

*In the opinion of Co-Bond Counsel, under existing law, interest on the 2009 Bonds is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions, subject to the conditions described in “TAX MATTERS.” Interest on the 2009 Bonds will not be a specific preference item for purposes of the individual and corporate alternative minimum taxes; however, such interest may be subject to certain other federal taxes affecting corporate holders of the 2009 Bonds. Under the laws of the Commonwealth of Pennsylvania, the 2009 Bonds are exempt from personal property taxes in Pennsylvania, and interest on the 2009 Bonds is exempt from Pennsylvania personal income tax and the Pennsylvania corporate net income tax. For a more complete discussion, see “TAX MATTERS”.*

\$956,733,204.25

PENNSYLVANIA TURNPIKE COMMISSION  
TURNPIKE SUBORDINATE REVENUE BONDS, SERIES B OF 2009  
TURNPIKE SUBORDINATE REVENUE BONDS, SERIES C OF 2009

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

The Pennsylvania Turnpike Commission Turnpike Subordinate Revenue Bonds, Series B of 2009 (the “**2009B Bonds**”) and Turnpike Subordinate Revenue Bonds, Series C of 2009 (the “**2009C Bonds**”) and together with the 2009B Bonds, the “**2009 Bonds**”) are being issued pursuant to that certain Subordinate Trust Indenture dated as of April 1, 2008 (the “**Original Subordinate Indenture**”) between the Pennsylvania Turnpike Commission (the “**Commission**”) and TD Bank, National Association, as successor Trustee (the “**Trustee**”), as heretofore amended and supplemented (collectively, the “**Original Indenture**”), and as further supplemented and amended by that certain Supplemental Trust Indenture No. 5 dated as of July 1, 2009 (“**Supplemental Subordinate Indenture No. 5**”) and, collectively with the Original Indenture, the “**Subordinate Indenture**”), all pursuant, among other things, to an Act of the General Assembly of Pennsylvania approved July 18, 2007, P.L. 169, No. 44 (“**Act 44**”) and various other acts of the General Assembly of Pennsylvania.

The 2009 Bonds will be dated the date of initial issuance and delivery thereof, will bear interest at the rates shown on the inside front cover at fixed rates set for the maturity dates thereof, calculated on the basis of a year of 360 days consisting of twelve 30-day months. The 2009B Bonds are being issued as current interest bonds and the 2009C Bonds are being issued as convertible capital appreciation bonds (the “**Convertible Capital Appreciation Bonds**”). The inside cover page of this Official Statement contains information concerning the maturity schedules, interest payment dates, interest rates, prices and approximate yields of the 2009 Bonds. So long as Cede & Co. is the registered owner of the 2009 Bonds, payments of principal of and interest, if applicable, on the 2009 Bonds will be made directly by the Trustee, as paying agent (“**Paying Agent**”) under the Subordinate Indenture, as described herein. See “**DESCRIPTION OF THE 2009 BONDS**,” and “**APPENDIX D – SECURITIES DEPOSITORY**.”

The 2009 Bonds are subject to optional redemption prior to maturity at the option of the Commission, in whole or in part by lot as described herein. The 2009B Bonds are subject to mandatory sinking fund redemption prior to maturity as described herein. See “**DESCRIPTION OF THE 2009 BONDS – Redemption of 2009 Bonds**.”

As more particularly described herein, the proceeds of the 2009 Bonds will be used to finance the costs of (i) making payments in accordance with Act 44 to fund (a) certain transportation grants to mass transit agencies and to local governments and (b) various road, highway and bridge projects unrelated to the System; (ii) refunding the Commission’s outstanding Turnpike Bond Anticipation Notes Series A of 2007; (iii) refunding the Commission’s outstanding Turnpike Bond Anticipation Notes Series B of 2007 (Federally Taxable); (iv) refunding the Commission’s outstanding Turnpike Subordinate Revenue Bond Anticipation Notes Subseries C-3 of 2008; (v) funding the Debt Service Reserve Fund for the 2009 Bonds; (vi) obtaining a credit facility for a portion of the 2009 Bonds; (vii) paying capitalized interest on a portion of the 2009 Bonds; and (viii) paying the costs of issuing the 2009 Bonds (collectively, the “**Project**”). See “**PLAN OF FINANCING**.”

The scheduled payment of principal of and interest on the 2009B Term Bonds maturing on June 1, 2024 bearing interest at the rate of 4.50% and the 2009B Term Bonds maturing on June 1, 2029 bearing interest at the rate of 5.00% at a yield of 5.07% as well as the scheduled payment of principal of (or, in the case of Convertible Capital Appreciation Bonds, the accreted value) and interest on the 2009C Bonds (collectively the “**Insured Bonds**”), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by FINANCIAL SECURITY ASSURANCE INC. (“**Financial Security**” or the “**Bond Insurer**”). See “**BOND INSURANCE**” herein.

**[FSA LOGO]**

THE 2009 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. THE 2009 BONDS WILL BE EQUALLY AND RATABLY SECURED, ALONG WITH ADDITIONAL SUBORDINATE INDENTURE BONDS ISSUED PURSUANT TO THE SUBORDINATE INDENTURE AND CERTAIN OTHER PARITY OBLIGATIONS, PURSUANT TO THE PLEDGE BY THE COMMISSION OF THE TRUST ESTATE, SUBJECT HOWEVER IN ALL RESPECTS TO THE TERMS, LIMITATIONS, PRIORITIES AND SUBORDINATIONS SET FORTH IN THE SUBORDINATE INDENTURE. THE SUBORDINATE INDENTURE PLEDGES TO THE TRUSTEE FOR THE BENEFIT OF THE 2009 BONDS, TOGETHER WITH ALL ADDITIONAL SUBORDINATE INDENTURE BONDS AND PARITY OBLIGATIONS, COMMISSION PAYMENTS FROM AMOUNTS PAID FROM THE GENERAL RESERVE FUND AFTER THE PAYMENT OF ALL OUTSTANDING SENIOR INDENTURE OBLIGATIONS ISSUED UNDER THE SENIOR INDENTURE; AND THUS THE 2009 BONDS ARE SUBORDINATE TO THE PAYMENT OF SUCH SENIOR INDENTURE OBLIGATIONS.

THE COMMONWEALTH IS NOT OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION WHATSOEVER FOR THE PAYMENT OF THE 2009 BONDS OR TO MAKE ANY APPROPRIATION FOR THE PAYMENT OF THE 2009 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 2009 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 Dilworth Paxson LLP and Bowman Kavulich Ltd., Philadelphia, Pennsylvania, Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Underwriters by Stevens & Lee, Reading, Pennsylvania, Counsel for the Underwriters. Certain legal matters will be passed upon for the Commission by its Chief Counsel, Doreen A. McCall, Esquire. It is anticipated that the 2009 Bonds will be available for delivery in New York, New York on or about July 28, 2009.*

Citi

Mesirow Financial, Inc.  
Boeing & Scattergood, Inc  
Janney Montgomery Scott  
Merrill Lynch & Co.

PNC Capital Markets LLC  
Goldman Sachs & Co.  
Jefferies & Company  
Raymond James & Associates, Inc.

RBC Capital Markets  
H-T Capital Markets  
(Division of Northeast Securities, Inc.)  
Siebert Brandford Shank & Co., LLC  
Wells Fargo Securities

Official Statement dated July 22, 2009

**TURNPIKE SUBORDINATE REVENUE BONDS, SERIES B OF 2009**

**\$247,650,000 Serial Bonds**

<u>Maturity Date</u> <u>June 1</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP No.**</u>
2013	\$ 6,750,000.00	3.00%	2.42%	102.113	709223WA5
2013	18,950,000.00	4.00%	2.42%	105.760	709223WB3
2014	2,045,000.00	3.50%	2.91%	102.643	709223WC1
2014	24,795,000.00	5.00%	2.91%	109.371	709223WD9
2015	7,955,000.00	3.00%	3.24%	98.729	709223WE7
2015	20,160,000.00	5.00%	3.24%	109.294	709223WF4
2016	3,180,000.00	4.00%	3.51%	102.953	709223WG2
2016	21,400,000.00	5.00%	3.51%	108.988	709223WH0
2017	1,400,000.00	4.00%	3.80%	101.341	709223WJ6
2017	19,530,000.00	5.00%	3.80%	108.066	709223WK3
2018	1,940,000.00	4.00%	4.00%	100.000	709223WL1
2018	20,045,000.00	5.00%	4.00%	107.380	709223WM9
2019	7,970,000.00	4.00%	4.19%	98.476	709223WN7
2019	15,095,000.00	5.00%	4.19%	106.472	709223WP2
2020	24,205,000.00	5.00%	4.36%†	105.071†	709223WQ0
2021	25,445,000.00	5.00%	4.52%†	103.773†	709223WR8
2022	26,785,000.00	5.25%	4.66%†	104.608†	709223WS6
\$4,280,000	4.75%	Term Bonds Due June 1, 2024;	Yield: 4.88%;	Price: 98.632;	CUSIP** No. 709223WT4
\$15,000,000	4.50%	Term Bonds Due June 1, 2024; FSA	Yield: 4.73%;	Price: 97.561;	CUSIP** No. 709223WV1
\$38,565,000	5.25%	Term Bonds Due June 1, 2024;	Yield: 4.88%;	Price: 102.857;	CUSIP** No. 709223WV9
\$152,680,000	5.00%	Term Bonds Due June 1, 2029;	Yield: 5.22%;	Price: 97.294;	CUSIP** No. 709223WX5
\$20,000,000	5.00%	Term Bonds Due June 1, 2029; FSA	Yield: 5.07%;	Price: 99.123;	CUSIP** No. 709223WY3
\$268,560,000	5.25%	Term Bonds Due June 1, 2039;	Yield: 5.61%;	Price: 94.806;	CUSIP** No. 709223WY3
\$110,000,000	5.75%	Term Bonds Due June 1, 2039;	Yield: 5.60%†;	Price: 101.114†;	CUSIP** No. 709223WZ0

**TURNPIKE SUBORDINATE REVENUE BONDS, SERIES C OF 2009**

**\$99,998,204.25 Convertible Capital Appreciation Term Bonds due June 1, 2033<sup>o</sup> FSA**

<u>Final</u> <u>Maturity Date</u> <u>June 1</u>	<u>Initial Principal</u> <u>Amount</u>	<u>Rate</u>	<u>Compounded Amount</u> <u>as of June 1, 2016 and</u> <u>Value at Maturity</u>	<u>Conversion Date</u>	<u>Coupon Upon</u> <u>Conversion</u>	<u>Price</u>	<u>CUSIP** No.</u>
2033	\$99,998,204.25	6.25%	\$152,355,000	June 1, 2016	6.25%	65.635	709223XA4

† Price shown to first optional redemption date of June 1, 2019.

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o Interest on the Convertible Capital Appreciation Term Bonds will not be payable on a current basis prior to June 1, 2016, but will compound from the date of delivery on a semi-annual basis, beginning December 1, 2009, to and including June 1, 2016 (the "Current Interest Commencement Date"). On and after the Current Interest Commencement Date, interest on the Convertible Capital Appreciation Term Bonds will be payable semi-annually on December 1, 2016 and on each June 1 and December 1 thereafter. The Compounded Amount will be payable at maturity or earlier redemption.

FSA Insured Bonds. See "BOND INSURANCE" herein.

PENNSYLVANIA TURNPIKE COMMISSION

COMMISSIONERS

ALLEN D. BIEHLER  
Chairman

TIMOTHY J. CARSON  
Vice Chairman

J. WILLIAM LINCOLN  
Secretary/Treasurer

PASQUALE T. DEON, SR.  
Commissioner

A. MICHAEL PRATT  
Commissioner

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JOSEPH G. BRIMMEIER  
Chief Executive Officer

GEORGE M. HATALOWICH  
Chief Operating Officer

NIKOLAUS H. GRIESHABER  
Chief Financial Officer

FRANK J. KEMPF, JR.  
Chief Engineer

DOREEN A. MCCALL  
Chief Counsel

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TD BANK, NATIONAL ASSOCIATION  
Trustee and Paying Agent

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HOPKINS & COMPANY and NW FINANCIAL GROUP, LLC  
Co-Financial Advisors

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**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 2009 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 2009 BONDS ARE NOT AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES LAWS, AND THE SUBORDINATE INDENTURE HAS NOT BEEN AND WILL NOT BE QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, BECAUSE OF AVAILABLE EXEMPTIONS THEREFROM. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY FEDERAL, STATE, MUNICIPAL, OR OTHER GOVERNMENTAL AGENCY WILL PASS UPON THE ACCURACY, COMPLETENESS, OR ADEQUACY OF THIS OFFICIAL STATEMENT.**

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

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2009 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

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

**THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE 2009 BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.**

**FINANCIAL SECURITY MAKES NO REPRESENTATION REGARDING THE BONDS OR THE ADVISABILITY OF INVESTING IN THE BONDS. IN ADDITION, FINANCIAL SECURITY HAS NOT INDEPENDENTLY VERIFIED, MAKES NO REPRESENTATION REGARDING, AND DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT OR ANY INFORMATION OR DISCLOSURE CONTAINED HEREIN, OR OMITTED HEREFROM, OTHER THAN WITH RESPECT TO THE ACCURACY OF THE INFORMATION REGARDING FINANCIAL SECURITY SUPPLIED BY FINANCIAL SECURITY AND PRESENTED UNDER THE HEADING “BOND INSURANCE” AND “APPENDIX I - SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”**

INTRODUCTION.....	1	Ratings.....	29
Purpose .....	1	Capitalization of Financial Security.....	30
Bond Insurance.....	2	Incorporation of Certain Documents by Reference .....	30
Pennsylvania Turnpike Commission .....	2	AUDITED FINANCIAL STATEMENTS.....	31
Subordinate Indenture and Enabling Acts.....	2	CERTAIN RISK FACTORS.....	31
2009 Bonds .....	3	CONTINUING DISCLOSURE.....	35
Redemption.....	3	RELATIONSHIPS OF CERTAIN PARTIES.....	36
Security .....	3	UNDERWRITING.....	37
2009 Toll Increase and Future Toll Increases.....	4	RATINGS.....	37
Traffic Study.....	4	Bond Insurance Risk Factors.....	38
Recent Developments .....	5	Recent Developments Concerning Municipal Bond Insurers .....	39
Act 44 Financial Plan .....	5	LITIGATION.....	39
DESCRIPTION OF THE 2009 BONDS.....	6	LEGAL MATTERS .....	39
Generally.....	6	TAX MATTERS.....	40
Registration, Transfer and Exchange .....	8	2009 Bonds.....	40
Redemption of 2009 Bonds .....	9	State Tax Matters .....	42
Selection of 2009 Bonds to be Redeemed.....	11	FINANCIAL ADVISORS.....	42
PLAN OF FINANCING.....	13	TRUSTEE AND PAYING AGENT .....	43
ESTIMATED SOURCES AND USES OF FUNDS .....	14	MISCELLANEOUS .....	43
SECURITY FOR THE 2009 BONDS.....	14	APPENDIX A - THE PENNSYLVANIA TURNPIKE	
Senior Revenue Bonds and Other Senior Parity Obligations.....	15	APPENDIX B - AUDITED FINANCIAL STATEMENTS: 2008 AND 2007	
Subordinate Indenture Bonds and Other Parity Obligations.....	16	APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE	
Special Revenue Bonds (Guaranteed Bonds).....	16	APPENDIX D - SECURITIES DEPOSITORY	
Obligations Secured by Other Revenue Sources.....	17	APPENDIX E - FORM OF OPINION OF CO-BOND COUNSEL	
Rate Covenant .....	17	APPENDIX F - DEFINED TERMS CONCERNING THE SENIOR INDENTURE AND THE SENIOR REVENUE BONDS	
The General Reserve Fund under the Senior Indenture .....	19		
Commission Payments .....	21		
Commission Payments Fund.....	23		
Administrative Expenses Fund .....	24		
Debt Service Fund.....	24		
Debt Service Reserve Fund.....	25		
Guarantee Repayment Fund.....	27		
Residual Fund.....	27		
BOND INSURANCE .....	28		
Bond Insurance Policy.....	28		
Financial Security Assurance Inc. ....	28		

APPENDIX G - DEBT SERVICE  
REQUIREMENTS OF THE SENIOR  
INDENTURE BONDS AND  
SUBORDINATE INDENTURE  
BONDS

APPENDIX H - TRAFFIC AND  
REVENUE STUDY

APPENDIX I - SPECIMEN  
MUNICIPAL BOND INSURANCE  
POLICY

APPENDIX J - TABLE OF  
COMPOUNDED AMOUNTS FOR  
CONVERTIBLE CAPITAL  
APPRECIATION BONDS



## OFFICIAL STATEMENT

\$956,733,204.25

### PENNSYLVANIA TURNPIKE COMMISSION TURNPIKE SUBORDINATE REVENUE BONDS, SERIES B OF 2009 TURNPIKE SUBORDINATE REVENUE BONDS, SERIES C OF 2009

#### INTRODUCTION

This Official Statement, which includes the cover page, inside front cover page and the appendices hereto, is furnished by the Pennsylvania Turnpike Commission (the “*Commission*”) in connection with the issuance of \$856,735,000 aggregate principal amount of Pennsylvania Turnpike Commission Turnpike Subordinate Revenue Bonds, Series B of 2009 (the “*2009B Bonds*”) and the \$99,998,204.25 initial principal amount of Pennsylvania Turnpike Commission Turnpike Subordinate Revenue Bonds, Series C of 2009 (the “*2009C Bonds*”, and together with the 2009B Bonds, the “*2009 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 SUBORDINATE INDENTURE.” All references herein to the Enabling Acts, the 2009 Bonds, the Subordinate Indenture, the Supplemental Subordinate Indenture No. 5 and the Disclosure Undertaking are qualified in their entirety by reference to the complete texts thereof. Copies of drafts of such documents may be obtained during the initial offering period from the principal offices of the Underwriters and thereafter executed copies may be obtained from the TD Bank, National Association, as successor trustee to Commerce Bank, National Association (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.

#### **Purpose**

The 2009 Bonds are being issued to provide funds to finance the costs of (i) making payments in accordance with Act 44 (defined below) to fund (a) certain transportation grants to mass transit agencies and to local governments and (b) various road, highway and bridge projects unrelated to the System; (ii) refunding the Commission’s outstanding Turnpike Bond Anticipation Notes Series A of 2007; (iii) refunding the Commission’s outstanding Turnpike Bond Anticipation Notes Series B of 2007 (Federally Taxable); (iv) refunding the Commission’s outstanding Turnpike Subordinate Revenue Bond Anticipation Notes, Subseries C-3 of 2008; (v) funding the Debt Service Reserve Fund for the 2009 Bonds; (vi) obtaining a credit facility for a portion of the 2009 Bonds; (vii) paying capitalized interest on a portion of the 2009 Bonds; and (viii) paying the costs of issuing the 2009 Bonds (collectively, the “Project”). See “PLAN OF FINANCING”.

## **Bond Insurance**

The scheduled payment of principal of and interest on the 2009B Bonds maturing on June 1, 2024 being interest at the rate of 4.50% and the 2009B Bonds maturing on June 1, 2029 bearing interest at the rate of 5.00% at a yield of 5.07% as well as the scheduled payment of principal of (or, in the case of Capital Appreciation Bonds, the accreted value) and interest on the 2009C Bonds (collectively the “Insured Bonds”), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by FINANCIAL SECURITY ASSURANCE INC. (“Financial Security” or the “Bond Insurer”) concurrently with the delivery of the 2009 Bonds. See “BOND INSURANCE” herein.

## **Pennsylvania Turnpike Commission**

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

## **Subordinate Indenture and Enabling Acts**

The 2009 Bonds are being issued pursuant to that certain Subordinate Trust Indenture dated as of April 1, 2008 (the “*Original Subordinate Indenture*”) between the Commission and the Trustee, as heretofore amended and supplemented (collectively, the “*Original Indenture*”), and as further supplemented and amended by that certain Supplemental Trust Indenture No. 5 dated as of July 1, 2009 (“*Supplemental Subordinate Indenture No. 5*,” and, collectively with the Original Indenture, the “*Subordinate Indenture*”), all pursuant, among other things, to, and as authorized by an Act of the General Assembly of Pennsylvania approved July 18, 2007, P. L. 169, No. 44 (“Act 44”), and various Acts of the General Assembly approved on several dates, including the Act of May 21, 1937, P.L. 774, 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, and together with Act 44, the “*Enabling Acts*”) and the Resolution adopted by the Commission on June 2, 2009, as amended (the “*Bond Resolution*”). Supplemental Subordinate Indenture No. 5 will contain certain covenants that run exclusively to the benefit of the Bond Insurer. These, among other matters, include provisions enabling the Bond Insurer to exclusively direct certain remedies under the Subordinate Indenture with respect to the Insured 2009 Bonds. The Bond Insurer’s consent will also be required for matters subject under the Subordinate Indenture to the consent rights of the holders of the Insured 2009 Bonds. The Bond Insurer will also have certain rights related to changes in the Trustee.

