shown listed in Table 4-2.
(9) Includes impacts for I-95 Interchange Stages 0 and 1, as described in Table 4-1.

Table 4-8
Total System: Estimated Annual Transactions and Gross Toll Revenue
Pennsylvania Turnpike

Traffic and Toll Revenue in Thousands

Fiscal Year	Annual Transactions: Passenger Cars	Annual Transactions: Commercial Vehicles	Annual Transactions: Total Vehicles	Annual Gross Toll Revenue: Passenger Cars	Annual Gross Toll Revenue: Commercial Vehicles	Annual Gross Toll Revenue: Total Vehicles	Discounts and Adjustments (8)	Adjusted Annual Gross Revenue
2008-09 (1) (3)	162,638	23,583	186,220	$356,345	$281,899	$638,245	($22,640)	$615,605
2009-10 (1) (4)	163,599	22,933	186,531	415,981	302,057	718,038	(24,211)	693,827
2010-11 (1) (5)	165,230	23,812	189,042	435,752	328,105	763,856	(24,153)	739,703
2011-12 (2) (6)	164,935	24,139	189,074	452,719	344,174	796,893	(17,553)	779,340
2012-13 (7)	167,650	24,781	192,431	472,145	360,465	832,610	(11,895)	820,715
2013-14 (7)	171,127	25,428	196,555	493,982	379,546	873,527	(5,693)	867,834
2014-15 (7)	175,081	26,094	201,175	520,908	401,820	922,728	0	922,728
2015-16 (7)	178,761	26,730	205,491	555,195	429,893	985,088	0	985,088
2016-17 (7)	181,912	27,316	209,227	594,580	462,264	1,056,844	0	1,056,844
2017-18 (7) (9)	186,190	28,073	214,263	645,120	504,494	1,149,614	0	1,149,614
2018-19 (7)	191,062	28,927	219,988	704,453	553,290	1,257,743	0	1,257,743
2019-20 (7)	193,849	29,461	223,311	752,150	593,357	1,345,507	0	1,345,507
2020-21 (7)	196,697	30,007	226,704	798,902	632,571	1,431,473	0	1,431,473
2021-22 (7)	199,656	30,575	230,231	838,370	666,380	1,504,749	0	1,504,749
2022-23 (7)	202,705	31,155	233,860	874,826	698,136	1,572,962	0	1,572,962
2023-24 (7)	205,802	31,742	237,544	912,888	731,324	1,644,212	0	1,644,212
2024-25 (7)	208,951	32,336	241,287	952,654	766,007	1,718,661	0	1,718,661
2025-26 (7)	212,137	32,935	245,072	994,122	802,245	1,796,367	0	1,796,367
2026-27 (7)	215,353	33,541	248,895	1,037,347	840,105	1,877,451	0	1,877,451
2027-28 (7)	218,621	34,153	252,774	1,082,493	879,649	1,962,142	0	1,962,142
2028-29 (7)	221,944	34,771	256,715	1,129,655	920,949	2,050,604	0	2,050,604
2029-30 (7)	225,321	35,395	260,716	1,178,900	964,115	2,143,014	0	2,143,014
2030-31 (7)	228,746	36,026	264,772	1,230,505	1,009,396	2,239,901	0	2,239,901
2031-32 (7)	232,206	36,662	268,868	1,284,634	1,056,906	2,341,539	0	2,341,539
2032-33 (7)	235,715	37,306	273,021	1,341,147	1,106,582	2,447,729	0	2,447,729
2033-34 (7)	239,279	37,959	277,239	1,400,182	1,158,541	2,558,724	0	2,558,724
2034-35 (7)	242,905	38,620	281,524	1,461,883	1,212,818	2,674,701	0	2,674,701
2035-36 (7)	246,572	39,287	285,858	1,526,231	1,269,508	2,795,739	0	2,795,739
2036-37 (7)	250,283	39,961	290,245	1,593,376	1,328,715	2,922,091	0	2,922,091
2037-38 (7)	254,058	40,644	294,702	1,663,578	1,390,603	3,054,181	0	3,054,181
2038-39 (7)	257,895	41,336	299,231	1,736,920	1,455,306	3,192,226	0	3,192,226
2039-40 (7)	261,798	42,037	303,835	1,813,583	1,522,929	3,336,511	0	3,336,511
2040-41 (7)	265,760	42,749	308,509	1,893,947	1,593,690	3,487,637	0	3,487,637

(1) Reflects actual traffic and revenue experience.
(2) Reflects actual experience through January 2012.
(3) A 25 percent toll rate increase was implemented on January 4, 2009, except for the Southern Beltway and the section of Turnpike 43 from Uniontown to Brownsville, where the toll rates remain unchanged.
(4) A 3 percent toll rate increase was implemented on January 3, 2010, except fro the Southern Beltway, where the toll rates were unchanged.
(5) A 10 percent toll rate increase for cash transactions, and a 3 percent toll rate increase for ETC transactions was implemented on January 2, 2011, except for the Southern Beltway, where toll rates remained unchanged.
(6) Cash toll rates were increased by 10 percent on January 1, 2012, except for Turnpike 576, where toll rates were unchanged.
(7) Annual toll rate increases are assumed to be implemented at the first of each year. The percent increases are the same fro cars and trucks, and for E-ZPass and cash. The percent increases range from 3.00% to 5.50% depending upon the year. The rate increases are shown in Table
(8) This reflects actual discounts and adjustments through FY 2010-11 and for the first eight months of FY 2011-12. Changes were implemented in the commercial discount program in both January 2011 and January 2012 to reduce the amount of the discount. Continued reductions in the discount levels will be made in January 2013; and commercial discounts will be eliminated altogether in January 2014.
(9) Includes impacts for I-95 Interchange Stages 0 and 1, as described in Table 4-1.

misleading or incomplete view of the results and the underling methodologies used to obtain the results. CDM Smith gives no opinion as to the value or merit to partial information extracted from this report.

All estimates and projections reported herein are based on CDM Smith's experience and judgment and on a review of information obtained from multiple state and local agencies. These estimates and projections may not be indicative of actual or future values, and are therefore subject to substantial uncertainty. Future developments cannot be predicted with certainty, and may affect the estimates or projections expressed in this report, such that CDM Smith does not specifically guarantee or warrant any estimate or projections contained within this report.

While CDM Smith believes that some of the projections or other forward-looking statements contained within the report are based on reasonable assumptions as of the date in the report, such forward looking statements involve risks and uncertainties that may cause actual results to differ materially from the results predicted. Therefore, following the date of this report, CDM Smith will take no responsibility or assume any obligation to advise of changes that may affect its assumptions contained within the report, as they pertain to socioeconomic and demographic forecasts, proposed residential or commercial land use development projects and/or potential improvements to the regional transportation network.

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