

In the opinion of Bond Counsel, interest on the 2005 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 EXEMPTION AND OTHER TAX MATTERS" herein. Interest on the 2005 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 2005 Bonds. Under the laws of the Commonwealth of Pennsylvania, as enacted and construed on the date hereof, the 2005 Bonds are exempt from Pennsylvania personal property taxes and the interest on the 2005 Bonds is exempt from Pennsylvania income tax and Pennsylvania corporate net income tax. For a more complete discussion see "TAX EXEMPTION AND OTHER TAX MATTERS" herein.

\$465,560,000

PENNSYLVANIA TURNPIKE COMMISSION

\$ 234,135,000 Registration Fee Revenue Refunding Bonds, Series A of 2005 ("2005A Bonds")

\$ 77,140,000 Registration Fee Revenue Refunding Bonds, Series B of 2005 ("2005B Bonds")

\$ 77,140,000 Registration Fee Revenue Refunding Bonds, Series C of 2005 ("2005C Bonds")

\$ 77,145,000 Registration Fee Revenue Refunding Bonds, Series D of 2005 ("2005D Bonds")

Dated: August 1, 2005 (2005A Bonds); August 17, 2005 (2005B, 2005C and 2005D Bonds)

Due as shown on Inside Front Cover

The 2005A Bonds (hereinafter the "Fixed Rate Bonds") will bear interest from August 1, 2005, payable on January 15, 2006, and on each July 15 and January 15 thereafter. The 2005B Bonds, the 2005C Bonds, and the 2005D Bonds (hereinafter collectively, the "Variable Rate Bonds") will initially bear interest at a Weekly Rate from their date of delivery payable on September 15, 2005 and on the 15th day of each month thereafter while at a Weekly Rate. The Fixed Rate Bonds and the Variable Rate Bonds are herein referred to collectively as the "2005 Bonds", and the term "2005 Bond" will refer to any of the 2005 Bonds. The 2005 Bonds are being issued pursuant to a Trust Indenture dated as of August 1, 2005 (the "Indenture") between the Pennsylvania Turnpike Commission (the "Commission") and Wachovia Bank, National Association, Philadelphia, Pennsylvania, as trustee (the "Trustee"). Wachovia Bank, National Association is also the paying agent. The 2005 Bonds will be fully registered bonds and, when issued, will be registered in the name of CEDE & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository. Beneficial ownership interests in the Fixed Rate Bonds will be recorded in book-entry-only form in denominations of \$5,000 or any integral multiple thereof. Beneficial ownership interests in the Variable Rate Bonds will be recorded in book-entry-only form in denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof. So long as CEDE & Co. is the registered owner of the 2005 Bonds, principal of, premium, if any, and interest on the 2005 Bonds will be paid to CEDE & Co., as nominee of DTC, which will, in turn, remit such principal, interest and premium to the Participants and Indirect Participants for subsequent disbursement to the Beneficial Owners as described herein. Purchasers will not receive certificates representing their ownership interests in the 2005 Bonds purchased. The proceeds of the 2005 Bonds will advance refund all of the outstanding Pennsylvania Turnpike Commission Registration Fee Revenue Bonds, Series of 2001 (the "2001 Bonds"), which were originally issued in the principal amount of \$476,065,000, and will defease the related bond indenture pursuant to which the 2001 Bonds were issued.

The 2005 Bonds are subject to optional redemption prior to maturity as more fully set forth herein. The Variable Rate Bonds are subject to optional and mandatory purchase as more fully set forth herein. The Remarketing Agents for each Series of the Variable Rate Bonds is as shown below.

THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA (THE "COMMONWEALTH") HAS APPROPRIATED TO THE COMMISSION \$28,000,000 ANNUALLY OF AMOUNTS RECEIVED BY THE COMMONWEALTH FROM ACT 3 REVENUES (AS HEREINAFTER DEFINED) IMPOSED BY THE COMMONWEALTH. SEE THE CAPTION "REGISTRATION FEES." THE 2005 BONDS ARE LIMITED OBLIGATIONS OF THE COMMISSION PAYABLE SOLELY FROM THOSE ACT 3 REVENUES PAID TO THE COMMISSION OR THE TRUSTEE BY THE COMMONWEALTH AND CERTAIN FUNDS HELD UNDER THE INDENTURE AND THE EARNINGS THEREON. THE 2005 BONDS SHALL NOT BE DEEMED TO BE A DEBT OF THE COMMONWEALTH OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH AND SHALL NOT BE AN OBLIGATION OF THE COMMISSION PAYABLE FROM ANY SOURCE EXCEPT THAT PORTION OF ACT 3 REVENUES PAID TO THE COMMISSION OR THE TRUSTEE BY THE COMMONWEALTH AND CERTAIN FUNDS HELD UNDER THE INDENTURE AND THE EARNINGS THEREON.

The 2005A Bonds bear interest at the rates shown on the inside front cover at a fixed rate set for each maturity date thereof; and each Series of the Variable Rate Bonds bear interest at a variable rate determined from time to time as described herein. See table captioned "SUMMARY OF CERTAIN PROVISIONS OF THE VARIABLE RATE BONDS" herein for a summary of interest rates applicable to the Variable Rate Bonds.

The scheduled payment of principal of and interest on the 2005 Bonds when due will be guaranteed under bond insurance policies to be issued concurrently with the delivery of the 2005 Bonds by Financial Security Assurance, Inc. ("Bond Insurer"). See caption "Bond Insurance" herein.



The purchase price of each Series of Variable Rate Bonds tendered or deemed tendered for purchase and not remarketed, and interest due thereon, will be further secured by a separate liquidity facility in the form of a Standby Bond Purchase Agreement (each a "Standby Agreement") dated as of August 1, 2005, among the Commission, the Trustee and

JPMorgan Chase Bank, National Association

Each Standby Agreement expires on August 16, 2015 unless terminated earlier pursuant to its terms or extended. Unless a Standby Agreement is extended or replaced in accordance with the terms of the Indenture, the Series of Variable Rate Bonds secured by such Standby Agreement will become subject to mandatory tender for purchase. The Commission will be obligated, among other things, to reimburse JPMorgan Chase Bank, National Association (the "Bank"), with interest, for any payments under any Standby Agreement. In the event the Bank fails to honor a draw, or if the applicable Standby Agreement is terminated and not replaced, the Commission is required to pay the purchase price of the applicable Variable Rate Bonds tendered for purchase. Upon the occurrence of certain events described herein, the obligation of the Bank to purchase the Variable Rate Bonds may be terminated or suspended.

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.

JPMorgan

UBS Financial Services Inc.

**Arthurs, Lestrangle & Company, Inc.
Janney Montgomery Scott LLC**

**Bank of America Securities LLC
Mellon Financial Markets, LLC**

**Commonwealth Securities and Investments, Inc.
Wachovia Bank, National Association**

Series 2005B
Goldman, Sachs & Co.

Placement and Remarketing Agents
Series 2005C
PNC Capital Markets, Inc.

Series 2005D
RBC Dain Rauscher

The 2005 Bonds are being offered when, as and if issued and accepted by the Underwriters, subject to certain legal matters being passed upon by Dilworth Paxson LLP, Philadelphia, Pennsylvania, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Underwriters and the Placement Agents by Tucker Arensberg, P.C., Pittsburgh, Pennsylvania, Counsel to the Underwriters and the Placement Agents. Certain legal matters will be passed upon for the Bank, National Association by Greenberg Traurig, LLP, Philadelphia, Pennsylvania, counsel to the Bank. Certain legal matters will be passed upon for the Commission by its acting General Counsel, Kevin F. Longenbach, Esquire. It is anticipated that the 2005 Bonds will be available for delivery in New York, New York on or about August 17, 2005.