## **2009 Bonds**

The 2009 Bonds will bear interest at fixed interest rates and will mature, subject to prior redemption on the dates and in the amounts set forth on the inside front cover page of this Official Statement.

Interest on the 2009B Bonds is payable on each June 1 and December 1, commencing on December 1, 2009 (each an “*Interest Payment Date*”).

The 2009C Bonds consist of convertible capital appreciation bonds (the “*Convertible Capital Appreciation Bonds*”).

Interest on the Convertible Capital Appreciation Bonds will compound from their date of delivery to June 1, 2016 (the “Current Interest Commencement Date”). Prior to the Current Interest Commencement Date, interest will not be paid on a current basis, but will be added to the principal on each Compounding Date (such amount being the “Compounded Amount”), commencing December 1, 2009, and will be treated as if accruing in equal daily amounts between Compounding Dates, until payable at maturity or upon redemption. See APPENDIX K – TABLE OF COMPOUNDED AMOUNTS FOR CONVERTIBLE CAPITAL APPRECIATION BONDS. After the Current Interest Commencement Date, interest on the Convertible Capital Appreciation Bonds will be payable on a current basis on each June 1 and December 1, commencing on December 1, 2016.

See “DESCRIPTION OF THE 2009 BONDS”.

## **Redemption**

The 2009 Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity under certain circumstances as more fully set forth herein. See “DESCRIPTION OF THE 2009 BONDS – Redemption of 2009 Bonds.”

## **Security**

The 2009 Bonds are limited obligations of the Commission. The 2009 Bonds will be equally and ratably secured, along with the Commission’s \$244,855,000 aggregate principal amount of Turnpike Subordinate Revenue Bonds, Series A of 2008 (the “*2008A Bonds*”) issued on April 29, 2008, the Commission’s \$233,905,000 aggregate principal amount of Turnpike Subordinate Revenue Bonds, Series B of 2008 (the “*2008B Bonds*”) issued on July 30, 2008, the Commission’s \$411,110,000 Turnpike Subordinate Revenue Bonds and Bond Anticipation Notes, Series C of 2008 (collectively, the “*2008C Bonds*”) issued on October 28, 2008, the Commission’s \$308,035,000 aggregate principal amount of Turnpike Subordinate Revenue Bonds, Series A of 2009 (the “*2009A Bonds*”) issued on January 22, 2009 and with any Additional Subordinate Indenture Bonds of the same class of Subordinate Indenture Bonds issued pursuant to the Subordinate Indenture and certain other Parity Obligations, by a pledge by the Commission of the Trust Estate consisting primarily of Commission Payments from amounts released from the General Reserve Fund after the payment of all Senior Indenture Obligations issued under the Amended and Restated Trust Indenture originally dated as of July 1, 1986 and amended and restated as of March 1, 2001 between the Commission and U.S. Bank National

Association, successor trustee, as it may be amended, supplemented or replaced in connection with the Commission's mainline toll revenue bonds (the "*Senior Indenture*"). THE PAYMENT OF THE SUBORDINATE INDENTURE BONDS IS SUBJECT TO THE PRIOR RIGHT OF PAYMENT OF ALL SENIOR INDENTURE OBLIGATIONS ISSUED UNDER THE SENIOR INDENTURE AND, THEREFORE, THE CASH FLOW OF THE COMMISSION AVAILABLE FOR THE PAYMENT OF THE 2009 BONDS IS SUBORDINATE IN RIGHT OF PAYMENT TO THE PAYMENT OF ALL SUCH SENIOR INDENTURE OBLIGATIONS.

Under the Subordinate Indenture, the Commission may also issue Guaranteed Bonds (also referred to as Special Revenue Bonds) which are subordinate to both the 2009 Bonds and bonds issued on a parity with the 2009 Bonds. See "SECURITY FOR THE 2009 BONDS - Special Revenue Bonds (Guaranteed Bonds)" for a description of the Guaranteed Bonds.

The 2009 Bonds are Debt Service Reserve Fund Bonds for the purpose of the Subordinate Indenture and, accordingly, are secured by moneys on deposit in the Debt Service Reserve Fund as more fully described in "SECURITY FOR THE 2009 BONDS - Debt Service Reserve Fund."

**THE 2009 BONDS ARE LIMITED OBLIGATIONS OF THE COMMISSION AND 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 2009 BONDS.**

### **2009 Toll Increase and Future Toll Increases**

The Commission implemented a toll increase in the amount of 25% effective January 4, 2009. On July 8, 2009 the Commission approved a 3% toll increase scheduled to go into effect on January 3, 2010. Future toll increases will be determined by the Commission, taking into account the amount necessary to meet the then existing debt and operational obligations of the Commission. See APPENDIX A – THE PENNSYLVANIA TURNPIKE – "Revenue Sources of the Commission."

### **Traffic Study**

Attached hereto as APPENDIX H is the Pennsylvania Turnpike 2009 Traffic and Revenue Update Study prepared by Wilbur Smith Associates dated January 6, 2009 (the "Traffic Study"), which, as of the date of this Official Statement, has not been updated. The Traffic Study, which should be reviewed in its entirety, updates the study conducted by Wilbur Smith Associates in May 2004, which was prepared in anticipation of the last toll increase, which took effect on August 1, 2004. As set forth in the Traffic Study, total adjusted gross toll revenue is estimated to increase from \$598.9 million in Fiscal Year 2007-08 to \$2,129.5 million by Fiscal Year 2030-31, representing 5.7% annualized growth. However, as noted in the Traffic Study, because current traffic and revenue trends reflect the negative effects of the current economic downturn, the forecasts made in the Traffic Study assume continued negative growth through the middle of Fiscal Year 2009-10 and flat to no growth through the middle of Fiscal Year 2010-11,

with the resumption of more “normal” growth patterns in the longer term forecasts. See “CERTAIN RISK FACTORS” and APPENDIX H – TRAFFIC AND REVENUE STUDY. Despite the current low to negative growth forecasts, the Commission believes that it will have sufficient revenue to meet the debt and operational obligations of the Commission in future years.

## **Recent Developments**

As more fully discussed in APPENDIX A, Act 44 obligated the Commission, among other things, to enter into a lease of the Pennsylvania portion of Interstate 80 with PennDOT and to make substantial lease payments to PennDOT to provide funds for various transportation needs in the Commonwealth. In addition, Act 44 granted the Commission the option to convert such portion of Interstate 80 to a toll road subject to certain federal approvals.

The General Assembly enacted Act 44 after considering transportation funding proposals by Governor Rendell, which proposals included the leasing of the System to a private party. As described below, subsequent to the enactment of Act 44, Governor Rendell revived consideration of leasing the entire System to private entities in order to generate funds for the Commonwealth’s transportation needs. The Governor’s office received proposals from interested parties and identified one proposal as the winning bidder, subject to General Assembly approval. In 2008, that proposal expired without legislative action by the General Assembly. Presently, there is no existing or proposed legislative authorization for privatizing the currently operating portions of the System. Any such transaction would require new legislation substantially revising or repealing Act 44. In the past, certain legislation has been introduced and in the future other legislation may be introduced, which would affect Act 44 if adopted. See APPENDIX A - *“Recent Developments and Pending and Future Legislation.”*

The Commission and PennDOT submitted an amended application to the U.S. Department of Transportation – Federal Highway Administration (“FHWA”) to toll Interstate 80 in July 2008 and supplemented such application in August 2008. By letter dated September 11, 2008, FHWA advised the Commission and PennDOT that it was unable to move the application forward at that time primarily because the proposed lease payments (from the Commission to PennDOT), as presented to the FHWA, did not meet federal statutory requirements. The Commission has not yet determined its future course of action.

See APPENDIX A, “Act 44” and “Recent Developments and Pending and Future Legislation” for more detail.

## **Act 44 Financial Plan**

In accordance with Act 44, the Commission is required to provide a financial plan (the “Financial Plan”) to the Secretary of the Budget of the Commonwealth no later than June 1 of each year. The Financial Plan must describe the Commission’s proposed operating and capital expenditures, borrowings, liquidity and other financial management covenants and policies, estimated toll rates and all other revenues and expenditures for the ensuing Fiscal Year. The Financial Plan must also show that the operation of the system can reasonably be anticipated to result in the Commission’s ability to meet its payment obligations to PennDOT pursuant to the

Lease and Act 44. It does not, however, address the funding needs for the Mon/Fayette or Southern Beltway projects.

The Commission's Financial Plan for Fiscal Year 2010 indicates that in 2009 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 unprecedented economic environment, which is expected to continue to negatively impact both traffic and revenue, the Commission recently implemented several cost containment measures, including workforce reductions, a cost of living adjustment freeze and a transfer of union holidays to vacation days. 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 2010.

The Financial Plan concludes that the Commission will continue to meet all of its Indenture covenants and all of its other obligations through the 2057 Fiscal Year. However, as a forward-looking report, the Financial Plan makes certain assumptions to reach its conclusion that the financial covenants, Act 44 obligations and capital needs will be met beyond Fiscal Year 2010. Key among them is the tolling of I-80 (with collections beginning in Fiscal Year 2012) and the Commission's ability to raise all tolls throughout the System. 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 – "Act 44" for more detail.

## **DESCRIPTION OF THE 2009 BONDS**

### **Generally**

The 2009 Bonds are being issued by the Commission under the Act and pursuant to the Subordinate Indenture and will be dated the date of issuance. The 2009B Bonds and the 2009C Bonds will be issued in the principal amounts, bearing interest at the rates or compounding at the yields (in the case of Capital Appreciation Bonds and the Convertible Capital Appreciation Bonds), paying interest on the dates, and maturing (subject to the rights of redemption described below) on the dates, all as shown on the inside cover page of this Official Statement.

For purposes of this Official Statement, except where specifically noted to the contrary, references to "principal" shall mean, in the case of the 2009C Bonds, the Compounded Amount thereof. The "Compounded Amount" shall mean, on any date and with respect to any Convertible Capital Appreciation Bond, the initial principal amount at issuance of such or Convertible Capital Appreciation Bond plus accretion of principal, compounding on each Compounding Date to the Current Interest Commencement Date at the same interest rate as shall produce a compound amount on such date of maturity or Current Interest Commencement Date, as applicable, equal to the principal amount thereof on such date; provided that Compounded Amount on any day which is not a Compounding Date shall be determined on the assumption that the Compounded Amount accrues in equal daily amounts between Compounding Dates.

*2009B Bonds.* Interest on the 2009B Bonds will accrue from their date of delivery and will be payable semi-annually to maturity (or earlier redemption) on June 1 and December 1, commencing on December 1, 2009.

*2009C Bonds.* Interest on the Convertible Capital Appreciation Bonds will compound from their date of delivery to June 1, 2016 (the Current Interest Commencement Date). Prior to the Current Interest Commencement Date, interest will not be paid on a current basis, but will be added to the principal on each Compounding Date, commencing December 1, 2009 (such amount being the Compounded Amount), and will be treated as if accruing in equal daily amounts between Compounding Dates, until payable at maturity or upon redemption. See APPENDIX K – TABLE OF COMPOUNDED AMOUNTS FOR CONVERTIBLE CAPITAL APPRECIATION BONDS. After the Current Interest Commencement Date, interest on the Convertible Capital Appreciation Bonds will be payable on the Compounded Amount as of the Current Interest Commencement Date on a current basis on each June 1 and December 1, commencing on December 1, 2016 (each, an “Interest Payment Date”).

The 2009 Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof (or Maturity Amount in the case of the Convertible Capital Appreciation Bonds). As provided in the Subordinate Indenture, the principal or redemption price of the 2009 Bonds is payable at the designated payment office of the Trustee located in Philadelphia, Pennsylvania. Interest on the 2009 Bonds, if applicable, shall be paid to the person whose name appears on the bond registration books of the Trustee as the holder thereof as of the close of business on the Record Date for each Interest Payment Date. Payment of the interest on the 2009 Bonds shall be made by check mailed by first class mail to such holder at its address as it appears on such registration books or, upon the written request of any holder of at least \$1,000,000 in aggregate principal amount of 2009 Bonds, submitted to the Trustee at least one Business Day prior to the Record Date, by wire transfer in immediately available funds to an account within the United States designated by such holder. If the Commission defaults in the payment of interest due on any Interest Payment Date, Defaulted Interest will be payable to the person in whose name such 2009 Bond is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest established by notice mailed by the Trustee to the Bondholders not less than ten days prior to such Special Record Date. Such notice of the Special Record Date will be mailed to the persons in whose names the 2009 Bonds are registered at the close of business on the 10th day preceding the date of mailing.

Upon original issuance, the 2009 Bonds will be registered in the name of and held by Cede & Co., as registered holder and nominee for DTC. The 2009 Bonds initially will be issued as one fully registered certificate for each maturity. Purchases of the 2009 Bonds will initially be made in book-entry form. See APPENDIX D – SECURITIES DEPOSITORY herein. As long as the 2009 Bonds are registered in the name of DTC or its nominee, Cede & Co., payments of the principal of, redemption premium, if any, and interest on the 2009 Bonds will be paid directly to Cede & Co. by wire transfer by TD Bank, National Association, Philadelphia, Pennsylvania, as Paying Agent (the “Paying Agent”) on each Interest Payment Date. While the book-entry only system is in effect, transfers and exchanges of the 2009 Bonds will be effected through DTC’s book-entry system.

DTC may determine to discontinue providing its service with respect to the 2009 Bonds at any time by giving notice to the Commission and discharging its responsibilities with respect thereto under applicable law or the Commission may determine to discontinue the system of book-entry-only transfers through DTC (or a successor securities depository). Under such circumstances, 2009 Bonds will be authenticated and delivered as provided in the Subordinate

Indenture to the Beneficial Owners of the 2009 Bonds, who shall then become the registered owners thereof.

If the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the 2009 Bonds, the Commission shall immediately advise the Trustee in writing of the procedures for transfer of the 2009 Bonds from book-entry-only form to a fully registered form.

Defaulted Interest with respect to any 2009 Bond shall cease to be payable to the Owner of such 2009 Bond on the relevant Record Date and shall be payable to the Owner in whose name such 2009 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 2009 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 2009 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 2009 Bond entitled to such notice at the address of such owner as it appears on the Bond Register not less than 10 days prior to such Special Record Date.

The 2009 Bonds are not subject to acceleration in the event of a default.

### **Registration, Transfer and Exchange**

The Trustee shall act as initial 2009 Bond registrar (the “**2009 Bond Registrar**”) and in such capacity shall maintain a 2009 Bond register (the “**2009 Bond Register**”) for the registration and transfer of 2009 Bonds. Upon surrender of any 2009 Bonds at the designated office of the Trustee, as the 2009 Bond Registrar, together with an assignment duly executed by the current 2009 Bondholder of such 2009 Bonds or such 2009 Bondholder’s duly authorized attorney or legal representative in such form as shall be satisfactory to the Trustee, such 2009 Bonds may, at the option of the 2009 Bondholder, be exchanged for an equal aggregate principal amount of 2009 Bonds of the same maturity, of Authorized Denominations and bearing interest at the same rate and in the same form as the 2009 Bonds surrendered for exchange, registered in the name or names designated on the assignment; provided the Trustee is not required to exchange or register the transfer of 2009 Bonds after the giving of notice calling such 2009 Bond for redemption, in whole or in part. The Commission shall execute and the Trustee shall authenticate any 2009 Bonds whose execution and authentication is necessary to provide for exchange of 2009 Bonds



and the Commission may rely on a representation from the Trustee that such execution is required.

The Trustee may make a charge to any 2009 Bondholder requesting such exchange or registration in the amount of any tax or other governmental charge required to be paid with respect thereto and the Commission may charge such amount as it deems appropriate for each new 2009 Bond delivered upon such exchange or transfer, which charge or charges shall be paid before any new 2009 Bond shall be delivered.

Prior to due presentment for registration of transfer of any 2009 Bond, the Trustee shall treat the Person shown on the 2009 Bond Register as owning a 2009 Bond as the 2009 Bondholder and the Person exclusively entitled to payment of principal thereof, redemption premium, if any, and interest thereon and, except as otherwise expressly provided herein, the exercise of all other rights and powers of the owner thereof, and neither the Commission, the Trustee nor any agent of the Commission or the Trustee shall be affected by notice to the contrary.

The Trustee shall not be required to (i) transfer or exchange any 2009 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 2009 Bond and ending at the close of business on the day of such mailing, or (ii) transfer or exchange any 2009 Bond so selected for redemption in whole or in part, or during a period beginning at the opening of business on any Record Date for such 2009 Bond and ending at the close of business on the relevant Interest Payment Date or Compounding Date, as applicable, therefor.

The Subordinate Indenture, and all provisions thereof, are incorporated by reference in the text of the 2009 Bonds, and the 2009 Bonds provide that each registered owner, Beneficial Owner, Participant or Indirect Participant (as such terms are defined hereinafter) by acceptance of a 2009 Bond (including receipt of a book-entry credit evidencing an interest therein) assents to all of such provisions as an explicit and material portion of the consideration running to the Commission to induce it to issue such 2009 Bond.

## **Redemption of 2009 Bonds**

The 2009 Bonds are subject to optional redemption and mandatory redemption as set forth below.

*Optional Redemption of 2009B Bonds.* The 2009B Bonds maturing on or after June 1, 2020 are subject to optional redemption prior to maturity by the Commission at any time on and after June 1, 2019, as a whole or in part by lot at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date.

*Optional Redemption of 2009C Bonds.* The Convertible Capital Appreciation Bonds are subject to redemption at the option of the Commission from any source, including, without limitation, the proceeds of refunding bonds or other financing provided by the Commission, in whole or in part, at any time on or after June 1, 2026, at a redemption price equal to 100% of the Compounded Amount of the Convertible Capital Appreciation Bonds to be redeemed, plus accrued interest to the date fixed for redemption.

*Mandatory Sinking Fund Redemption of 2009B Bonds.* The 2009B Bonds maturing on June 1 of the years 2024, 2029, and 2039 shall be subject to mandatory sinking fund redemption prior to maturity by the Commission in part on June 1 of the respective years and in the amount set forth below, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date:

\$4,280,000 Bonds Bearing Interest at 4.75% Due June 1, 2024

<u>Year</u>	<u>Principal Amount</u>
2023	\$2,085,000
2024*	2,195,000

\$15,000,000 Term Bonds Bearing Interest at 4.50% Due June 1, 2024

<u>Year</u>	<u>Principal Amount</u>
2023	\$7,310,000
2024*	7,690,000

\$38,565,000 Term Bonds Bearing Interest at 5.25% Due June 1, 2024

<u>Year</u>	<u>Principal Amount</u>
2023	\$18,800,000
2024*	19,765,000

\$152,680,000 Term Bonds Bearing Interest at 5% (Yield 5.22%) Due June 1, 2029

<u>Year</u>	<u>Principal Amount</u>
2025	\$27,560,000
2026	28,975,000
2027	30,460,000
2028	32,020,000
2029*	33,665,000

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\* *Final maturity*

\$20,000,000 Term Bonds Bearing Interest at 5% (Yield 5.07%) Due June 1, 2029

<u>Year</u>	<u>Principal Amount</u>
2025	\$3,610,000
2026	3,795,000
2027	3,990,000
2028	4,195,000
2029*	4,410,000

\$268,560,000 Term Bonds Bearing Interest at 5.25% Due June 1, 2039

<u>Year</u>	<u>Principal Amount</u>
2033	\$17,395,000
2034	36,365,000
2035	38,405,000
2036	40,560,000
2037	42,830,000
2038	45,235,000
2039*	47,770,000

\$110,000,000 Term Bonds Bearing Interest at 5.75% Due June 1, 2039

<u>Year</u>	<u>Principal Amount</u>
2033	\$ 7,550,000
2034	14,915,000
2035	15,720,000
2036	16,565,000
2037	17,460,000
2038	18,400,000
2039*	19,390,000

\* *Final maturity*

*Mandatory Sinking Fund Redemption of 2009C Bonds.* The 2009C Bonds shall be subject to mandatory sinking fund redemption prior to maturity by the Commission in part on June 1 of the respective years and in the amount set forth below, at a redemption price equal to 100% of the Compounded Amount thereof, plus accrued interest to the redemption date:

<u>Year</u> <u>(June 1)</u>	<u>Initial</u> <u>Principal</u> <u>Amount</u>	<u>Compounded</u> <u>Amount as of</u> <u>June 1, 2016</u> <u>and Value</u> <u>at Maturity</u>
2030	\$26,441,059.75	\$40,285,000
2031	28,144,288.00	42,880,000
2032	29,962,377.50	45,650,000
2033*	15,450,479.00	23,540,000

\* *Final Maturity.*

**Selection of 2009 Bonds to be Redeemed.**

Except as to any Mandatory Sinking Fund Redemption of 2009B Bonds as described above, any partial redemption of the 2009B Bonds or the 2009C Bonds may be in any order of

maturity and in any principal amount within a maturity as designated by the Commission and in the case of any 2009B Bonds subject to mandatory redemption, the Commission shall be entitled to designate whether such payments shall be credited against principal amounts due at maturity or against particular scheduled mandatory redemption obligations with respect to such 2009B Bonds.

The portion of any 2009B Bond or 2009C Bond to be redeemed shall be an Authorized Denomination or any multiple thereof and in selecting 2009 Bonds for redemption, each 2009 Bond shall be considered as representing that number of 2009 Bonds which is obtained by dividing the principal amount of such 2009 Bond by the minimum Authorized Denomination. If a portion of a 2009B Bond or 2009C Bond shall be called for redemption, a new 2009B Bond or 2009C Bond, as applicable, in principal amount equal to the unredeemed portion thereof shall be issued to the bondholder thereof upon the surrender of such 2009 Bond. If for any reason the principal amount of 2009B Bonds or 2009C Bonds called for redemption would result in a redemption of 2009B Bonds or 2009C Bonds less than the Authorized Denomination, the Trustee, to the extent possible within the principal amount of such bonds to be redeemed, is authorized to adjust the selection of 2009B Bonds and 2009C Bonds, as applicable, for such purpose in order to minimize any such redemption. Notwithstanding the foregoing, the Securities Depository for Book-entry Bonds shall select the 2009B Bonds or 2009C Bonds, as applicable, for redemption within particular maturities according to its stated procedures.

*Notice of Redemption.* The Trustee, at the expense of the Commission, shall send notice of any redemption, identifying the 2009 Bonds to be redeemed, the redemption date and the method and place of payment and the information set forth in the following paragraph, by first class mail to each holder of a 2009 Bond called for redemption to the holder's address listed on the 2009 Bond Register. Such notice shall be sent by the Trustee by first class mail between 30 and 60 days prior to the scheduled redemption date.

In addition to the foregoing, the redemption notice shall contain with respect to each 2009 Bond being redeemed, (1) the CUSIP number, (2) the date of issue, (3) the interest rate, (4) the maturity date, and (5) any other descriptive information determined by the Trustee to be needed to identify the 2009 Bonds. If a redemption is a Conditional Redemption, the notice shall so state. The Trustee also shall send each notice of redemption to (i) any Rating Service then rating the 2009 Bonds to be redeemed; (ii) all of the registered clearing agencies known to the Trustee to be in the business of holding substantial amounts of bonds of a type similar to the 2009 Bonds; (iii) all Nationally Recognized Municipal Securities Information Repositories certified from time to time by the SEC to be the recipient of information of the nature of reports required by the Continuing Disclosure Undertaking, or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule, including the Municipal Securities Rulemaking Board Electronic Municipal Market Access website (each a "**Repository**" and together the "**Repositories**"), a Pennsylvania State Information Depository and any similar entities which are required recipients by reason of continuing disclosure undertakings or regulatory requirements, such services to be identified by the Trustee, and (iv) one or more other national information services that disseminate notices of redemption of bonds such as the 2009 Bonds, such services to be identified by the Trustee.

In the case of an optional redemption of 2009 Bonds, the notice may state (1) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the redemption date or (2) that the Commission retains the right to rescind such notice at any time prior to the scheduled redemption date if the Commission delivers a certificate of a Commission Official to the Trustee instructing the Trustee to rescind the redemption notice (in either case, a “**Conditional Redemption**”), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described below.

*Purchase of 2009 Bonds at Any Time.* The Trustee, upon the written request of the Commission, shall purchase 2009 Bonds as specified by the Commission in the open market at a price not exceeding the price specified by the Commission. Such purchase of 2009 Bonds shall be made with funds available under the Subordinate Indenture or provided by the Commission in such written request. Upon purchase by the Trustee, such 2009 Bonds shall be treated as delivered for cancellation under the terms of the Subordinate Indenture. Nothing in the Subordinate Indenture shall prevent the Commission from purchasing 2009 Bonds on the open market without the involvement of the Trustee and delivering such 2009 Bonds to the Trustee for cancellation under the Subordinate Indenture. 2009B Bonds purchased by the Commission and delivered to the Trustee under the terms of the Subordinate Indenture which are subject to a mandatory sinking fund redemption schedule may be credited against future mandatory sinking fund redemption payments. The principal amount of 2009B Bonds or 2009C Bonds, as applicable, to be redeemed by optional redemption may be reduced by the principal amount of 2009B Bonds or 2009C Bonds, as applicable, purchased by the Commission and delivered to the Trustee for cancellation at least fifteen (15) days prior to the last date on which the notice of redemption can be mailed.

### **PLAN OF FINANCING**

The 2009 Bonds are being issued to provide funds to finance the Project, including the costs of (i) making payments in accordance with Act 44 (defined below) to fund (a) certain transportation grants to mass transit agencies and to local governments and (b) various road, highway and bridge projects unrelated to the System; (ii) refunding the Commission’s outstanding Turnpike Bond Anticipation Notes Series A of 2007; (iii) refunding the Commission’s outstanding Turnpike Bond Anticipation Notes Series B of 2007 (Federally Taxable); (iv) refunding the Commission’s outstanding Turnpike Subordinate Revenue Bond Anticipation Notes, Subseries C-3 of 2008; (v) funding the Debt Service Reserve Fund for the 2009 Bonds; (vi) obtaining a credit facility for a portion of the 2009 Bonds; (vii) paying capitalized interest on a portion of the 2009 Bonds; and (viii) paying the costs of issuing the 2009 Bonds. See APPENDIX A – THE PENNSYLVANIA TURNPIKE – “Act 44” and “Recent Developments and Pending and Future Legislation” and “ESTIMATED SOURCES AND USES OF FUNDS”.

**ESTIMATED SOURCES AND USES OF FUNDS**

ESTIMATED SOURCES OF FUNDS

Principal Amount/Initial Principal Amount	\$ 956,733,204.25
Net Original Issue Discount	<u>-1,600,890.90</u>
<b>TOTAL SOURCES</b>	<b><u>\$ 955,132,313.35</u></b>

ESTIMATED USES OF FUNDS

Project Fund Deposit	
Transfer to PennDOT	\$ 225,000,000.00
Refunding of 2007 Bond Anticipation Notes	539,481,087.00
Refunding of 2008 C-3 Bond Anticipation Notes	105,155,820.00
Deposit to Debt Service Reserve Fund	68,975,668.75
Capitalized Interest	6,837,277.23
Costs of Issuance <sup>1</sup>	<u>9,682,460.37</u>
<b>TOTAL USES</b>	<b><u>\$ 955,132,313.35</u></b>

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<sup>1</sup> Costs of Issuance include Co-Bond Counsel fee, Underwriters' Counsel fee, Underwriter's Discount, Bond Insurance premium, printing expenses, rating agency fees, advertising costs, Financial Advisors' fees, Trustee's fee and contingency.

**SECURITY FOR THE 2009 BONDS**

The 2009 Bonds are limited obligations of the Commission. They are secured, along with the 2008A Bonds, the 2008B Bonds, the 2008C Bonds, the 2009A Bonds and with any additional Subordinate Indenture Bonds and other Parity Obligations, under the Subordinate Indenture, except as otherwise noted below, by the pledge by the Commission to the Trustee of (1) the Commission Payments (as described below), (2) all monies deposited into accounts or funds (other than the Rebate Fund) created by the Subordinate Indenture and held by or on behalf of the Trustee, (3) any insurance proceeds and other moneys required to be deposited therein, (4) all payments received by the Commission pursuant to Parity Swap Agreements, and (5) all investment earnings on all moneys held in accounts and funds established by the Subordinate Indenture, other than the Rebate Fund (collectively, the "*Trust Estate*"). "*Commission Payments*" consist of certain payments made by the Commission from funds on deposit in the General Reserve Fund established under the Senior Indenture. The Subordinate Indenture does not create a lien on the General Reserve Fund. Under the Senior Indenture, holders of the Senior Bonds are granted a lien on the Tolls, other revenues and funds established under the Senior Indenture, including the General Reserve Fund, and pledged by the Commission as part of the Senior Trust Estate. The Subordinate Indenture does not create any lien on Tolls, other revenues and funds established under the Senior Indenture, all as set forth in the Subordinate Indenture and more fully described in the "SECURITY FOR THE 2009 BONDS – Commission Payments."

The Subordinate Indenture further provides that the Commission may not issue Additional Subordinate Indenture Bonds nor incur other Parity Obligations except upon satisfaction of various requirements as expressly provided in the Subordinate Indenture. See

“APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE – LIMITATIONS ON ISSUANCE OF ADDITIONAL SUBORDINATE INDENTURE BONDS.”

The 2009 Bonds are Debt Service Reserve Fund Bonds for the purpose of the Subordinate Indenture and, accordingly, are secured by moneys on deposit in the Debt Service Reserve Fund. The amount in the Debt Service Reserve Fund will be sufficient to fulfill the Debt Service Reserve Fund Requirement of the Subordinate Indenture with respect to the 2009 Bonds, the 2008A Bonds, the 2008B Bonds, the Subseries 2008 C-1 Bonds and the 2009A Bonds (presently Outstanding in the principal amount of \$1,195,350), which currently constitute all outstanding Debt Service Reserve Fund Bonds under the Subordinate Indenture.

TOLL REVENUES, OIL FRANCHISE TAX REVENUES, AND REGISTRATION FEE REVENUES (EXCEPT FOR DEPOSITS MADE BY THE COMMONWEALTH TO THE GUARANTEED BONDS RECEIPTS ACCOUNT, WHICH ACCOUNT DOES NOT SECURE THE 2009 BONDS), AS WELL AS OTHER SOURCES OF THE COMMISSION’S REVENUES ARE NOT PLEDGED UNDER THE SUBORDINATE INDENTURE AS PART OF THE TRUST ESTATE. THE TRUST ESTATE IS LIMITED TO FUNDS AVAILABLE AND TRANSFERRED TO THE TRUSTEE FROM THE GENERAL RESERVE FUND AND OTHER AMOUNTS ON DEPOSIT WITH THE TRUSTEE. THE TRUST ESTATE AS DEFINED IN THE SUBORDINATE INDENTURE EXCLUDES ALL MONIES HELD IN THE REBATE FUND ESTABLISHED UNDER THE SUBORDINATE INDENTURE.

**THE 2009 BONDS ARE LIMITED OBLIGATIONS OF THE COMMISSION AND 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 2009 BONDS.**

**Senior Revenue Bonds and Other Senior Parity Obligations**

The Commission has previously issued Senior Revenue Bonds under the Senior Indenture. Currently, \$2,813,170,000 aggregate principal amount of Senior Revenue Bonds are Outstanding. Under the terms of the Senior Indenture the Commission may issue additional Senior Revenue Bonds. THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON ALL SUCH SENIOR REVENUE BONDS WILL BE PAID PRIOR TO THE PAYMENT OF THE SUBORDINATE INDENTURE BONDS, INCLUDING THE 2009 BONDS.

In addition to the Outstanding Senior Revenue Bonds, the Commission has entered into various interest rate exchange agreements with an outstanding notional amount of \$1,383,592,500 that constitute Senior Parity Swap Agreements under the Senior Indenture. Under the terms of the Senior Indenture, amounts payable under Senior Parity Swap Agreements, including certain termination payments, are secured on a parity with the Senior Revenue Bonds in the Trust Estate and senior to the liens of the Subordinate Indenture in the Trust Estate. Under the terms of the Senior Indenture the Commission may enter into additional Senior Parity Swap Agreements. ALL AMOUNTS PAYABLE UNDER ALL SUCH SENIOR

PARITY SWAP AGREEMENTS, INCLUDING CERTAIN TERMINATION PAYMENTS, WILL BE PAID PRIOR TO THE PAYMENT OF THE SUBORDINATE INDENTURE BONDS, INCLUDING THE 2009 BONDS.

### **Subordinate Indenture Bonds and Other Parity Obligations**

The 2009 Bonds are the fifth and sixth series of bonds, respectively, issued by the Commission under the Subordinate Indenture. The 2008A Bonds in the aggregate principal amount of \$244,855,000, the 2008B Bonds in the aggregate principal amount of \$233,905,000, the 2008C Bonds in the aggregate principal amount of \$411,110,000 consisting of the Subseries 2008 C-1 Bond Anticipation Notes, the Subseries 2008 C-3 Bond Anticipation Notes, and the Subseries 2008 C-4 (Taxable) Bond Anticipation Notes, and the 2009A Bonds in the aggregate amount of \$308,035,000 are currently outstanding. Upon the fulfillment of conditions set forth in the Subordinate Indenture, the Commission may issue Additional Subordinate Indenture Bonds under the terms of the Subordinate Indenture; and such Additional Subordinate Indenture Bonds will have an equal claim to the Trust Estate with the 2008A Bonds, the 2008B Bonds, the 2009A Bonds, the 2009B Bonds, and the 2009C Bonds of the same Class. However, all such Additional Subordinate Indenture Bonds issued under the terms of the Subordinate Indenture shall be subordinate to the payment of all Senior Indenture Obligations issued pursuant to the Senior Indenture. See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE.”

In addition to Additional Subordinate Indenture 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. Prior to the issuance of the 2009 Bonds, the Commission has not entered into any such Parity Swap Agreements under the Subordinate Indenture. Under the terms of the Subordinate Indenture, amounts payable under Parity Swap Agreements entered into by the Commission, including certain termination payments, may be secured on a parity with the Subordinate Indenture Bonds, including the 2009 Bonds, in the Trust Estate. See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE.”

### **Special Revenue Bonds (Guaranteed Bonds)**

Under Act 44, the Commission is authorized to issue Special Revenue Bonds (as defined in §9511.2 of Act 44) up to an aggregate principal amount of \$5 billion (not to exceed \$600 million per year), exclusive of original issue discount, for the purpose of paying bond-related expenses and costs of PennDOT. Special Revenue Bonds are referred to as “Guaranteed Bonds” under the Subordinate Indenture. The terms “Special Revenue Bonds” and “Guaranteed Bonds” are used interchangeably in this Official Statement. Special Revenue Bonds are subordinate to Revenue Bonds (including the 2009 Bonds) with respect to their claim on Commission Payments. In the event the Commission does not make a required deposit for debt service on Special Revenue Bonds with the Trustee, such deposit is to be made from funds available for such purpose on deposit in the Commonwealth’s Motor License Fund. The Commonwealth has no obligation to provide any funds, other than available funds on deposit in the Motor License Fund, for the payment of any Special Revenue Bonds. See “Act 44-Statutory Limitations on the Incurrence of Guaranteed Bonds” in APPENDIX A for a more detailed



discussion of Special Revenue Bonds and the Commission's related reimbursement obligations related to withdrawals from the Motor License Fund.

### **Obligations Secured by Other Revenue Sources**

The Commission has also issued Oil Franchise Tax Revenue Bonds that are currently outstanding in the aggregate principal amount of \$571,040,000 and Registration Fee Revenue Bonds that are currently outstanding in the aggregate principal amount of \$447,705,000. The Commission has entered into various interest rate exchange agreements with respect to certain 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 (except for deposits of Registration Fee Revenues made by the Commonwealth to the Guaranteed Bonds Receipts Account, which account does not secure the 2009 Bonds) are pledged to secure the 2009 Bonds or the Senior Indenture Obligations.

### **Rate Covenant**

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

The amounts of the Commission Payments made from the Senior Trustee to the Trustee are based on the coverage levels established by the Rate Covenant described above; therefore, in each year the Commission has covenanted to transfer Commission Payments in an amount equal to the sum of (i) 115% of the Annual Debt Service for such Fiscal Year on account of all Outstanding Revenue Bonds and Revenue Bonds Parity Obligations, plus (ii) 100% of the Annual Debt Service for such Fiscal Year on account of all Outstanding Guaranteed Bonds, Guaranteed Bonds Parity Obligations and other Subordinated Indebtedness, plus (iii) any payment by the Commission required by the Subordinate Indenture for restoring any deficiency in the Debt Service Reserve Fund within an eighteen (18) month period. Notwithstanding the provisions of the Rate Covenant however, any balance in the General Reserve Fund which a Commission Official determines to be in excess of the amount required to be reserved therein for future transfers to the Senior Indenture Debt Service Fund (as herein defined) is available to make Commission Payments to the Trustee for the payment of Debt Service on Outstanding Revenue Bonds and Revenue Bonds Parity Obligations as well as Outstanding Guaranteed

Bonds, Guaranteed Bonds Parity Obligations and other Subordinated Indebtedness. See “SECURITY FOR THE 2009 BONDS – The General Reserve Fund under the Senior Indenture”, “SECURITY FOR THE 2009 BONDS – Commission Payments” and “APPENDIX A – THE PENNSYLVANIA TURNPIKE – Act 44 – *Act 44 Payments to PennDOT for Roads, Bridges and Transit*”.

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

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

In preparing its recommendations, the Consultant may rely upon written estimates of Revenues prepared by the other Consultants of the Commission. Copies of such written estimates signed by such Consultants shall be attached to such recommendations. The Commission covenants that promptly after receipt of such recommendations and the adoption of any revised schedules of Tolls, certified copies thereof will be filed with the Trustee. The ability of the Commission to collect Tolls in an amount sufficient to comply with the Rate Covenant could be adversely affected by many factors, some of which are beyond the Commission’s control. See “CERTAIN RISK FACTORS” and APPENDIX A – THE PENNSYLVANIA TURNPIKE – “Toll Schedule and Rates”.

The Commission has agreed that Tolls will be classified in a reasonable way to cover all traffic, so that the Tolls may be uniform in application to all traffic falling within any reasonable class regardless of the status or character of any person, firm or corporation participating in the traffic; provided, however, that the foregoing shall not be interpreted to restrict the

Commission's right, in its discretion in connection with its management of the System, to establish and maintain flexible Toll schedules including, but not limited to, provisions for utilizing or otherwise taking into account, peak and nonpeak pricing, introductory pricing, weight, method of payment, frequency, carpooling, electronic Tolls or other new Toll collection technologies, traffic management systems, and similar classifications. The Commission has agreed that it shall not grant free passage or reduced Tolls within a class, except in the limited manner permitted by the Subordinate Indenture, which includes, among others, for operational or safety reasons including, but not limited to, reasons arising out of a work stoppage, work slowdown or work action, and for use by the Army, Air Force, Navy, Coast Guard, Marine Corps or National Guard or any branch thereof in time of war or other emergency.

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

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

### **The General Reserve Fund under the Senior Indenture**

THIS DISCUSSION DESCRIBES CERTAIN PROVISIONS OF THE SENIOR INDENTURE:

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

The Commission covenants that all Senior Revenues will be deposited daily, as far as practicable, with the Senior Trustee or in the name of the Senior Trustee with a depository or depositories of the Senior Trustee, to the credit of the Senior Indenture Revenue Fund.

Except as otherwise provided in the Senior Indenture, transfers from the Senior Indenture Revenue Fund shall be made to the following funds and in the following order of priority: (i) Senior Indenture Rebate Fund, (ii) Senior Indenture Operating Account, (iii) Senior Indenture Debt Service Fund, (iv) Senior Indenture Reserve Maintenance Fund, (v) Senior Indenture Debt Service Reserve Fund, and (vi) General Reserve Fund (after retaining in the Senior Indenture

Revenue Fund, such funds identified by the Commission for future transfers to the Senior Indenture Debt Service Fund established under the Senior Indenture). The Senior Trustee shall transfer from the Senior Indenture Revenue Fund on or before the last Business Day of each year (or more frequently if requested by a Commission Official) to the credit of the General Reserve Fund any funds which a Commission Official determines to be in excess of the amount required to be reserved therein for future transfers to the Senior Indenture Debt Service Fund.

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

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

The Senior Trustee is authorized under the Senior Indenture to apply monies on deposit in the General Reserve Fund for any of such purposes upon receipt of a requisition signed by a Commission Official, stating in respect of each payment to be made:

- (a) The name of the Person, firm or corporation, to whom payment is to be made or, if the payment is to be made to a fund or account held by the Senior Trustee under the Senior Indenture or to a fund or account held by the Commission and not subject to the Senior Indenture, the name of such fund or account,
- (b) The amount to be paid, and
- (c) The purpose for which the payment is to be made.

Under the terms of the Subordinate Indenture, the Commission covenants to instruct the Senior Trustee to pay to the Trustee out of the General Reserve Fund established under the Senior Indenture such amounts as are required by the Subordinate Indenture or by a supplemental indenture to the Subordinate Indenture to pay, at the times specified, debt service on all outstanding Subordinate Indenture Bonds (including the 2009 Bonds) and all Parity Obligations issued under the Subordinate Indenture. See “SECURITY FOR THE 2009 BONDS – Commission Payments”.

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

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

<u>2009 (unaudited)</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$69,547,514	\$60,392,331	\$83,452,977	\$35,503,500	\$24,163,488

The balance of the General Reserve Fund as of May 31, 2008 represented a decline from the previous year end date, reflecting permitted withdrawals from the General Reserve Fund to fund increased capital expenditures during the period under the Commission’s Capital Improvement Program. Balances in the General Reserve Fund may be applied in the future for capital expenditures of the Commission and for other general corporate purposes, including to make Commission Payments as described below. In addition, Annual Surplus Payments, if any, made by the Commission to PennDOT under the Lease, will be payable solely from funds available for such purpose in the General Reserve Fund. See “Act 44- *Act 44 Payments to PennDOT for Roads, Bridges and Transit*” in APPENDIX A for a discussion of the Commission’s obligations, upon the occurrence of the Conversion, to make certain “Annual Surplus Payments” of the General Reserve Fund surplus available at the end of each fiscal year, according to a certificate of the Auditor General of the Commonwealth.

**Commission Payments**

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

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

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

(a) On or before the first Business Day of each calendar month commencing on the first Business Day of the sixth month prior to the next succeeding Interest Payment Date, an amount which equals the amount necessary to pay, and for the purpose of paying, one-sixth (1/6) of 115% of the interest due on any Fixed Rate Bonds, issued as Revenue Bonds (including the 2009 Bonds), on the next succeeding Interest Payment Date including any amount due to any Bond Insurer in respect thereto (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 115% of 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), which amount shall be deposited promptly in the Commission Payments Fund;

(b) On or before the first Business Day of each calendar month commencing on the first Business Day of the twelfth month prior to the next succeeding principal payment date, an amount which equals one-twelfth (1/12) of the amount necessary to pay and for the purpose of paying, 115% the principal amount (or Compounded Amount, as applicable) of any Fixed Rate Bonds issued as Revenue Bonds (including the 2009 Bonds) maturing on the next succeeding maturity date (or, in the case of the period from the date of issuance of such Fixed Rate Bonds to the first date on which principal (or Compounded Amount, as applicable) is due on such Fixed Rate Bonds, a monthly amount equal to 115% of the principal amount (or Compounded Amount, as applicable) 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), which amount shall be deposited promptly in the Commissions Payments Fund;

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

(d) On or before the fifteenth Business Day of each calendar month commencing on the fifteenth Business Day of the sixth month prior to the next succeeding Interest Payment Date, but not before making the required deposits in clauses (a) through (c) above, an amount which equals the amount necessary to pay, and for the purpose of paying, one-sixth (1/6) of 100% of the interest due on any Fixed Rate Bonds, issued as Guaranteed Bonds, on the next succeeding Interest Payment Date including any amount due to any Bond Insurer in respect thereto (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 100% of 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), which amount shall be deposited promptly in Commissions Payments Fund;

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

(f) On or before the fifteenth Business Day of each calendar month commencing on the fifteenth Business Day of the twelfth month prior to the next succeeding mandatory sinking fund installment date, but not before the deposits in clauses (a) through (e) above, an amount which equals one-twelfth (1/12) of the amount necessary to pay, and for the purpose of paying, 100% of the principal amount of any mandatory sinking fund installment of Fixed Rate Bonds issued as Guaranteed Bonds payable on the next succeeding mandatory sinking fund installment date, which amount shall be deposited promptly in the Commission Payments Fund.

The Commission has not issued any Guaranteed Bonds to date.

### **Commission Payments Fund**

All Commission Payments will be deposited with the Trustee or in the name of the Trustee with a depository or depositories designated by the Commission and approved by the Trustee, to the credit of the Commission Payments Fund. The monies in the Commission Payments Fund are to be held by the Trustee in trust and applied in accordance with the Subordinate Indenture.

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

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

## **Administrative Expenses Fund**

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

## **Debt Service Fund**

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

The Trustee and the Commission may create such additional accounts and sub-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 Subordinate Indenture Bonds secured by such Credit Facility are to be paid (and upon such payment, amounts on deposit in the Principal and Interest Accounts for such Subordinate Indenture Bonds shall be used to repay the provider of the Credit Facility for such payments), and (b) an account into which payments by the Commission to any Parity Swap Counterparty are to be deposited and from which payments to such Parity Swap Counterparty are to be paid.

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



Indenture Bonds as the same shall become due, except to the extent such interest, principal (or Compounded Amount, if applicable) or other amounts are payable from a fund or account other than the Debt Service Fund as provided in the applicable supplemental indenture to the Subordinate Indenture.

For any Debt Service Reserve Fund Bonds, if at the time the Trustee is required to make a withdrawal from the Debt Service Fund the moneys therein shall not be sufficient for such purpose, the Trustee shall withdraw the amount of such deficiency from the moneys on deposit in the Debt Service Reserve Fund and transfer the same to the appropriate account of the Debt Service Fund.

For any Guaranteed Bonds which may be issued in the future, 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 or if the Trustee does not have sufficient moneys to make the required deposits under the Subordinate Indenture into the Guaranteed Bonds Account of the Debt Service Fund, the Trustee shall notify the Commonwealth through PennDOT of such deficiency and request the payment of funds necessary to cure such deficiency only from funds available in the Motor License Fund. The Commonwealth has no obligation to appropriate any funds other than funds on deposit in the Motor License Fund to the payment of the Guaranteed Bonds.

### **Debt Service Reserve Fund**

A Debt Service Reserve Fund has been established under the Subordinate Indenture to provide additional security for Debt Service Reserve Fund Bonds. The Debt Service Reserve Fund secures Debt Service Reserve Fund Bonds on a parity basis. The 2009 Bonds are Debt Service Reserve Fund Bonds for the purpose of the Subordinate Indenture and, accordingly, are secured by moneys on deposit in the Debt Service Reserve Fund. On the date of the issuance of the 2009 Bonds an amount shown under “ESTIMATED SOURCES AND USES OF FUNDS” from proceeds of the 2009 Bonds will be deposited to the Debt Service Reserve Fund. Such amount, together with the existing balance in the Debt Service Reserve Fund, is sufficient to fulfill the Debt Service Reserve Fund Requirement of the Subordinate Indenture with respect to the 2009 Bonds and all outstanding Debt Service Reserve Fund Bonds. Upon issuance of the 2009 Bonds, outstanding Debt Service Reserve Fund Bonds will consist of the Commission’s 2008A Bonds, 2008B Bonds, the Subseries 2008 C-1 Bonds and the 2009A Bonds issued in the original principal amounts of \$244,855,000, \$233,905,000, \$231,335,000 and \$308,035,000 respectively, under the Subordinate Indenture, and the 2009 Bonds.

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

THE SUBORDINATE INDENTURE – “Debt Service Reserve Fund” for information with respect to the Debt Service Reserve Fund under the Subordinate Indenture.

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

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

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

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

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

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

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

### **Guarantee Repayment Fund**

Under the terms of the Subordinate Indenture, there is created a Guarantee Repayment Fund. Based on such time schedule as agreed by the Commission and PennDOT and furnished to the Trustee, the Trustee shall deposit into the Guarantee Repayment Fund from the Commission Payments Fund and the Residual Fund such amounts as are necessary to repay, and the Trustee shall initiate such repayment from the Guarantee Repayment Fund, to the Commonwealth's Motor License Fund of any debt service payments or portion of debt service payments with respect to any Guaranteed Bonds, which are made out of such Motor License Fund.

### **Residual Fund**

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

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

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

The Trustee is authorized to apply monies on deposit in the Residual Fund for any of such purposes upon receipt of a requisition signed by a Commission Official, stating in respect of each payment to be made:

(d) The name of the Person, firm or corporation, to whom payment is to be made or, if the payment is to be made to a fund or account held by the Trustee under the Subordinate Indenture or to a fund or account held by the Commission and not subject to the Subordinate Indenture, the name of such fund or account;

(e) The amount to be paid; and

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

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

### **BOND INSURANCE**

The following information is not complete and reference is made to Appendix I for a specimen of the municipal bond insurance policy (the “*Policy*”) of Financial Security Assurance Inc. (“*Financial Security*” or the “*Bond Insurer*”).

#### **Bond Insurance Policy**

Concurrently with the issuance of the 2009 Bonds, Financial Security Assurance Inc. (“*Financial Security*”) will issue its Municipal Bond Insurance Policy (the “*Policy*”) for the 2009B Bonds maturing on June 1, 2024 bearing interest at 4.50%, and the 2009B Bonds maturing June 1, 2029 bearing interest at 5.00% at a yield of 5.07% and the 2009C Bonds (the “*Insured Bonds*”). The Policy guarantees the scheduled payment of principal (or in the case of Capital Appreciation Bonds, the accreted value) and interest on the Insured Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

#### **Financial Security Assurance Inc.**

Financial Security is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Financial Security Assurance Holdings Ltd. (“*Holdings*”). Holdings is an indirect subsidiary of Assured Guaranty Ltd. (“*AGL*”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, structured finance and mortgage markets. No shareholder of AGL, Holdings or Financial Security is liable for the obligations of Financial Security.

On July 1, 2009, AGL acquired the financial guaranty operations of Holdings from Dexia S.A. (“**Dexia**”). In connection with such acquisition, Holdings’ financial products operations were separated from its financial guaranty operations and retained by Dexia.

Financial Security’s financial strength is rated “AAA” (negative outlook) by Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. (“**S&P**”), “Aa3” (on review for possible downgrade) by Moody’s Investors Service, Inc. (“**Moody’s**”) and “AA+” (Ratings Watch Negative) by Fitch, Inc. (“**Fitch**”). Each rating of Financial Security should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of any security guaranteed by Financial Security. Financial Security does not guaranty the market price of the securities it guarantees, nor does it guaranty that the ratings on such securities will not be revised or withdrawn.

### *Recent Developments*

#### **Ratings**

On July 1, 2009, S&P published a Research Update in which it affirmed its “AAA” counterparty credit and financial strength ratings on Financial Security. At the same time, S&P continued its negative outlook on Financial Security. Reference is made to the Research Update, a copy of which is available at [www.standardandpoors.com](http://www.standardandpoors.com), for the complete text of S&P’s comments.

On May 20, 2009, Moody’s issued a press release stating that it had placed the “Aa3” insurance financial strength rating of Financial Security on review for possible downgrade. Reference is made to the press release, a copy of which is available at [www.moody.com](http://www.moody.com), for the complete text of Moody’s comments.

In a press release dated May 11, 2009, Fitch announced that it had downgraded the insurer financial strength rating of Financial Security to “AA+” from “AAA” and placed such rating on Ratings Watch Negative. Reference is made to the press release, a copy of which is available at [www.fitchratings.com](http://www.fitchratings.com), for the complete text of Fitch’s comments.

There can be no assurance as to the outcome of Moody’s review or the timing of when such review may be completed, or as to the further action that Fitch or S&P may take with respect to Financial Security.

For more information regarding Financial Security’s financial strength ratings and the risks relating thereto, see Holdings’ Annual Report on Form 10-K for the fiscal year ended December 31, 2008, which was filed by Holdings with the Securities and Exchange Commission (“**SEC**”) on March 19, 2009, and Holdings’ Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009, which was filed by Holdings with the SEC on May 20, 2009.

## Capitalization of Financial Security

At March 31, 2009, Financial Security's consolidated policyholders' surplus and contingency reserves were approximately \$1,980,414,233 and its total net unearned premium reserve was approximately \$2,476,302,376 in accordance with statutory accounting principles.

## Incorporation of Certain Documents by Reference

Portions of the following documents filed by Holdings with the SEC that relate to Financial Security are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(a) Annual Report of Holdings on Form 10-K for the fiscal year ended December 31, 2008 (which was filed by Holdings with the SEC on March 19, 2009); and

(b) Quarterly Report of Holdings on Form 10-Q for the quarterly period ended March 31, 2009 (which was filed by Holdings with the SEC on May 20, 2009).

All information relating to Financial Security included in, or as exhibits to, documents filed by Holdings or AGL pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the filing of the last document referred to above and before the termination of the offering of the 2009 Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at Holdings' website at <http://www.fsa.com>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Financial Security Assurance Inc.: 31 West 52<sup>nd</sup> Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

Any information regarding Financial Security included herein under the caption "BOND INSURANCE – Financial Security Assurance Inc." or included in a document incorporated by reference herein (collectively, the "**Financial Security Information**") shall be modified or superseded to the extent that any subsequently included Financial Security Information (either directly or through incorporation by reference) modifies or supersedes such previously included Financial Security Information. Any Financial Security Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Financial Security makes no representation regarding the 2009 Bonds or the advisability of investing in the 2009 Bonds. In addition, Financial Security has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding Financial Security supplied by Financial Security and presented under the heading "BOND INSURANCE".

## AUDITED FINANCIAL STATEMENTS

The financial statements of the Commission for the years ended May 31, 2008 and May 31, 2007 are set forth in “APPENDIX B – AUDITED FINANCIAL STATEMENTS: 2008 and 2007” certified by Ernst & Young, in its capacity as Independent Auditor. The Commission has not asked Ernst & Young to perform any additional review procedures in connection with this Official Statement.

## CERTAIN RISK FACTORS

Many factors could affect the sufficiency of the Trust Estate to meet debt service payments on the 2009 Bonds, some of which are discussed below. Potential investors must carefully consider the following factors in order to understand the structure and characteristics of the 2009 Bonds and the potential merits and risks of an investment in the 2009 Bonds. Potential investors must review and be familiar with variety of risk factors in deciding whether to purchase any 2009 Bond.

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

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**Commission Revenues  
may decline**

The statistical information in this Official Statement regarding toll revenues collected by the Commission are historical. 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 Lease, 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 Lease, to construct and maintain the System and to pay debt service obligations and other amounts payable to the Department 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 (including Interstate 80, if not tolled) because of the toll rate increases and other factors. There is insufficient data to assess these risk factors fully, but the Commission reasonably expects, based on historical variations in such factors and the approved and planned toll increases, to have sufficient revenues to meet its payment obligations, including payment obligations with respect to the 2009 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 believes that it will have sufficient revenue to meet the then existing debt and operational obligations of the Commission. See APPENDIX H – TRAFFIC AND REVENUE STUDY.

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**Investors in the 2009 Bonds bear greater risk of non-payment because the priority of payment of interest and principal (or Compounded Amount, if applicable) payments on the 2009 Bonds is subordinate to the Senior Indenture Obligations under the Senior Indenture**

The 2009 Bonds are subordinate in right of payment from the General Reserve Fund to the payment of all Senior Indenture Obligations under the Senior Indenture. The 2009 Bonds are not secured by the General Reserve Fund established under the Senior Indenture. In addition, it is probable that additional senior bonds and other senior obligations may be issued in the future by the Commission under the Senior Indenture, which would increase the amount of Senior Indenture Obligations to which the payment on the 2009 Bonds are subordinated, thus increasing the risk of nonpayment to the 2009 Bondholders.

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**The Trust Estate will have limited assets from which to make payments on the 2009 Bonds, which may result in losses**

The Trust Estate will not include significant assets. The Trust Estate consists primarily of an obligation of the Commission to make periodic payments from funds available in the General Reserve Fund after satisfaction of Senior Indenture Obligations and the maintenance of any reserve fund established under the Senior Indenture. Consequently, Bondholders must rely upon the obligation of the Commission to make such payments from the General Reserve Fund and to set Tolls at sufficient levels to generate the necessary excess cash in the General Reserve Fund for such payments.

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**If the Commission experiences financial problems, delays in payment or losses on the 2009 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 2009 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 of the System;
- Decreased toll revenues due to declines in usage or otherwise;
- Increased and/or unanticipated costs of operation of Interstate 80;



- Limited permitted uses under Federal law of the toll revenue derived from Interstate 80, if the Conversion occurs;
- 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.

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**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 render such variable rate debt unmarketable.

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**The 2009 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 2009 Bonds may be redeemed prior to their final maturity if the Commission exercises its option to redeem the 2009 Bonds. Bondholders bear the risk that monies received cannot be reinvested in comparable securities or at comparable yields.

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**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. See “APPENDIX A – Recent Developments and Pending and Future Legislation”. The Commission cannot

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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 2009 Bonds. See "APPENDIX A – Act 44 – Tolling of Interstate 80."

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**Certain actions can be taken without Bondholder approval**

The transaction documents provide that certain actions may be taken based upon receipt by the Trustee of confirmation from each of the Rating Agencies then rating the 2009 Bonds that the then current ratings assigned by such Rating Agencies will not be impaired by those actions. To the extent those actions are taken after issuance of the 2009 Bonds, investors in the 2009 Bonds will be depending on the evaluation by the Rating Agencies of those actions and the impact of those actions on credit quality.

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**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 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 political subdivision 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.

In order to proceed under Chapter 9 of the Bankruptcy Code, state law must authorize the political subdivision to file a petition under the Bankruptcy Code. THE ACT DOES NOT AUTHORIZE THE COMMISSION TO FILE A PETITION UNDER THE BANKRUPTCY CODE.

Payment of the 2009 Bonds is not secured by a lien on any funds on deposit in the General Reserve Fund established under the Senior Indenture or on any toll revenues collected by the Commission. The 2009 Bonds are secured solely by the Commission Payments and funds held under the Indenture (excluding the Rebate Fund). In the event of insolvency of the Commission, the Bondholders claim, to the extent not satisfied from Commission Payments, would be a general unsecured claim.

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**Uncertainty as to available remedies**

The remedies available to owners of the 2009 Bonds upon an Event of Default under the Subordinate Indenture or other documents described herein are in many respects dependent upon

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regulatory and judicial actions which often are subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, the remedies specified by the Subordinate Indenture and such other documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the issuance of the 2009 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.

### **CONTINUING DISCLOSURE**

The Commission will enter into a Continuing Disclosure Undertaking for the benefit of the registered owners from time to time of the 2009 Bonds (collectively, the “Disclosure Undertaking”).

Pursuant to the Disclosure Undertaking, the Commission will provide to the Municipal Securities Rulemaking Board’s (the “**MSRB**”) Electronic Municipal Market Access system (“**EMMA**”), and any State Information Depository (“**SID**”), if applicable, within 180 days of the end of each fiscal year of the Commission commencing with the fiscal year ended May 31, 2009, annual financial information, consisting of financial and operating data of the type set forth in this Official Statement in Tables I, II and III of “APPENDIX A — THE PENNSYLVANIA TURNPIKE” and in “APPENDIX B – AUDITED FINANCIAL STATEMENTS: 2008 AND 2007,” as well as a summary of any material legislative or regulatory developments affecting Act 44 or the tolling of Interstate 80. In the event that audited financial statements are not available within 180 days of the close of the applicable fiscal year, the Annual Financial Information will contain unaudited financial statements and the audited financial statements will be provided for filing when available.

The Disclosure Undertaking will also provide that the Commission will file in a timely manner, with EMMA and to any SID, notice of the occurrence of any of the following events with respect to the 2009 Bonds, if material: (i) principal and interest payment delinquencies; (ii) non-payment related defaults; (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 or events affecting the tax-exempt status of any of the 2009 Bonds; (vii) modifications to rights of holders of the applicable subseries of 2009 Bonds; (viii) bond calls; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the 2009 Bonds; and (xi) rating changes. The foregoing events are quoted from Rule 15c2-12.

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

The Commission may amend the Disclosure Undertaking and waive any of the provisions thereof, but no such amendment or waiver shall be executed and effective unless (i) the

amendment or waiver is made in connection with a change in legal requirements, change in law or change in the identity, nature or status of the Commission or the governmental operations conducted by the Commission; (ii) the Disclosure Undertaking, as modified by the amendment or waiver, would have been the written undertaking contemplated by Rule 15c2-12 at the time of original issuance of the 2009 Bonds, taking into account any amendments or interpretations of Rule 15c2-12; and (iii) the amendment or waiver does not materially impair the interests of the registered owners of the 2009 Bonds. Evidence of compliance with the foregoing conditions shall be satisfied by delivery to the Commission of an opinion of counsel having recognized skill and experience in the issuance of municipal securities and federal securities law to the effect that the amendment or waiver satisfies the conditions set forth in the preceding sentence. Notice of any amendment or waiver shall be filed by the Commission with EMMA (or such other date as may be announced by the Securities and Exchange Commission or the MSRB as the effective date for filing via EMMA), and shall be sent to the registered owners of the 2009 Bonds.

The Disclosure Undertaking will recite that it is entered into for the benefit of the registered owners from time to time of the 2009 Bonds. For the purposes of the Disclosure Undertaking, for so long as the 2009 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 2009 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 2009 Bonds or the Subordinate Indenture, and the sole remedy to enforce the provisions of the Disclosure Undertaking shall be the right of any registered owner, by mandamus, suit, action or proceeding at law or in equity, to compel the Commission to perform the provisions and covenants contained in the Disclosure Undertaking.

The Disclosure Undertaking will terminate (1) upon payment or provision for payment in full of the 2009 Bonds, (2) upon repeal or rescission of Section (b)(5) of Rule 15c2-12, or (3) upon a final determination that Section (b)(5) of Rule 15c2-12 is invalid or unenforceable. A copy of the Disclosure Undertaking is on file at the principal office of the Commission.

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

### **RELATIONSHIPS OF CERTAIN PARTIES**

Dilworth Paxson LLP and Bowman Kavulich Ltd., Co-Bond Counsel, and Stevens & Lee, P.C., Counsel to the Underwriters, provide legal services to the Commission in various matters from time to time. Financial S&Lutions LLC, a wholly owned affiliate of Stevens & Lee, has provided swap advisory services to the Commission from time to time. In addition, Citibank, N.A., Merrill Lynch Capital Services, Inc., PNC Bank, National Association and Goldman Sachs Mitsui Marine Derivative Products, L.P. have entered into various swap agreements with the Commission.

## UNDERWRITING

The 2009 Bonds are being purchased by the Underwriters listed on the cover page (the “Underwriters”) for whom Citigroup Global Markets Inc. is acting as the Representative. The Underwriters have agreed to purchase the 2009 Bonds at an underwriting discount of \$5,741,070.11.

The Underwriters will be obligated to purchase all of the 2009 Bonds if any of such 2009 Bonds are purchased. The 2009 Bonds may be offered and sold to certain dealers (including the Underwriters and other dealers depositing such 2009 Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters. The Commission has agreed to be liable to the Underwriters to the extent of all losses, claims, damages and liabilities arising out of incorrect statements or information contained in this Official Statement or material omissions therein, except for information furnished by the Underwriters, and with respect to certain other matters.

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

Wells Fargo Securities is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wachovia Bank, National Association.

## RATINGS

Moody’s Investors Service and Standard & Poor’s Rating Group are expected to assign long-term municipal bond ratings of “Aa3” (on review for possible downgrade) and “AAA”, respectively, to the Insured Bonds based upon the issuance of the Policy.

Moody’s Investors Service and Standard & Poor’s Rating Group have affirmed their underlying long-term ratings for the Commission’s Subordinate Indenture Bonds, including the 2009 Bonds, of “A2” and “A-”, respectively.

Moody’s Investors Service and Standard & Poor’s Rating Group have affirmed their underlying long-term ratings for the Commission’s outstanding Senior Revenue Bonds of “Aa3” and “A+”, respectively. Fitch Ratings issued an underlying long-term rating for the Commission’s outstanding Senior Revenue Bonds of “A+” on May 20, 2008.

An explanation of the significance of each of such ratings may be obtained from the rating agency furnishing the same at the following addresses: Standard & Poor’s Rating Group, 25 Broadway, New York, NY 10004, Moody’s Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, NY 10007; and Fitch Ratings, One State Street Plaza, New York, NY 10004. 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 2009 Bonds.

### **BOND INSURANCE RISK FACTORS**

The Commission will purchase a bond insurance policy to guarantee the scheduled payment of principal and interest on the Insured 2009 Bonds. See “BOND INSURANCE.” The following are risk factors relating to bond insurance.

In the event of default of the payment of principal (or Compounded Amount, as applicable) or interest with respect to the Insured 2009 Bonds when all or some becomes due, any owner of the 2009 Bonds shall have a claim under the Policy for such payments. However, in the event of any acceleration of the due date of such principal (or Compounded Amount, as applicable) by reason of mandatory or optional redemption, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Insured 2009 Bonds by the Commission which is recovered by the Commission from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the insurer at such time and in such amounts as would have been due absent such prepayment by the Commission unless the Bond Insurer chooses to pay such amounts at an earlier date.

The Bond Insurer may direct and must consent to any remedies and the Bond Insurer’s consent may be required in connection with amendments to any applicable bond documents.

In the event the Bond Insurer is unable to make payment of principal (or Compounded Amount, as applicable) and interest as such payments become due under the Policy, the Insured 2009 Bonds are payable solely from the moneys received pursuant to the Indenture. In the event the Bond Insurer becomes obligated to make payments with respect to the Insured 2009 Bonds, no assurance is given that such event will not adversely affect the market price of the Insured 2009 Bonds or the marketability (liquidity) for the Insured 2009 Bonds.

The long-term ratings on the Insured 2009 Bonds are dependent in part on the financial strength of the Bond Insurer and its claims paying ability. The Bond Insurer’s financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Insured 2009 Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Insured 2009 Bonds or the marketability (liquidity) for those Insured 2009 Bonds. See “RATINGS” herein.

The obligations of the Bond Insurer are contractual obligations and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the Commission nor the Underwriters have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Commission to pay principal (or Compounded Amount, as applicable) and interest on the Insured 2009 Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See “BOND INSURANCE” herein for further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

### **Recent Developments Concerning Municipal Bond Insurers**

Moody’s Investor Services and Fitch have recently downgraded the claims paying ability and financial strength of the Bond Insurer. Additional downgrades or negative change in the rating outlook is possible. Thus, when making an investment decision, potential investors should carefully consider the ability of the Commission to pay principal (or Compounded Amount, if applicable) and interest on the 2009 Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See “BOND INSURANCE” herein for further information provided by the Bond Insurer, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

### **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 2009 Bonds, or in any way contesting or affecting the validity of the 2009 Bonds or any proceedings of the Commission taken with respect to the offer or sale thereof, or the pledge or application of any monies or security provided for the payment of the 2009 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.

There are currently approximately 85 open claims for personal injury and/or property damage pending against the Commission, none of which individually or in the aggregate are deemed to expose the Commission to a material risk of loss.

### **LEGAL MATTERS**

Certain legal matters will be passed upon by Dilworth Paxson LLP and Bowman Kavulich Ltd., Philadelphia, Pennsylvania, Co-Bond Counsel. A copy of the form of opinion of Co-Bond Counsel which will be delivered with the 2009 Bonds is set forth in APPENDIX E – FORM OF OPINION OF CO-BOND COUNSEL. Certain other legal matters will be passed upon for the Underwriters by their Counsel, Stevens & Lee, P.C., Reading, Pennsylvania, and for the Commission by its Chief Counsel, Doreen A. McCall, Esquire.

## TAX MATTERS

### **2009 Bonds**

In the opinion of Co-Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the 2009 Bonds will not be includable in the gross income of the holders thereof for federal income tax purposes and will not be a specific preference item for purposes of computing the federal alternative minimum tax imposed on individuals and corporations. Interest on the Series 2009 Bonds is excluded from the adjusted current earnings of corporations for purposes of computing the alternative minimum tax imposed on corporations. However, interest on the 2009 Bonds may be included in effectively connected earnings and profits for the purpose of computing the branch profits tax imposed on certain foreign corporations doing business in the United States, received or accrued in any taxable year by certain foreign corporations may be included in computing the “dividend equivalent amount” of such corporations subject to the branch profits tax imposed on such corporations under Section 884 of the Internal Revenue Code of 1986, as amended (the “*Code*”). Further, interest on the 2009 Bonds may be subject to federal income taxation under Section 1375 of the Code for S corporations which have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such S corporations is passive investment income.

Ownership of the 2009 Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit and taxpayers, including banks, thrift institutions and other financial institutions subject to Section 265 of the Code, who may be deemed to have incurred or continued indebtedness to purchase or to carry the 2009 Bonds. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the 2009 Bonds will constitute disqualified income for this purpose. The Code also provides that for years beginning after December 31, 2010, the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the 2009 Bonds will be included in determining the modified gross income of the taxpayer. Co-Bond Counsel express no opinion as to any such consequences, and prospective purchasers of the 2009 Bonds who may be subject to such collateral consequences should consult their tax advisors.

The Commission will make certain representations and undertake certain agreements and covenants in the Subordinate Indenture, and in a Tax Regulatory Agreement to be delivered concurrently with the original issuance of the 2009 Bonds, designed to ensure compliance with the applicable provisions of the Code. The inaccuracy of these representations or the failure on the part of the Commission to comply with such covenants and agreements could result in the interest on the 2009 Bonds being included in the gross income of the holder for federal income tax purposes, in certain cases retroactive to the date of original issue of the 2009 Bonds.

The opinion of Co-Bond Counsel assumes the accuracy of these representations and the future compliance by the Commission with its covenants and agreements. Moreover, Co-Bond Counsel have not undertaken to evaluate, determine or inform any person, including any holder



of the 2009 Bonds, whether any actions taken or not taken, events occurring or not occurring, or other matters that might come to attention of Co-Bond Counsel, would adversely affect the value of, or tax status of the interest on, the 2009 Bonds.

The opinion of Co-Bond Counsel represents their legal judgment based upon their review of existing statutes, regulations, published rulings and court decisions and the facts that they deem relevant to render such opinions. However, such opinion is not a guarantee of any result and is not binding on the Internal Revenue Service or the courts. Neither the Underwriters nor Co-Bond Counsel are obligated to defend the tax-exempt status of the 2009 Bonds. None of the Commission, the Underwriters or Co-Bond Counsel is responsible to pay or reimburse the costs of any holder or beneficial owner with respect to any audit or litigation relating to the 2009 Bonds.

The Internal Revenue Service has an ongoing program of examining tax-exempt obligations to determine whether, in the view of the IRS, interest on such obligations is properly excluded from gross income for federal income tax purposes, and it is possible that the 2009 Bonds may be selected for examination under such program. Under current procedures, parties other than the Commission, and their appointed counsel, including the holders of the 2009 Bonds, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Commission may legitimately disagree, may not be practicable. Any action of the IRS, including but not limited to, selection of the 2009 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues, may affect the market price for, the liquidity of or the marketability of, the 2009 Bonds, and may cause the Commission or the holders of the 2009 Bonds to incur significant expense.

There can be no assurance that currently existing or future legislative proposals by the United States Congress limiting or further qualifying the excludability of interest on 2009 Bonds from gross income for federal tax purposes, or changes in federal tax policy generally, will not adversely affect the market for the 2009 Bonds.

**Premium Bonds.** 2009 Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (“***Premium Bonds***”), will be treated as having amortizable premium. No deduction is allowable for the amortizable premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a purchaser’s basis in a Premium Bond and the amount of tax exempt interest received will be reduced by the amount of amortizable premium properly allocable to such purchaser. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable premium in their particular circumstances.

**Original Issue Discount.** The initial public offering of the 2009C Bonds and certain of the 2009B Bonds (together, the “***OID Bonds***”) is less than the stated redemption price thereof at maturity. The difference between the initial public offering price for any such OID Bond and the stated redemption price at maturity is “original issue discount.” For federal income tax purposes, original issue discount on an OID Bond accrues to original holders of the OID Bond over the

period of its maturity based on the constant yield method compounded annually as interest with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the holder's tax basis in the OID Bond for determining taxable gain or loss on the maturity, redemption, prior sale or other disposition of the OID Bond. Purchasers of the OID Bonds should consult their tax advisors for an explanation of the accrual rules for original issue discount and any other federal, state or local tax consequences of the purchase of OID Bonds with original issue discount.

THE FOREGOING SUMMARY AS TO 2009 BONDS IS NOT INTENDED AS AN EXHAUSTIVE RECITAL OF THE POTENTIAL TAX CONSEQUENCES OF HOLDING THE 2009 BONDS. PROSPECTIVE PURCHASERS OF THE 2009 BONDS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF THE OWNERSHIP OF THE 2009 BONDS. CO-BOND COUNSEL WILL NOT RENDER ANY OPINION WITH RESPECT TO ANY FEDERAL TAX CONSEQUENCES OF OWNERSHIP OF THE FEDERALLY TAXABLE BONDS AND WILL NOT RENDER ANY OPINION AS TO STATE OR LOCAL TAX CONSEQUENCES EXCEPT FOR THE MATTERS SET FORTH UNDER THE CAPTION "STATE TAX MATTERS" BELOW.

### **State Tax Matters**

Under the laws of the Commonwealth of Pennsylvania (the "*Commonwealth*") as presently enacted and construed, the 2009 Bonds are exempt from personal property taxes in the Commonwealth and the interest on the 2009 Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. However, under the laws of the Commonwealth as presently enacted and construed, any profits, gains or income derived from the sale, exchange or other disposition of obligations of the Commission, such as the 2009 Bonds, will be subject to Pennsylvania taxes within the Commonwealth.

The 2009 Bonds and the interest thereon may be subject to state or local taxes in jurisdictions other than the Commonwealth under applicable state or local tax laws.

PROSPECTIVE PURCHASERS OF THE 2009 BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF OWNERSHIP OF THE 2009 BONDS AND ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED TAX LEGISLATION.

### **FINANCIAL ADVISORS**

The Commission has retained Hopkins & Company, Philadelphia, Pennsylvania and NW Financial Group, LLC, Jersey City, New Jersey, as Co-Financial Advisors with respect to the authorization and issuance of the 2009 Bonds. The Co-Financial Advisors are not obligated to undertake or assume responsibility for, nor has it undertaken or assumed responsibility for, an independent verification of the accuracy, completeness or fairness of the information contained in this Official Statement. Hopkins & Company and NW Financial Group, LLC are independent advisory firms and are not engaged in the business of underwriting, holding or distributing municipal or other public securities.

## **TRUSTEE AND PAYING AGENT**

The Commission has appointed TD Bank, National Association, Philadelphia, Pennsylvania, as the successor Trustee and Paying Agent under the Subordinate Indenture. The obligations and duties of the Trustee are as described in the Subordinate Indenture. The Trustee has not evaluated the risks, benefits or propriety of any investment in the 2009 Bonds, and makes no representation, and has reached no conclusions, regarding the validity of the 2009 Bonds, the security therefor, the adequacy of the provisions for payment thereof or the tax-exempt status, as applicable, of the interest on the 2009 Bonds. The Trustee has relied upon the opinion of Co-Bond Counsel for the validity of the 2009 Bonds and status of the interest on the 2009 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 2009 Bonds authenticated or delivered pursuant to the Subordinate Indenture or for the use or application of the proceeds of such 2009 Bonds by the Commission.

Under the terms of the Subordinate 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 Subordinate Indenture, the Trustee is not required to take notice, and is not deemed to have notice, of any default under the Subordinate Indenture, unless the Trustee has been specifically notified in writing of such default by the owners of at least 10% in aggregate principal amount of the Outstanding 2009 Bonds affected by such default. All notices or other instruments required by the Subordinate Indenture to be delivered to the Trustee must be delivered at the designated office of the Trustee. In the absence of any such notice, the Trustee may conclusively assume no Event of Default (as defined in the Subordinate Indenture) exists, except as expressly stated in the Subordinate Indenture. The summary of the Trustee's rights, duties, obligations and immunities is not intended to be a complete summary and reference must be made to the Subordinate Indenture for a complete statement of the Trustee's rights, duties, obligations and immunities.

## **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 however given that any of the assumptions, forecasts or estimates contained herein will be realized.

The references herein to the Enabling Acts, the 2009 Bonds, the Subordinate Indenture, Supplemental Subordinate Indenture No. 5, the Disclosure Undertaking, and the Senior Indenture are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and, accordingly, are qualified by reference and are subject to the full texts thereof.

Neither this Official Statement nor any other disclosure in connection with the 2009 Bonds is to be construed as a contract with the holders of the 2009 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.

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

PENNSYLVANIA TURNPIKE COMMISSION

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

**APPENDIX A**  
**THE PENNSYLVANIA TURNPIKE**

[See Attached]

APPENDIX A

TABLE OF CONTENTS

THE COMMISSION.....	1
General.....	1
Executive Personnel.....	2
THE PENNSYLVANIA TURNPIKE.....	3
General.....	3
Revenue Sources of the Commission .....	4
Act 44.....	6
Pending and Future Legislation.....	12
Interchanges and Service Areas .....	13
Toll Schedule and Rates.....	13
Five-Year Financial History.....	15
Budget Process .....	18
Financial Policies and Guidelines .....	18
E-Z Pass Lanes .....	20
Slip Ramps .....	21
Personnel and labor Relations .....	21
Retirement Plan .....	22
Other Post Employment Benefit Liabilities .....	22
Act 61 Projects .....	23
Ten Year Capital Plan.....	23
Mon/Fayette Expressway and Southern Beltway.....	24
Capacity Needs Study .....	27

APPENDIX A

THE PENNSYLVANIA TURNPIKE COMMISSION

THE COMMISSION

**General**

The Commission is an instrumentality of the Commonwealth existing pursuant to an Act of the General Assembly of Pennsylvania approved July 18, 2007, P. L. 169, No. 44 (“*Act 44*”) and various Acts of the General Assembly approved on several dates, including the Act of May 21, 1937, P. L. 774, Act 211, the Act of May 24, 1945, P. L. 972; the Act of February 26, 1947, P. L. 17; the Act of May 23, 1951, P. L. 335; the Act of August 14, 1951, P. L. 1232; and the Act of September 30, 1985, P. L. 240, No. 61 (“*Act 61*”), (collectively, the “*Enabling Acts*”). Pursuant to the Enabling Acts, the Commission has the power to construct, operate and maintain the System and to enter into a lease for Interstate 80 with the Department of Transportation of the Commonwealth of Pennsylvania (“*PennDOT*”). Its composition, powers, duties, functions, duration and all other attributes are derived from the Enabling Acts as amended and supplemented by subsequent legislation. The Enabling Acts may be modified, suspended, extended or terminated at any time by further legislation.

The Commission is composed of five members, including one ex officio member, the Secretary of PennDOT. Mr. Allen D. Biehler is the current Secretary. He was recently elected Chairman of the Commission. Any vacancy in the membership of the Commission (other than the Secretary of Transportation) must be filled by appointment of the Governor, with the advice and consent of two thirds of the members of the Pennsylvania Senate.

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

<u>Name</u>	<u>Position</u>	<u>Expiration of Term</u>
Allen D. Biehler	Chairman	Ex-Officio
Timothy J. Carson	Vice Chairman	June 24, 2013
J. William Lincoln	Secretary/Treasurer	June 24, 2013
Pasquale T. Deon, Sr.	Commissioner	June 30, 2010
A. Michael Pratt	Commissioner	June 24, 2013

Act 44 extensively revised and modified earlier legislation, added new authorities and responsibilities and required adoption of a code of conduct for executive level employees, as well as members of the Commission. As more fully discussed herein, Act 44 obligated the Commission, among other things, to enter into a lease with PennDOT and to make substantial lease payments to PennDOT to provide funds for various transportation needs in the Commonwealth. See particularly “Act 44,” “Lease between PennDOT and Commission” and “*Act 44 Payments to PennDOT for Roads, Bridges and Transit.*” In addition, Act 44 granted the Commission the right to lease that portion of Interstate 80 within the Commonwealth and the option to convert such portion of Interstate 80 to a toll road subject to certain federal approvals, as more fully described in “Lease Between PennDOT and Commission” and “Tolling of

Interstate 80” herein. However, Governor Rendell subsequently proposed a different approach for raising funds for the transportation needs of the Commonwealth, namely, entering into a long term lease or concession of the System. See “Pending and Future Legislation and Recent Developments” for more detail.

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

### **Executive Personnel**

Joseph G. Brimmeier has been the Chief Executive Officer since February 2003. Prior to that time, he served as Chief of Staff to former U.S. Representative Ron Klink.

George M. Hatalowich was named the Chief Operating Officer in February 2007. Prior to that time, he was Contracts Administration Manager from 2003 to 2007, Engineering Contracts Supervisor and Agreement Supervisor from 1993 to 2003, and Bridge Design Engineer from 1990 to 1993.

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

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

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

## **THE PENNSYLVANIA TURNPIKE**

### **General**

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

- the 359 mile Turnpike Mainline traversing the southern portion of Pennsylvania from east to west;



- the 110 mile north south section identified as the Northeast Extension;
- the approximately 16 mile north south connection, known as the Beaver Valley Expressway, which intersects the Turnpike Mainline in the southwestern portion of the Commonwealth;
- the approximately 13 mile Amos K. Hutchinson Bypass which adjoins the Turnpike Mainline near the New Stanton Interchange;
- the 23 mile section of the Mon/Fayette Project and the 8 mile section from the Pennsylvania/West Virginia border to Fairchance, which is located just south of Uniontown; and
- the 6 mile Southern Beltway project from PA 60 to US 22 (which was opened to traffic to bring the System mileage to 535 miles).

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

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

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

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

The roadway for which the Commission will have operational responsibility will be greatly expanded if the Commission exercises the right granted to it under Act 44 to lease that portion of Interstate 80 (an east west highway in the Interstate Highway System) within the Commonwealth and receives the necessary federal approvals to convert such portion of Interstate 80 to a toll road, as more fully described in “Lease Between PennDOT and Commission” and “Tolling of Interstate 80” herein. However, see “Pending and Future Legislation and Recent Developments” for other possible developments.

### **Revenue Sources of the Commission**

**Tolls.** All rates, rents, fees, charges, fines and other income derived by the Commission from the vehicular usage of the System and all rights to receive the same (the “**Tolls**”, as defined in the attached APPENDIX F) constitute one of the Commission’s three principal streams of revenues. The Tolls are presently pledged to secure the Commission’s outstanding turnpike senior revenue bonds (collectively, the “**Senior Revenue Bonds**”) and the Senior Indenture Parity Obligations (the Senior Revenue Bonds and the Senior Indenture Parity Obligations, together with any Senior Indenture Subordinated Indebtedness issued under the Senior Indenture, herein collectively the “**Senior Indenture Obligations**”) which will be subject to or may be issued under the terms of the Senior Indenture. There are currently \$2,813,170,000 aggregate principal amount of Senior Revenue Bonds Outstanding under the Senior Indenture. Other Senior Parity Obligations include, among other things, interest rate swaps and reimbursement and standby bond purchase agreements. There currently are no Senior Subordinated Obligations. The lien of the Subordinate Indenture in and to the Trust Estate is subordinate to the lien of the Senior Indenture to the Tolls, and therefore all Subordinate Indenture Bonds, and all other Parity Obligations issued by the Commission under the Subordinate Indenture are subordinated to the payment of the Senior Indenture Obligations issued under the Senior Indenture. The Commission may in the future, under the terms of the Senior Indenture, identify in writing certain roads, other than the Mainline Section and the Northeast Extension, as not being part of the System for the purposes of the Senior Indenture. The Tolls are not pledged to secure the Oil Franchise Tax Revenue Bonds (as defined below), are not pledged to secure the Registration Fee Revenue Bonds (as defined below), and are not pledged to secure bonds and other obligations issued under the Subordinate Indenture. The Commission’s cash flow from Tolls is only indirectly subject to the lien of the Subordinate Indenture.

**Oil Franchise Tax Revenues.** The Commission’s second principal stream of revenues consists of that portion of the Commonwealth’s oil franchise tax revenues (the “**Oil Franchise Tax Revenues**”) allocated by statute to the Commission or the holders of the Commission’s Oil Franchise Tax Revenue Bonds (the “**Oil Franchise Tax Revenue Bonds**”), a total of \$571,040,000 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 (including the 2009A Bonds) any Subordinate Indenture Bonds or any Registration Fee Revenue Bonds.

**Registration Fee Revenues.** The Commission’s third principal stream of revenues consists of that portion of the Commonwealth’s vehicle registration fee revenues (the “**Registration Fee Revenues**”) allocated by statute to the Commission or the holders of any of the Commission’s Registration Fee Revenue Bonds (the “**Registration Fee Revenue Bonds**”), a total of \$447,705,000 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, including the 2009A 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.

**Future Sources.** In addition to Additional Subordinate Indenture Bonds, the Commission may, from time to time, issue other notes and bonds payable from such sources as may be available so long as the Tolls, the Oil Franchise Tax Revenues securing the Oil Franchise Tax Revenue Bonds or the Registration Fee Revenues securing the Registration Fee Revenue Bonds are not pledged to such other notes and bonds or, if pledged, are pledged on a subordinate basis. The Commission has approved a toll increase in the amount of 25% effective January 4, 2009, and expects to implement annual increases. In addition, the Commission anticipates that it will borrow substantial additional funds through the year 2024 for purposes of funding capital expenditures for the System and payments under Act 44 and the Lease. Such borrowings are expected to be undertaken principally under the Senior Indenture and the Subordinate Indenture. These projected toll increases may be revised by the Commission if necessary to meet the then existing debt and operational obligations of the Commission.

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

## **Act 44**

On July 18, 2007, Pennsylvania Governor Rendell signed Act 44 into law, 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. Under Act 44, a 50 year Lease and Funding Agreement dated as of October 14, 2007 (the “**Lease**”) was entered into by the Commission and PennDOT. Many of the terms of Act 44 are required to be set forth in the Lease. See “*Lease Between PennDOT and Commission.*”

The General Assembly enacted Act 44 after considering transportation funding proposals by Governor Rendell, which proposals included the leasing of the System to a private party. As described below, subsequent to the enactment of Act 44, Governor Rendell revived consideration of leasing the entire System to private entities in order to generate funds for the Commonwealth's transportation needs. The Governor's office received proposals from interested parties and identified one proposal as the winning bidder, subject to General Assembly approval. In 2008, that proposal expired without legislative action by the General Assembly. Presently, there is no existing or proposed legislative authorization for privatizing the currently operating portions of the System. Any such transaction would require new legislation substantially revising or repealing Act 44. In the past, certain legislation has been introduced and in the future other legislation may be introduced, which would affect Act 44 if adopted. See "*Recent Developments and Pending and Future Legislation.*"

***Lease Between PennDOT and Commission.*** On October 14, 2007 the Commission and PennDOT entered into the Lease as required under the terms of Act 44. The Lease provides for a lease from PennDOT to the Commission of the portion of Interstate 80 located in the Commonwealth. In addition, the Lease contains certain provisions set forth in Act 44, including provisions dealing with the terms and conditions of the conversion of Interstate 80 into a toll road (the "***Conversion***"), subject to the requisite approval of the United States Federal Highway Administration (the "***FHWA***"), and the operation, maintenance, repair and improvement of Interstate 80. The term of the Lease is 50 years.

The Lease grants the unilateral option to the Commission to effectuate the Conversion at any time before the third anniversary of the Lease (the "***Conversion Period***"). The Commission may elect to extend such Conversion Period for three additional one year periods. The Commission is authorized, with the cooperation of PennDOT, to apply to the FHWA under one of the federal tolling pilot programs for the right to operate and toll Interstate 80. See "*Tolling Interstate 80*" below. In accordance with the requirements of Act 44, the Lease provides that Interstate 80 will be an "open tolling" system with no more than ten toll collection points, and service plazas will not be permitted in the right of way along Interstate 80. After Conversion, all legal, financial and operational responsibility for Interstate 80 would reside with the Commission and all toll revenues subsequently collected, would be paid to the Commission, except as otherwise agreed by the Commission and PennDOT. The Commission's submission to FHWA stated that it planned to spend an average of \$250,000,000 per year on capital improvements to Interstate 80 over a 10 year period if the FHWA approved tolling of Interstate 80.

The Lease also commits the Commission to make certain payments to PennDOT, including \$900 million in fiscal year 2009 10, whether or not Conversion has occurred. Thereafter, the scheduled annual payments increase by 2.5 percent for each fiscal year for the remainder of the 50 year term, with certain credits for Interstate 80 Cost Savings once Conversion has occurred, as described below. All such cash payments are due in equal quarterly installments. The Lease further provides that the Commission is obligated to pay all debt service due with respect to the Guaranteed Bonds, if issued by the Commission; and to pay to PennDOT certain surplus revenues, as described below. As of the date of this Official Statement, the Commission has paid PennDOT all quarterly payments required under the Lease in an aggregate amount of \$1,600,000,000, all of which were financed or reimbursed from the proceeds of Bond Anticipation Notes issued under the Indenture or non guaranteed Subordinated Indenture Bonds.

Upon Conversion, the cash component of the scheduled annual payment obligation will be offset by an amount equal to \$116,985,856 in fiscal year 2011, reflecting cost savings to the Commonwealth's Motor License Fund if Interstate 80 becomes a tolled facility ("***Interstate 80 Cost Savings***"). Under Act 44, the Interstate 80 Cost Savings credit (which will be pro rated for the fiscal year during which Conversion occurs), increases by 4 percent for each fiscal year thereafter.

The Lease prohibits any proceeds of Guaranteed Bonds or revenue from the operation of Interstate 80 (including tolls charged for the use thereof) from being applied to the portions of the payment obligations to PennDOT required to be deposited into the Public Transportation Trust Fund for mass transit.

If the Conversion does not occur by October 14, 2010 (as such date may be extended at the option of the Commission for up to three (3) one year extension periods), Act 44 provides that the scheduled annual payment obligation will be reduced to \$450 million per fiscal year, and the obligation to pay the annual surplus amount will terminate.

The Commission is required by the terms of the Lease 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 Lease when due and other obligations of the Commission.

***Act 44 Payments to PennDOT for Roads, Bridges and Transit.*** Act 44 provides that all required payments under the Lease 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. Of the Commission's payments to PennDOT, the Lease provides that \$450 million shall be deposited in the Motor License Fund to be available for roads and bridges in fiscal year 2007-08, \$500 million in fiscal year 2008-09 and \$500 million in fiscal year 2009-10. Thereafter, assuming Conversion occurs, the amount, adjusted for any Interstate 80 Cost Savings, shall increase by 2.5% for each successive fiscal year for the remainder of the 50 year term of the Lease. If Conversion does not occur prior to the end of the Conversion Period, such payments shall drop to \$200 million for each fiscal year thereafter. The balance of the annual payments under the Lease shall be deposited into the Public Transportation Trust Fund for distribution to Pennsylvania's local and regional public transportation agencies for operating and capital purposes. These amounts to be so deposited pursuant to the Lease are \$300 million in fiscal year 2007-08, \$350 million in fiscal year 2008-09 and \$400 million in fiscal year 2009-10, which amount shall increase by 2.5% for each fiscal year thereafter, assuming Conversion occurs. If Conversion does not occur, such payments will reduce to \$250 million annually. Notwithstanding the foregoing, no portion of the payments of the Commission to be deposited into the Public Transportation Trust Fund may be made with the revenues generated by the Commission from the operation of Interstate 80 or from the proceeds of the Guaranteed Bonds. The first six payments, in the aggregate amount of \$1,175,100,000, were all timely made as required under Act 44. The \$212.5 million payment due on January 31, 2009 and a portion of the \$212.5 million payment due on April 30, 2009 were financed with a portion of the proceeds of the Commission's \$308,035,000 Turnpike Subordinate Revenue Bonds, Series A of 2009 (the "2009 Subordinate Bonds") issued in January of 2009.

Upon the occurrence of the Conversion, the Commission is additionally committed under Act 44 to make annual surplus payments (the “*Annual Surplus Payment*”) of the General Reserve Fund Surplus available at the end of each fiscal year, according to a certificate of the Auditor General. The General Reserve Fund Surplus is defined in Act 44 as the amount which (i) is certified by the Auditor General as existing in the Commission’s General Reserve Fund on the last day of the fiscal year of the Commission, and (ii) is not required to be retained in the General Reserve Fund pursuant to any financial documents, financial covenants, insurance policies, liquidity policies or agreements in effect at the Commission, including the Senior Indenture and the Subordinate Indenture. Currently, the Lease and Act 44 are inconsistent on the beginning date of the Annual Surplus Payment. The Commission anticipates amending the Lease to match the terms of Act 44.

If Conversion does not occur by the end of the Conversion Period, the Commission’s obligation to make payments after the end of the Conversion Period is \$450 million annually over the term of the Lease, with \$200 million to be deposited in the Motor License Fund to be available for roads and bridges and \$250 million to be deposited in the Public Transportation Trust Fund annually to be available for transit.

***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 Lease, the costs of construction, reconstructing, widening, expanding or extending Interstate 80 or any other costs of Interstate 80 and the System, (ii) certain amounts to PennDOT pursuant to the Lease 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 Lease to be used exclusively for mass transit programs (provided that, pursuant to the terms of the Lease, the proceeds of any Special Revenue Bonds (also referred to herein and in the Subordinate Indenture as Guaranteed Bonds) may not be applied for payments to mass transit programs).

The bonds authorized to be issued by the Commission under Act 44, after execution of the Lease, 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 Lease and Act 44, except, pursuant to the terms of the Lease, that portion of the annual payment obligations to be deposited in the Public Transportation Trust Fund. The Commission presently intends any such long term bonds to be issued under the Subordinate Indenture and paid solely from Commission Payments (and therefore to be subordinate to the Senior Indenture Obligations issued under the Senior Indenture). See “*Statutory Limitations on the Incurrence of Guaranteed Bonds*” below.

Pursuant to the terms of the Subordinate Indenture, the Commission covenanted, after payment of all required debt service on all Senior Indenture Obligations and subject to the provisions of the Senior Indenture, to pay to the Subordinate Trustee, and it instructed the Senior Trustee to pay to the Subordinate Trustee, out of the General Reserve Fund established under the Senior Indenture, such amounts as are required by the Subordinate Indenture, by a supplemental indenture to the Subordinate Indenture or by a Parity Swap Agreement to pay, at the times

specified, debt service on all outstanding Subordinate Indenture Bonds and the Parity Obligations under the Subordinate Indenture.

Accordingly, the Commission shall instruct and furnish a debt service schedule to the Senior Trustee providing for the payment to the Subordinate 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 and to pay debt service on the outstanding Subordinate Indenture Bonds, the Parity Obligations and all other payments required from time to time under the Subordinate Indenture and in a supplemental indenture to the Subordinate Indenture.

The Guaranteed Bonds will have a subordinate right to payment from Commission Payments to the rights of payment in favor of the holders of the Revenue Bonds issued under the Subordinate Indenture.

The Commission may, from time to time, issue additional bonds, including Revenue Bonds and Special Revenue Bonds, to help satisfy its payment obligations under Act 44. Such obligations, if issued, are anticipated to be issued on a subordinate basis to the Senior Revenue Bonds issued under the Senior Indenture, but will be Parity Obligations of the outstanding Subordinate Bonds issued under the Subordinate Indenture and ratably payable with the 2009 Bonds. **APPENDIX E sets forth the existing debt service schedule for the Senior Indenture Bonds and the Subordinate Indenture Bonds.**

*Statutory Limitations on the Incurrence of Guaranteed 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. In addition, no more than \$600 million in aggregate principal amount of such Special Revenue Bonds, exclusive of original issue discount, may be issued in any calendar year. No such bond may be issued unless the Lease is in effect, and no such bond may be outstanding beyond the stated term of the Lease at the time of issuance. Special Revenue Refunding Bonds (as defined in §9511.2 Act 44) shall not be deemed to count against the total or annual maximum issuance volume under Act 44. No Guaranteed Bonds have been issued nor are being issued contemporaneously with the 2009 Bonds and the 2009 Bonds are not Special Revenue Bonds under the terms of Act 44.

Should the Commission issue Guaranteed Bonds in the future and then fail to timely pay the debt service on such Guaranteed Bonds, the Subordinate Trustee shall proceed under the terms of Act 44 to notify PennDOT of such default, and PennDOT shall give notice to the Treasurer of the Commonwealth of such deficiency and to request the payment of funds necessary to cure such deficiency only from funds available for such purpose in the Motor License Fund. 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 Guaranteed Bonds. The Commission is obligated pursuant to the Lease 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 Guaranteed Bonds. This reimbursement obligation is subject and junior to the payment obligations of the Commission under the Guaranteed Bonds. **MONEYS IN THE MOTOR LICENSE FUNDS WILL NOT BE AVAILABLE TO CURE A PAYMENT DEFAULT BY THE COMMISSION ON ANY REVENUE BONDS INCLUDING THE 2009 BONDS.**

***Tolling of Interstate 80.*** Interstate 80 currently is part of the National Interstate Highway System, traversing northern Pennsylvania for approximately 311 miles from the Delaware Water Gap Bridge over the Delaware River to the Ohio Pennsylvania state line. Interstate 80, including the portion located in Pennsylvania, is the second longest Interstate Highway route in the United States, connecting downtown San Francisco, California with Teaneck, New Jersey. Pursuant to Act 44, the Commission, in consultation with PennDOT, is authorized to apply, and has applied, to the U.S. Department of Transportation for permission to convert the portion of Interstate 80 which is in Pennsylvania to a toll road.

Act 44 and the Lease require the Secretary to cooperate with the Commission on the Conversion application by ensuring that all information required for the application is made available to the Commission as soon as practicable.

Act 44 grants the Commission the option, at any time before the third anniversary of the Lease, to convert Interstate 80 to a toll road, and thereafter to assume legal, financial and operational responsibility for Interstate 80. The Conversion Period may be extended unilaterally by the Commission for three one year periods.

Under Act 44, the Commission may give PennDOT notice of the Commission's intent to exercise its option to convert Interstate 80 to a toll road ("***Conversion Notice***") at any time prior to the expiration of the Conversion Period. On the date the Conversion is effective as set forth in the Conversion Notice (the "***Conversion Date***"), the Commission shall receive an annual credit toward its payment obligations under Act 44 for the Interstate 80 operational cost savings (prorated for the fiscal year during which the Conversion occurs), starting at \$116,985,856 for fiscal year 2011, and increasing by 4 percent for each fiscal year after the fiscal year in which the Conversion Date occurs.

Act 44 authorizes an open tolling system with no more than ten toll collection points. The Commission may contract with PennDOT for any portion of the maintenance of Interstate 80 at cost levels agreed to by PennDOT and the Commission. Service plazas are not permitted in the right of way along Interstate 80.

The Commission submitted its Preliminary Expression of Interest to the FHWA in August 2007, requesting tolling authority for that portion of Interstate 80 traversing the Commonwealth of Pennsylvania. By a letter dated September 26, 2007, the FHWA replied to the Commission stating that the Interstate System Reconstruction and Rehabilitation Pilot Program (the "***Pilot Program***") is the appropriate tolling pilot program under which the Commission should apply. The Commission submitted to FHWA a joint application with PennDOT on October 13, 2007. On October 15, 2007, Governor Rendell sent a letter supporting the application to United States Department of Transportation Secretary Mary Peters. The



FHWA responded to the application with a request for additional information on December 12, 2007. Among FHWA's requests were a clearer identification of the rehabilitation, reconstruction and improvement projects currently being planned for Interstate 80 by the Commission after the Conversion Date, further information of PennDOT's historic funding strategy for Interstate 80, and the completion of consultative meetings held with the metropolitan and rural planning organization through which Interstate 80 passes. The Commission and PennDOT replied to the FHWA on December 20, 2007, and they jointly acknowledged the request for additional information and confirmed their intent to continue seeking federal approval for the Conversion. Representatives of the Commission and PennDOT met with FHWA staff on two occasions during the first half of 2008 to discuss the additional information to be included in the updated application. As a result of these discussions, an amended Phase 1 application, along with a letter of support from Governor Rendell, was submitted to FHWA on July 22, 2008, and certain supplemental information was furnished to FHWA on August 29, 2008.

On September 11, 2008, FHWA sent the Commission and PennDOT a letter stating that it could not approve the Interstate 80 application at that time, because of insufficient information concerning how rental payments for Interstate 80 were determined and whether they are related to the true costs of the leasehold interest. More specifically, FHWA stated that, while it considers a lease payment to a lessor such as PennDOT to be a permitted use of toll revenues, because the FHWA has no information in the form of competitive bids or investment grade traffic and revenue studies stating that the lease payments are related to the market based costs of the Interstate 80 leasehold interest, the FHWA could not determine that such lease payments are a cost necessary for the proper operation of Interstate 80. The Commission has not yet determined its future course of action.

If the Commission decides not to pursue further the tolling of Interstate 80 and does not extend the Conversion Period, the Conversion Period will lapse on October 14, 2010. In such event, 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 Interstate 80 toll revenues. There can be no assurance that the application will ultimately be approved by FHWA or that a slot in the Pilot Program will be available for the Commonwealth. See "*Recent Developments and Pending and Future Legislation.*"

If the application for Conversion is ultimately approved, PennDOT and the Commission will enter into an agreement with the federal government. The terms of such conversion agreement have not been drafted and there can be no assurance that the proceeds of toll revenue from Interstate 80 may be used to pay some or any portion of the future lease payments due to PennDOT under the Lease. In any event, even if the application for Conversion is ultimately approved, the Commission retains the right to complete or abandon the Conversion.

***Rules Relating to Governance and Accountability Under Act 44.*** Act 44 sets forth certain rules relating to governance and accountability of the Commission, including, but not limited to, the filing of an annual financial plan of the Commission with the Pennsylvania Secretary of the Budget no later than June 1 of each year (the "Financial Plan"), providing updates to the Chairman and Minority Chairman of the Pennsylvania House and Senate Transportation Committees regarding the conversion of Interstate 80, conducting traffic studies to quantify diversion of traffic from Interstate 80 to other roadways as a result of the Conversion,

conducting an audit by the Auditor General every four years to be paid for by the Commission and the adoption by the Commission of a comprehensive code of conduct for Commissioners and executive level employees. The Commission completed its Financial Plan for the 2010 fiscal year and delivered it to the Secretary of the Budget by the June 1 deadline. A complete copy of the Financial Plan can be obtained by contacting the Commission. See discussion in the forepart of the Official Statement under “INTRODUCTION – Act 44 Financial Plan.”

### **Pending and Future Legislation**

***Pending Legislation in Pennsylvania.*** House Bill 2593 was introduced into the House and referred to the House Committee on Transportation on June 5, 2008. If enacted, this bill would retroactively have ratified the above described proposal (which has now expired) and selection process and would have authorized PennDOT to enter into a lease of the Turnpike to a private concessionaire. Among other things, House Bill 2593 gave the Secretary of Transportation of the Commonwealth the right to replace the Turnpike Commissioners at his discretion. House Bill 2593 expired on December 31, 2008 without being voted upon.

On June 26, 2008, Senate Bill 1158 was approved by the Senate by a vote of 49 to 0, authorizing public private partnership arrangements for certain Commonwealth transportation facilities, but specifically excluding leases, sale or similar agreements for the Turnpike unless specifically authorized by legislation enacted by the General Assembly. As with House Bill 2593, this bill expired on December 31, 2008 without being acted upon by the House.

The staff of the Commission cannot predict whether either of such bills or other future bills affecting the Commission will be introduced and enacted in the General Assembly.

***Federal Legislation.*** At the federal level, United States Representatives whose districts are traversed by Interstate 80 have urged the U.S. Secretary of Transportation not to approve any application from the Commission and PennDOT to convert Interstate 80 to a toll road.

On February 13, 2009, Congressman Glenn Thompson from the 5th District of Pennsylvania, introduced H.R. 1071 which would prohibit the imposition and collection of tolls on existing interstate highways constructed with federal funds. The legislation was referred to the House Committee on Transportation and Infrastructure and the House Subcommittee on Highway and Transit. No other reported action has been taken on this legislation.

On May 21, 2009, Senator Kay Bailey Hutchison, R TX, introduced Senate Bill 1115 which would prohibit the imposition of any tolls on any segment of highway constructed with federal funds where construction is complete, the highway is in active operation, and is not tolled.

In June, 2009, James O. Oberstar, Chairman of the U.S. House of Representatives Committee on Transportation and Infrastructure, presented the Surface Transportation Authorization Act of 2009 to the Subcommittee on Highways and Transit staff for markup. This bill (which has not yet been assigned a number but can be found at [http://transportation.house.gov/medicalfile/highways/HPP/OBERST\\_044\\_xml.pdf](http://transportation.house.gov/medicalfile/highways/HPP/OBERST_044_xml.pdf)) would create new federal oversight for projects such as the tolling of Federal highways by establishing an Office of Public Benefit in the Federal Highway Administration and would have to approve

tolling of Interstate 80. The tolling of Interstate 80 would be subject to the approval of this proposed office if this bill becomes law.

In the future, additional legislation may be introduced in the U.S. Congress that could adversely affect the conversion or the tolling of Interstate 80.

### **Interchanges and Service Areas**

The Pennsylvania Turnpike System has a total of 57 interchanges which connect it with major arteries and population centers in its 531 mile traffic corridor. Thirty of the interchanges are located on the Turnpike Mainline, including Turnpike Mainline barriers at the New Jersey and Ohio state lines, and 10 interchanges are situated on the Northeast Extension. The additional 17 interchanges are located on the 3 extensions previously noted. There are currently 19 service plazas along the Pennsylvania Turnpike System providing gasoline and diesel fuel, other automotive supplies and services and restaurant services. The Pennsylvania Turnpike Commission has negotiated long term leases with HMSHost Restaurants, LLC and Sunoco, Inc. to design, reconstruct, finance, operate and maintain the Commission's Service Plazas. The two companies are expected to invest approximately \$190 million in the project over a five year period, at no cost to the Commission.

If Interstate 80 is converted to a toll road, Act 44 prohibits service plazas in the right of way and mandates the adoption of an open tolling system of no more than 10 toll collection points.

### **Toll Schedule and Rates**

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

Between 1957 and 2008, the Commission implemented only 5 revisions in its toll schedule, effective on September 1, 1969, August 1, 1978, January 2, 1987, June 1, 1991 and August 1, 2004. On August 1, 2004, Turnpike tolls increased by 1.8 cents per mile for passenger vehicles from 4.1 to 5.9 cents per mile. Commercial vehicles had an average increase of 5.3 cents per mile. Such toll increase was consistent with the rate of inflation over the 13 years since the Commission's prior toll increase in 1991. All revenue generated by such toll increase have been used to fund capital improvements to the Turnpike's roads, tunnels and other system upgrades. On July 22, 2008, the Commission approved a toll increase in the amount of 25% which became effective on January 4, 2009, with the expectation that it would implement annual increases thereafter. Such toll increase will be used to provide funds for payments under the Lease and other Act 44 purposes. In addition, the Commission anticipates that it will borrow substantial additional funds in the future.

The following Table I illustrates the current tolls and per mile rates applicable to each vehicle class for a trip on the Mainline Section from Interchange 1 through Interchange 358.

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

Vehicle Toll Class	Gross Vehicle Weight (Thousand Pound)	Current Toll	Per Mile Rate
1	1-7	\$24.70	\$0.075
2	7-15	36.25	0.110
3	15-19	45.00	0.137
4	19-30	52.50	0.160
5	30-45	73.75	0.224
6	45-62	93.75	0.285
7	62-80	133.75	0.407
8	80-100	175.00	0.532
9	Over 100	992.00	3.015

Note: The above rates represent an “East West” trip for the ticket system toll rate between Warrendale (#30) and the Delaware River Bridge (#359) interchanges. The Gateway Barrier toll rate is based on five axle classes and is computed separately from the ticket system. The 2009 toll rate is \$3.75 for the first two axles and \$3.75 for each additional axle. The rates do not increase above six axles.

Act 44 requires the Commission to fix toll rates such that revenues from tolls and other sources to the Commission are sufficient to pay the cost of the System’s operation, construction, expansion and maintenance, all Commission obligations and interest thereon, sinking fund requirements of the Commission, other requirements in any trust indentures, notes or resolutions, payments to the Pennsylvania Department of Transportation under the Lease and any repayment to the Federal Government with respect to the conversion of Interstate 80 to a toll road.

If the Commission ultimately receives approval from the FHWA to convert Interstate 80 to a toll road, additional toll revenues could be generated from Interstate 80. However, under the provisions of the Pilot Program, the Commission believes that Interstate 80’s financial operations would need to be separate from those of the System. If an application for conversion is ultimately approved, PennDOT and the Commission will enter into an agreement with the federal government concerning the operation of Interstate 80, including the use of the proceeds of toll revenue from Interstate 80. There can be no assurance that such agreement will authorize or permit the use of the proceeds of toll revenue from Interstate 80 to pay some or any portion of the future payments due to PennDOT under the Lease. See “Tolling of Interstate 80” above.

### **Five Year Financial History**

The following tables II and III summarize the financial history of the System for the five fiscal years from 2004 to 2008. The financial statements are a combination of cash basis financial statements with certain accruals included. Tables II and III should be read in conjunction with the financial statements prepared in accordance with generally accepted

accounting principles and related notes included in “APPENDIX B – AUDITED 2008 AND 2007 FINANCIAL STATEMENTS.”

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

<u>Year</u> <u>Ended</u> <u>May 31:</u>	<u>Passenger</u>	<u>Commercial</u>	<u>Total</u>	<u>Passenger</u>	<u>Commercial</u>	<u>Total</u>	<u>Discount</u>	<u>Net Fare</u> <u>Revenues</u>
2004	163,612	24,407	188,019	\$228,515	\$191,801	\$420,316	\$11,572	\$408,744
2005	163,316	25,109	188,425	\$309,032	\$252,097	\$561,129	\$15,971	\$545,158
2006	160,421	25,403	185,824	\$321,268	\$286,140	\$607,408	\$18,771	\$588,637
2007	160,107	25,316	185,423	\$322,781	\$294,836	\$617,617	\$24,975	\$592,642
2008	164,097	25,455	189,552	\$327,761	\$291,389	\$619,150	\$20,224	\$598,926

Although the numbers for the fiscal year ended May 31, 2008 suggest a nominal increase in gross fare revenues over the previous fiscal year, as well as an increase in traffic volume over the previous fiscal year, on an unaudited basis, the preliminary traffic volume data for the fiscal year ended May 31, 2009, reflect a decline of 1.8% in traffic volume and a 2.8% increase in gross fare revenues notwithstanding the 25% toll increase implemented in January 2009. The staff of the Commission believes that this result may be attributed primarily to the general economic recession and also to increased fuel prices in 2008 and 2009. For the six months subsequent to the 25% toll increase, revenues have increased by approximately 14.7% while volume has decreased by approximately 2.0% compared to the same six month period in the previous year. This decline is attributable to an 11.1% decline in commercial traffic and a 0.5% decline in passenger traffic during such period. The staff of the Commission further believes that traffic volume and revenue will continue to be impacted by economic factors. See APPENDIX F – TRAFFIC AND REVENUE STUDY, for a further discussion of this decline in volume.

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**TABLE III**  
**Summary of System Revenues and Operating Expenditures Before Interest and Other**  
**Charges<sup>1</sup>**  
**(000's Omitted)**  
**Years Ended May 31**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Revenues</b>					
Net Toll Revenues	\$408,744	\$545,158	\$588,637	\$592,642	\$598,926
Concession Revenues	10,793	10,923	8,486	3,877	3,212
Interest Income (non bond proceeds)	5,667	7,139	8,400	13,142	13,566
Miscellaneous	8,241	<u>15,393</u>	<u>12,484</u>	<u>11,925</u>	<u>17,699</u>
<b>Total Revenues</b>	<b>\$433,445</b>	<b>\$578,613</b>	<b>\$618,007</b>	<b>\$621,586</b>	<b>\$633,403</b>
<b>Operating Expenditures</b>					
Turnpike Patrol	\$24,648	\$25,278	\$28,965	\$30,735	\$31,977
General & Administrative	14,677	15,247	15,438	16,670	19,870
Normal Maintenance	52,368	51,226	53,095	57,110	63,653
Employee Benefits & Other Misc. Items	35,301	38,940	41,833	46,112	65,865
Fare Collection	55,266	54,681	55,149	55,007	60,348
Traffic Services, Safety & Communications	<u>27,387</u>	<u>33,396</u>	<u>37,339</u>	<u>37,872</u>	<u>37,295</u>
<b>Total Operating Expenditures</b>	<b>\$209,647</b>	<b>\$218,768</b>	<b>\$231,819</b>	<b>\$243,506</b>	<b>\$279,008</b>
Revenues less Operating Expenditures	\$223,798	\$359,845	\$386,188	\$378,080	\$354,395
Annual Debt Service Requirement	\$83,350	\$88,112	\$97,654	\$111,543	\$126,058
Coverage Ratio	2.69	4.08	3.95	3.39	2.81
Transfer to the Reserve Maintenance Fund	\$132,000	\$245,000	\$249,220	\$256,000	\$280,000

In light of traffic volume and revenues continuing to be adversely impacted by general economic conditions (as discussed on the preceding page), the staff of the Commission has reviewed various cost reduction initiatives, including, among other things, staff reductions through attrition, elimination of vacant positions, elimination of positions which are no longer required, and early retirement programs.

Due to such review, the operating budget for fiscal year 2009 was not approved by the Commission until February 2009. The approved budget for fiscal year 2009 reflects an increase over the prior fiscal year of 4.1%. Preliminary indicators reflect that actual operating expenses for fiscal year 2009 grew by 2.8% over fiscal year 2008. The operating budget for fiscal year 2010 was approved by the Commission in June 2009 and reflects an increase over the prior fiscal year of 1.6%. This projected increase is one of the smallest changes approved by the Commission over the past 10 years.

<sup>1</sup> This summary of revenues and operating expenditures is not intended to present results of operations in conformity with generally accepted accounting principles.

## **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 Commission for formal approval.

In addition, Act 44 requires the Auditor General of the Commonwealth to conduct an audit of the accounts of the Commission and to review its performance, procedures, operating budget, capital budget and debt every four years. Act 44 also requires the Commission to prepare and submit to the Secretary of the Budget a financial plan no later than June 1 of each year for the ensuing Fiscal Year, describing its proposed operating and capital expenditures, borrowings, liquidity and other financial management covenants and policies, estimated toll rates and all other revenues and expenses. The financial plan is to demonstrate that the Commission's operation in accordance with the plan can be reasonably anticipated to have unencumbered funds sufficient to make all payments due to the PennDOT under Act 44 and the Lease in the upcoming year after all other Commission Obligations have been met. Any deviations and the causes therefor in prior year plans must be explained.

## **Financial Policies and Guidelines**

The Commission originally adopted its first Investment Policy and Guideline for the investment of cash assets on June 6, 1997. The Commission approved an amendment to the Investment Policy effective November 7, 2002 that permitted the use of additional types of eligible securities consistent with the Amended and Restated Trust Indenture entered into in 2001. The policy statements set forth the purpose, objectives, and guidelines for eligible securities, performance benchmarks, periodic reviews and amendments with respect to investments. (See Note 4, "Cash and Investments – Concentration of Credit Risk" in the Notes to Financial Statements (Years Ended May 31, 2008 and 2007) in APPENDIX B for a discussion of the Commission's concentration of credit risk to particular issuers.

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

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



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 amount of outstanding bonds. In calculating the net notional amount, netting credit shall be given to any Swaps that offset each other for a specific bond transaction.

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

***Prohibited Agreements.*** The Commission will not use Agreements that:

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

***Annual Swap Report.*** The Commission’s Chief Financial Officer, in consultation with the Commission’s Financial Advisor, 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 Government Accounting Standards Board or other applicable regulatory agencies.

The Commission has a number of interest rate exchange agreements with respect to certain series of the Senior Revenue Bonds as well as with respect to certain series of its Registration Fee Revenue Bonds and Oil Franchise Tax Revenue Bonds. See “APPENDIX B – AUDITED FINANCIAL STATEMENTS: 2008 AND 2007.” As of July 10, 2009, the aggregate market value of such Swaps to the counterparties thereto from the Commission was calculated to be approximately \$151,600,000.

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.

### **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, the technology has improved traffic flow and reduced congestion at the System’s busiest interchanges, especially in southeastern Pennsylvania. Express E-ZPass lanes have been constructed at three interchanges and permit E-ZPass customers to travel through the toll plaza at highway speeds. In addition, E-ZPass customers traveling in twelve other states that have implemented E-ZPass technology are able to use E-ZPass. Currently, E-ZPass is available on the entire Turnpike system, including the western extensions. The Commission has not experienced material problems in connection with the installation or operation of the E-ZPass system.

To help ensure, protect and preserve the collection of toll revenue due to the Commission, a violation enforcement system (VES) has been installed at all interchanges where E-ZPass has been installed to identify violators (customers who travel through E-ZPass lanes and do not have E-ZPass) and motorists with problem tags that result in no reads. VES enables the Commission to collect appropriate tolls and other additional fees relating to the evasion of fares through E-ZPass lanes and other causes of non payment. Act 44 includes new enforcement provisions for E-ZPass, including, among other things, certain evidentiary presumptions with respect to whether the operator of a vehicle using E-ZPass fails to pay the prescribed toll, procedures for notifying the vehicle operator of the violation charged, evidentiary standards for determining if a violation occurred and civil liability amounts of the vehicle owner for violations.

The Commission’s annual revenues from E-ZPass drivers increased to \$364,713,950 during the fiscal year ending May 31, 2008 from \$346,381,937 for the fiscal year ending May 31, 2007. The Commission’s annual revenue from ticketed drivers (i.e. those not using E-

ZPass) decreased to \$254,436,050 from \$271,234,559 during the same period. The Commission expects that E-ZPass 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. The Interagency Group includes the following agencies: Peace Bridge Authority; Burlington County Bridge Commission; Skyway Concession Company LLC (Chicago Skyway); 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 Turnpike Authority; Massachusetts Port Authority; Metropolitan Transportation Authority Bridges & Tunnels; New Hampshire Department of Transportation, Bureau of Turnpikes; New Jersey Turnpike Authority; New York State Bridge Authority; New York State Thruway Authority; Port Authority of New York and New Jersey; South Jersey Transportation Authority; Virginia Department of Transportation; and West Virginia Parkways Authority. The Ohio Turnpike Commission recently joined and will implement its E-ZPass system in 2009.

New highway construction projects, such as the Mon/Fayette Expressway and Southern Beltway, are being designed and built to be compatible with the introduction of 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 2009, with TransCore Company for the design, installation and maintenance of the E-ZPass system software and hardware and the operation of the E-ZPass Customer Service and Violations Processing Centers. The E-ZPass system implementation is a major component of the Commission's Ten Year Capital Plan. Plans call for enhancements to E-ZPass lane signage and design of additional Express E-ZPass lanes.

### **Slip Ramps**

The Commission has constructed an alternative interchange (a "***Slip Ramp***") near the Fort Washington Interchange. Such unmanned ramps, designed for the exclusive use of E-ZPass customers, are expected to reduce congestion at the Turnpike's busier interchanges and similarly are expected to provide better access to industrial parks and job centers. The Commission is considering the construction of slip ramps in other growing areas as well. Slip ramp locations currently in design include Route 29 in Chester County, near the Great Valley Corporate Center; Route 903 in Carbon County; Philadelphia Park in Bucks County; and the Lansdale Interchange in Montgomery County.

### **Personnel and Labor Relations**

As of May 1, 2009, the Commission employed 2,211 persons, consisting of 450 management employees, 1,591 union members, and 170 temporary employees. Seventy seven and seven tenth percent (77.7%) of all employees are engaged in maintenance operations and fare collection. The civil service requirements applicable to the state government do not apply to employees of the Commission.

The Commission is a party to three collective bargaining agreements and one memorandum of understanding with Teamsters' Local Unions covering central office, field, and first level supervisory personnel. The three collective bargaining agreements became effective on October 1, 2007 and expire on September 30, 2011. The memorandum of understanding has no termination date. Since union representation began, the Commission has experienced one work stoppage which occurred on November 24, 2004 and lasted for 7 days.

### **Retirement Plan**

Substantially all employees of the Commission are covered by the State Employee's Retirement System of the Commonwealth. The costs of the contributory plan are paid by the Commission quarterly based upon a stipulated contribution rate. Participating agency contributions, including those for the Commission, are mandated by statute and are based upon an actuarially determined percentage of gross pay that is necessary to provide the State Employee's Retirement System with assets sufficient to meet the benefits to be paid to the State Employee's Retirement System members. Retirement plan contributions, which are treated as an operating expense of the System, total \$3,813,689 for Fiscal Year 2007 with a contribution rate of 3.29% for Class "AA" and 2.64% for Class "A" employees from June 2006 to July 2007. The rate for June 2006 was 2.37% for Class "AA" and 1.9% for Class "A" employees. The Commission's contribution rate for Fiscal Year ending May 31, 2008 was 3.28% for Class "AA" employees and 2.63% for Class "A" employees. The current rate was effective July 1, 2008.

The State Employees Retirement System ("SERS") has recently advised the Commission that, based on the assumptions and forecasts of SERS, the employer contribution rates, including those of the Commission, are projected to increase from the current composite contribution rate of 4% of payroll to approximately 33.5% of payroll in Fiscal Year 2014. Based on these projections, which assume an 8% investment return, the Commission's annual contribution would increase from approximately \$4,000,000 in Fiscal Year 2010 to approximately \$30,000,000 in Fiscal Year 2014, which represents approximately 3% of estimated revenues in that Fiscal Year. SERS projects that composite contribution rates will gradually decrease thereafter to approximately 20% of payroll in Fiscal Year 2035. The Commission will continue to monitor these projected increases and to evaluate its options to minimize their impact.

### **Other Post Employment Benefit Liabilities**

Historically, the Commission has funded its post employment benefit liabilities on a pay as you go basis. In accordance with the pronouncements of the Governmental Accounting Standards Board applicable to the Commission, the Commission began reporting its unfunded actuarial accrued liabilities for health care and other non pension post employment benefits ("OPEB") and its annual OPEB cost each year commencing with its audited financial statements for the fiscal year ending May 31, 2008. The Commission's unfunded actuarial accrued OPEB liability as of March 1, 2008, was \$214.1 million using an 8% discount rate and assuming that the annual required contribution would be invested in an irrevocable separate trust account. The Commission's annual required contribution for fiscal year 2009 is estimated to be \$29.0 million. The Commission is required to have biennial actuarial valuations of its OPEB obligations.

## 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.

### **Ten Year Capital Plan**

The Commission has a Ten Year Capital Plan, consisting of Highway, Information Technology and Infrastructure support programs, which it updates each year. The current Ten Year Capital Plan for Fiscal Year 2009 2010 is included below. The Highway program consists of roadway, bridge, tunnel and toll plaza/interchange projects. The Information Technology program consists of toll collection, communication, Intelligent Transportation Systems (ITS) and other electronic information management projects. The Infrastructure Support Program consists of facilities 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 Mainline and Northeast Extension. This work includes the reconstruction of the roadway, the widening of the median, and the replacement of both mainline and overhead bridges. To date, approximately 60 miles of total reconstruction has been completed and approximately 8 miles are currently in construction. The Reconstruction from Valley Forge Interchange (Milepost 326.0) to Norristown Interchange (Milepost 333.0) was completed in 2008. Reconstruction from Gateway Interchange (Milepost 1.5) to Irwin Interchange (Milepost 67.0) to New Stanton Interchange (Milepost 75.0) and from Milepost 210.0 to 215.0 is currently underway. The Commission currently plans to spend approximately \$2.0 billion on total reconstruction projects and about \$865 million on various bridge projects over the next ten years.

The replacement of the Lehigh River and Pohopoco River Bridges on the Northeast Extension was awarded in 2008 and construction will start in 2009. The replacement of the Gettysburg, Lebanon/Lancaster and Harrisburg East Toll Plazas were all completed in 2008.

The Information Technology program includes funding of \$241 million over the next ten years to address the Commission's Information Technology needs including toll collection projects, communication, application development and technical operational needs. One of the primary initiatives of the Information Technology Program is a project to replace the Commission's core financial and administrative systems with an Enterprise Resource Planning (ERP) system software package. The Commission is in the process of implementing SAP to provide a set of integrated business process supported by multi module application software with a centralized data repository.

The Infrastructure Support Program includes funding of \$366 million has been programmed to repair and place the aging facilities of the Commission. This commitment will

ensure that adequate equipment and facilities are in good repair to support the maintenance of the Turnpike.

### **Mon/Fayette Expressway and Southern Beltway**

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

Two other projects will complete the entire Mon/Fayette Expressway. The remaining 7 miles of the Uniontown to Brownsville Project is now under construction and is scheduled to open in 2012. A 24 mile section, extending from Pennsylvania Route 51 to Interstate Route 376 in Pittsburgh, received environmental clearance in December 2004. Final design is currently underway. Right of way acquisition and construction cannot be started until additional funding is identified.

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

The proposed Southern Beltway is to be constructed from the Mon/Fayette Expressway, near Finleyville, extending as part of a beltway south of Pittsburgh to Pennsylvania Route 60 at the Pittsburgh International Airport. It is composed of three distinct projects. The project from PA 60 to U.S. 22 (also known as the Findlay Connector) opened to traffic in late 2006. The project from U.S. 22 to I 79 received environmental clearance for its 13.3 miles in September, 2008 and is in final design; right of way acquisition began in late 2008. The remaining Southern Beltway project, from I 79 to the Mon/Fayette Expressway, received environmental clearance in May 2009.

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

The Commission has no legal obligation to complete the unfinished portions of the Mon/Fayette and Southern Beltway projects at this time. However, the Commission recently has begun to consider 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, noting that it was “seeking innovative public private partnership Concepts/Solutions for financing, designing, constructing, operating, and maintaining the un built 52 miles of the Mon/Fayette Expressway and Southern Beltway.” The purpose of the Request was “to receive submissions that include Concepts/Solutions from teams that can demonstrate the necessary financial capacity and technical expertise to complete all or part of such major projects.” The existing completed portions of the Mon Fayette Expressway and Southern Beltway accounted for 1.3% of the Commission’s gross System revenue in fiscal 2008 and revenue on the completed portions has been sufficient to cover annual operating expenses.

The Request noted that “There are limited state and federal resources to complete three un-built projects of this program. The two un-built Southern Beltway projects are each approximately thirteen miles in length and the un-built Mon/Fayette Expressway project from PA Route 51 to I 376 is approximately 26 miles in length.” The Commission noted that it welcomed “all innovative ideas for completing all or part of the Mon Fayette Expressway and Southern Beltway projects.”

The Commission held an informational meeting on September 17, 2008 at which it was reported the Commission requested that interested parties submit their ideas for completing one or more of the unfinished projects by January 15, 2009. It received three responses which are currently under review. A more formal request for proposal is expected to be initiated after the review process. The Commission has reserved the right to consider or reject any and all responses and to amend or abandon the process being considered.

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**PENNSYLVANIA TURNPIKE COMMISSION**  
**FISCAL YEAR 2009-1010 TEN YEAR CAPITAL PLAN – ANNUAL PROGRAM DETAIL**  
**(IN MILLIONS OF \$)**

CAPITAL PLAN CATEGORY	Current	Priority A Year 2-4			Priority B Year 5-7			Priority C Year 8-10			Total	% of Total
	FY 2009-2010	FY 2010-2011	FY 2011-2012	FY 2012-2013	FY 2013-2014	FY 2014-2015	FY 2015-2016	FY 2016-2017	FY 2017-2018	FY 2018-2019		
<b>Highway Program</b>												
Roadway	58.0	57.9	57.4	44.3	26.0	38.0	39.2	40.8	49.3	42.7	453.5	10%
Structures	111.8	81.0	51.8	88.1	97.6	105.7	83.1	87.2	95.7	114.4	916.4	20%
Total Reconstruction Program	163.7	151.8	210.7	188.0	199.9	171.1	185.2	191.6	191.2	191.6	1,844.8	40%
Slip Ramp/Interchange Program	33.8	59.3	59.6	65.4	62.1	57.9	64.3	51.6	34.2	21.4	109.7	11%
Highway Misc. Program	14.5	15.2	14.8	8.4	8.7	9.1	9.9	10.5	11.5	11.8	114.5	2%
<b>TOTAL</b>	<b>381.8</b>	<b>365.2</b>	<b>394.3</b>	<b>394.2</b>	<b>394.3</b>	<b>381.9</b>	<b>381.8</b>	<b>381.8</b>	<b>381.8</b>	<b>381.8</b>	<b>3,838.8</b>	<b>84%</b>
<b>Facilities program</b>												
Re-capitalization Program	3.2	1.3	6.2	20.3	20.9	20.1	8.9	1.6	23.6	22.9	128.9	3%
Sustainment Program	15.4	10.6	11.6	12.2	12.9	13.4	13.9	14.5	15.1	15.7	135.1	3%
Compliance program	4.8	2.1	2.1	2.2	2.3	2.4	2.5	2.6	2.7	2.8	26.7	1%
New Initiative program	18.0	25.7	22.9	8.0	6.6	5.5	16.1	22.7	-	-	125.6	3%
<b>TOTAL</b>	<b>41.4</b>	<b>39.6</b>	<b>42.7</b>	<b>42.8</b>	<b>42.7</b>	<b>41.4</b>	<b>41.4</b>	<b>41.4</b>	<b>41.4</b>	<b>41.4</b>	<b>416.3</b>	<b>9%</b>
<b>Fleet Equipment program</b>												
	9.2	8.8	9.5	9.5	7.3	9.2	9.2	9.2	9.3	9.3	90.6	2%
<b>TOTAL</b>	<b>9.2</b>	<b>8.8</b>	<b>9.5</b>	<b>9.5</b>	<b>7.3</b>	<b>9.2</b>	<b>9.2</b>	<b>9.2</b>	<b>9.3</b>	<b>9.3</b>	<b>90.6</b>	<b>2%</b>
<b>Technology Program</b>												
Functional Business Software Program	6.4	20.9	16.2	14.9	25.5	25.0	12.3	13.0	13.8	14.9	162.8	4%
Infrastructure HW/SW Program	11.5	9.2	6.8	4.6	4.6	5.0	5.0	5.5	4.0	5.9	62.2	1%
Toll Collect/Operations Program	9.6	2.8	1.9	2.0	2.1	1.2	1.3	1.3	1.4	1.4	25.1	1%
<b>TOTAL</b>	<b>27.5</b>	<b>32.9</b>	<b>25.0</b>	<b>21.5</b>	<b>32.2</b>	<b>31.3</b>	<b>18.5</b>	<b>19.7</b>	<b>19.2</b>	<b>22.2</b>	<b>250.1</b>	<b>5%</b>
<b>TOTAL TURNPIKE NEEDS BY YEAR</b>	<b>459.9</b>	<b>446.5</b>	<b>471.5</b>	<b>468.0</b>	<b>476.5</b>	<b>463.8</b>	<b>451.0</b>	<b>452.2</b>	<b>451.7</b>	<b>454.6</b>	<b>4,595.8</b>	<b>100%</b>



## **Capacity Needs Study**

As part of the Highway Program's Long Range Plan, the Commission updated its mainline capacity needs analysis. The capacity analysis identified needs through 2025. The analysis identified roadway and other deficiencies projected to occur during this period. The results of this study have been incorporated into the needs portion of the Commission's Ten Year Capital Plan.

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**APPENDIX B**  
**AUDITED FINANCIAL STATEMENTS: 2008 AND 2007**

[See Attached]

**APPENDIX C**  
**SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE INDENTURE**

[See Attached]

**APPENDIX D**  
**SECURITIES DEPOSITORY**

[See Attached]

## **APPENDIX D**

### **SECURITIES DEPOSITORY**

#### **Securities Depository**

Portions of the following information concerning DTC and DTC's book-entry only system have been obtained from DTC. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Commission and the Underwriters believe to be reliable; however, the Commission and the Underwriters take no responsibility for the accuracy thereof and make no representation as to the accuracy of such information.

The Depository Trust Company ("**DTC**"), New York, NY, will act as securities depository for the 2009 Bonds. The 2009 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity and subseries of the 2009 Bonds in the aggregate principal amount of such maturity and subseries, 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 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 Standard & Poor's highest rating: AAA. 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of 2009 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2009 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2009 Bond (the "**Beneficial Owner**") is in turn to be

recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2009 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 2009 Bonds, except in the event that use of the book-entry system for the 2009 Bonds is discontinued.

To facilitate subsequent transfers, all 2009 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 2009 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2009 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2009 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 2009 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2009 Bonds, such as redemptions, defaults, and proposed amendments to the Subordinate Indenture. For example, Beneficial Owners of 2009 Bonds may wish to ascertain that the nominee holding the 2009 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them. Redemption notices shall be sent to DTC. If less than all of the 2009B Bonds or 20089C Bonds, as applicable, within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2009 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 2009 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal or redemption price of and interest on the 2009 Bonds will be paid to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Commission or the Trustee, as applicable, on the payable date in accordance with their respective holdings shown on DTC's records. Payments

by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal or redemption price and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

So long as Cede & Co. is the registered owner of the 2009 Bonds, as nominee of DTC, references herein to the bondholders or registered owners of the 2009 Bonds means Cede & Co., not the Beneficial Owners of the 2009 Bonds.

#### **Discontinuation of Book-Entry-Only System**

DTC may determine to discontinue providing its service with respect to the 2009 Bonds at any time by giving reasonable notice to the Commission and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

**APPENDIX E**  
**FORM OF OPINION OF CO-BOND COUNSEL**

[See Attached]



July \_\_, 2009

Pennsylvania Turnpike Commission  
Harrisburg, PA

RE: \$856,735,000.00 Pennsylvania Turnpike Commission Turnpike Subordinate Revenue Bonds, Series B of 2009 and \$99,998,204.25 Pennsylvania Turnpike Commission Turnpike Subordinate Revenue Bonds, Series C of 2009

Ladies and Gentlemen:

We have acted as Co-Bond Counsel in connection with the issuance and sale by the Pennsylvania Turnpike Commission (the "Commission") of its \$856,735,000.00 principal amount of Turnpike Subordinate Revenue Bonds, Series B of 2009 (the "2009B Bonds") and its \$99,998,204.25 principal amount of Turnpike Subordinate Revenue Bonds, Series C of 2009 (the "2009C Bonds" and, together with the 2009B Bonds, the "2009 Bonds") pursuant to the Subordinate Trust Indenture dated as of April 1, 2008, as amended and supplemented prior to the date hereof (the "Indenture"), and as further amended and supplemented by Supplemental Trust Indenture No. 5 dated as of July 1, 2009 ("Supplemental Indenture No. 5" and, together with the Indenture, the "Subordinate Indenture"), between the Commission and TD 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 Subordinate Indenture.

We have examined (i) an executed copy of Supplemental Indenture No. 5, (ii) the forms of the 2009B Bonds and the 2009C Bonds, and (iii) such constitutional and statutory provisions and such other resolutions, certificates, instruments and documents as we have deemed necessary or appropriate in order to enable us to render an informed opinion as to matters set forth herein.

In rendering this opinion, 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 our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents without undertaking to verify the same by independent investigation.

The Commission covenants in the Subordinate Indenture to maintain the exclusion of interest on the 2009 Bonds from gross income for federal income tax purposes and, among other things, comply with the requirements of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder or applicable with respect thereto (the "Code"). The Commission further covenants in the Subordinate Indenture that it will not make any investment or other use of the proceeds of the 2009 Bonds which would cause the 2009 Bonds to be "arbitrage bonds" under Section 148 of the Code.

Based upon the foregoing, it is our opinion, under existing law and as of the date hereof, 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. 5 and to carry out its obligations thereunder.

2. Supplemental Indenture No. 5 has been duly authorized, executed and delivered by the Commission and constitutes the valid, binding and enforceable obligation of the Commission enforceable against it in accordance with its terms.

3. The 2009 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 it in accordance with their terms, payable from the Commission Payments and other sources provided therefor in the Subordinate Indenture. Commission Payments are payable from funds designated by the Commission for release from the General Reserve Fund established under the Commission's Amended and Restated Trust Indenture dated as of March 1, 2001, as amended and supplemented (the "Restated Indenture"). The Restated Indenture provides that deposits for the payment of Bonds, other Parity Obligations and Subordinated Indebtedness issued or incurred thereunder shall be funded from Revenues (as such terms are defined in the Restated Indenture) prior to the transfer of Revenues to the General Reserve Fund established under the Restated Indenture. Funds, while held in the General Reserve Fund, remain subject to the lien of the Restated Indenture.

4. The 2009 Bonds are exempt from personal property taxes in Pennsylvania and the interest on the 2009 Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax.

5. Under existing statutes, regulations, rulings and court decisions, interest on the 2009 Bonds will not be includible in gross income of the holders thereof for federal income tax purposes and will not be a specific preference item for purposes of computing the federal alternative minimum tax imposed on individuals and corporations. However, interest on the 2009 Bonds is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on corporations (other than an S corporation, regulated investment company, real estate investment trust or real estate mortgage investment conduit). In addition, interest on the 2009 Bonds is included in effectively connected earnings and profits for the purpose of computing the branch profits tax imposed on certain foreign corporations doing business in the United States. Further, interest on the 2009 Bonds may be subject to federal income taxation under Section 1375 of the Code for S corporations that have Subchapter C earnings and profits at the close of the taxable year if more than 25% of the gross receipts of such S corporations is passive investment income.

Attention is invited to the fact that ownership of the 2009 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers, including financial institutions subject to Section 265 of the Code, who

may be deemed to have incurred or continued indebtedness to purchase or to carry the 2009 Bonds, and we express no opinion as to any of such consequences.

In rendering this opinion, we have assumed compliance by the Commission with the covenants contained in the 2009 Bonds, the representations contained in the Subordinate Indenture and the representations of the Commission and the Pennsylvania Department of Transportation (“PennDOT”) provided in the Tax Regulatory Agreement that are intended to comply with the provisions of the Code relating to actions to be taken by the Commission and PennDOT in respect of the 2009 Bonds after the issuance thereof to the extent necessary to effect or maintain the federal tax-exempt status of the interest on the 2009 Bonds. These covenants and representations relate to, inter alia, the use of proceeds of the 2009 Bonds and the rebating to the United States Treasury of specified arbitrage earnings, if required.

Our opinions set forth above as to the enforceability of the 2009 Bonds and Supplemental Indenture No. 5 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 (regardless of whether such enforceability is considered in a proceeding in equity or at law).

These opinions are rendered on the basis of federal law and the laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof. We express no opinion as to any matter not set forth in the numbered paragraphs above, including, without limitation, with respect to, and assume no responsibility for, the accuracy, adequacy or completeness of, the Preliminary Official Statement or the Official Statement prepared in respect of the 2009 Bonds, including the appendices thereto, and make no representation that we have independently verified any such information.

The opinions set forth herein 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 herein 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.

Very truly yours,

**APPENDIX F**  
**DEFINED TERMS CONCERNING**  
**THE SENIOR INDENTURE AND THE SENIOR REVENUE BONDS**

[See Attached]

**APPENDIX F**  
**DEFINED TERMS CONCERNING**  
**THE SENIOR INDENTURE AND THE SENIOR REVENUE BONDS**

*The following is a list of definitions derived from the Senior Indenture concerning the Senior Revenue Bonds and the operation of the Senior Indenture. This summary of such terms does not purport to be complete or definitive and is subject to all of the terms and provisions of the Senior Indenture, a copy of which will be available at the corporate trust office of the U.S. Bank National Association as the trustee (the “Senior Trustee”). In addition to words and terms defined elsewhere in this Official Statement, the following words and terms used in this Official Statement and this APPENDIX F shall have the following meanings unless the context clearly indicates otherwise.*

“Additional Senior Revenue Bonds” means Senior Revenue Bonds of any series of bonds authorized to be issued under the Senior Indenture.

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

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

“General Reserve Fund” means the “General Reserve Fund” created by Section 503 of the Senior Indenture.

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

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

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

“Outstanding” or “outstanding” in connection with Senior Revenue Bonds means all Senior Revenue Bonds which have been authenticated and delivered under the Senior Indenture, except:

(a) Senior Revenue Bonds theretofore cancelled or delivered to the Senior Trustee for cancellation under the Senior Indenture;

(b) Senior Revenue Bonds which are deemed to be no longer Outstanding in accordance with the Senior Indenture; and

(c) Senior Revenue Bonds in substitution for which other Senior Revenue Bonds have been authenticated and delivered pursuant to the Senior Indenture.

In determining whether the owners of a requisite aggregate principal amount of Senior Revenue Bonds Outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions hereof, Senior Revenue Bonds which are held by or on behalf of the Commission (unless all of the Outstanding Senior Revenue Bonds are then owned by the Commission) shall be disregarded for the purpose of any such determination.

“Prior Senior Indenture” means that certain Indenture of Trust dated as of July 1, 1986 between the Commission and the Trustee, as heretofore supplemented and amended.

“Revenues” means (a) all Tolls received by or on behalf of the Commission from the System, (b) any other sources of revenues or funds of the Commission which the Commission chooses to include in the Senior Trust Estate pursuant to a Senior 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 Senior Indenture Revenue Fund pursuant to the Senior Indenture. As more fully provided in the Senior Indenture, in the event the Commission receives advances or prepayments or otherwise operates or participates in a system in which funds are collected prior to the actual usage of the System, such funds shall not be deemed to be Revenues until the usage occurs or the funds are earned pursuant to the agreement under which the Commission receives such funds.

“Senior Indenture Annual Operating Budget” means the budget adopted by the Commission pursuant to the Senior Indenture.

“Senior Indenture Debt Service Fund” means the “Debt Service Fund” created by Section 503 of the Senior Indenture.

“Senior Indenture Debt Service Reserve Fund” means the “Debt Service Reserve Fund” created by Section 503 of the Senior Indenture.

“Senior Indenture Operating Account” means the “Operating Account” created by Section 503 of the Senior Indenture.

“Senior Indenture Parity Obligations” means includes Senior Revenue Bonds and other obligations of the Commission owed to Senior Indenture Secured Owners, but excludes Senior Indenture Subordinated Indebtedness.

“Senior Indenture Paying Agent” means with respect to any series of Senior Revenue Bonds that Person appointed pursuant to the Senior Indenture to make payments to Senior

Bondholders of interest and/or principal pursuant to the terms of the Indenture, which initially shall be the Senior Trustee.

“Senior Indenture Policy Costs” means a periodic fee or charge required to be paid to maintain a Senior Indenture DSRF Security.

“Senior Indenture Rebate Fund” means the “Rebate Fund” created by Section 503 of the Senior Indenture.

“Senior Indenture Reserve Maintenance Fund” means the “Revenue Maintenance Fund” created by Section 503 of the Senior Indenture.

“Senior Indenture Revenue Fund” means the “Revenue Fund” created by Section 503 of the Senior Indenture.

“Senior Indenture Secured Owner” means each Person who is a Senior Bondholder of any Senior Revenue Bonds, each counterparty providing a Senior Indenture Parity Swap Agreement, each bank providing a Credit Facility and each bond insurer providing a bond insurance policy with respect to a Senior Indenture Parity Obligation.

“Senior Indenture Subordinated Indebtedness” means Indebtedness which is subordinated and junior in all respects to payment of all Senior Revenue Bonds and other Senior Indenture Parity Obligations incurred pursuant to or in compliance with the Senior Indenture.

“Senior Supplemental Indenture” means 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 and (b) the Prior Senior Indenture, including any supplemental indenture pursuant to which (and only for so long as) bonds are outstanding thereunder.

“Senior Trust Estate” means all right, title and interest of the Commission in and to (i) all Revenues, (ii) all monies deposited into accounts or funds created by the Senior Indenture and held by or on behalf of the Trustee (other than the Senior Indenture Rebate Fund), (iii) any insurance proceeds and other moneys required to be deposited herein, (iv) all payments received by the Commission pursuant to Senior Parity Swap Agreements, and (v) all investment earnings on all moneys held in accounts and funds established by the Senior Indenture, other than the Senior Indenture Rebate Fund.

“Tolls” means all rates, rents, fees, charges, fines or other income derived by the Commission from vehicular usage of the System, and all rights to receive the same.

**APPENDIX G**  
**DEBT SERVICE REQUIREMENTS OF THE SENIOR INDENTURE BONDS**  
**AND SUBORDINATE INDENTURE BONDS**

[See Attached]



**APPENDIX H**  
**TRAFFIC AND REVENUE STUDY**

[See Attached]

**APPENDIX I**  
**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

[See Attached]

**APPENDIX J**  
**TABLE OF COMPOUNDED AMOUNTS**  
**FOR CONVERTIBLE CAPITAL APPRECIATION BONDS**

[See Attached]

**TABLE OF COMPOUNDED AMOUNTS FOR  
CONVERTIBLE CAPITAL APPRECIATION 2009C BONDS**

Date	Convertible Capital Application Bond <u>6.25%</u>
07/28/2009	3,281.75
12/01/2009	3,351.45
06/01/2010	3,456.20
12/01/2010	3,564.20
06/01/2011	3,675.60
12/01/2011	3,790.45
06/01/2012	3,908.90
12/01/2012	4,031.05
06/01/2013	4,157.05
12/01/2013	4,286.95
06/01/2014	4,420.90
12/01/2014	4,559.05
06/01/2015	4,701.55
12/01/2105	4,848.45
06/01/2016	<u>5,000.00</u>