\$234,135,000
Pennsylvania Turnpike Commission
Registration Fee Revenue Refunding Bonds,
Series A of 2005
(Due in the years indicated below)

MATURITIES, AMOUNTS, INTEREST RATES, PRICES AND YIELDS

Year	Principal Amount	Interest Rate	Yield	Price
7/15/2006	7,025,000	3.750%	2.810%	100.837
7/15/2007	5,330,000	3.250%	2.930%	100.588
7/15/2008	5,500,000	3.250%	3.090%	100.440
7/15/2009	5,685,000	3.500%	3.230%	100.982
7/15/2010	5,880,000	3.625%	3.370%	101.143
7/15/2011	6,095,000	5.000%	3.480%	108.054
7/15/2012	6,395,000	5.000%	3.590%	108.559
7/15/2013	6,720,000	5.000%	3.680%	108.985
7/15/2014	7,050,000	5.000%	3.780%	109.153
7/15/2015	7,410,000	5.000%	3.860%	109.311
7/15/2016	7,775,000	5.250%	3.930%	111.617
7/15/2017	8,185,000	5.250%	3.980%	111.950
7/15/2018	8,615,000	5.250%	4.020%	112.290
7/15/2019	9,070,000	5.250%	4.070%	112.436
7/15/2020	9,545,000	5.250%	4.120%	112.492
7/15/2021	10,045,000	5.250%	4.150%	112.713
7/15/2022	10,575,000	5.250%	4.180%	112.877
7/15/2023	11,125,000	5.250%	4.200%	113.121
7/15/2024	11,715,000	5.250%	4.220%	113.323
7/15/2025	12,330,000	5.250%	4.240%	113.485
7/15/2026	12,975,000	5.250%	4.250%	113.760
7/15/2027	13,660,000	5.250%	4.260%	114.007
7/15/2028	14,375,000	5.250%	4.280%	114.070
7/15/2029	15,130,000	5.250%	4.300%	114.100
7/15/2030	15,925,000	5.250%	4.320%	114.100

(Plus Accrued Interest)

\$77,140,000
Pennsylvania Turnpike Commission
Registration Fee Revenue Refunding Bonds,
Series B of 2005
due July 15, 2041,

subject to mandatory and optional redemption set forth herein, purchased at par

\$77,140,000
Pennsylvania Turnpike Commission
Registration Fee Revenue Refunding Bonds,
Series C of 2005
due July 15, 2041,

subject to mandatory and optional redemption set forth herein, purchased at par

\$77,145,000
Pennsylvania Turnpike Commission
Registration Fee Revenue Refunding Bonds,
Series D of 2005
due July 15, 2041,

subject to mandatory and optional redemption set forth herein, purchased at par

PENNSYLVANIA TURNPIKE COMMISSION

COMMISSIONERS

MITCHELL RUBIN
Chairman

TIMOTHY J. CARSON
Vice Chairman

J. WILLIAM LINCOLN
Secretary/Treasurer

ALLEN D. BIEHLER

PASQUALE T. DEON, SR.

JOSEPH G. BRIMMEIER
Chief Officer

KEVIN F. LONGENBACH
Chief Operating Officer and Acting Chief Counsel

ALEXANDER R. JANSEN
Chief Engineer

J. BLAIR FISHBURN
Chief Financial Officer

WACHOVIA BANK, NATIONAL ASSOCIATION,
Philadelphia, Pennsylvania,
as Trustee

HOPKINS & COMPANY,
Philadelphia, Pennsylvania,
as Financial Advisor

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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 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 2005 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 a representation by, the Underwriters. This Official Statement speaks only as of its date. 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 or expressions of opinion set forth herein since the date hereof.

All financial and other information presented in this Official Statement has been provided by the Commission or, with respect to Appendix A, the Commonwealth of Pennsylvania (the "Commonwealth") from their records, except for information expressly attributed to other sources. All projections, estimates and assumptions in this Official Statement have been made on available information and are believed to be reliable, but no representations whatsoever are made that such projections, estimates and assumptions are correct. So far as any statements in this Official Statement involve any matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. No references to and summaries of provisions of the Constitution and laws of the Commonwealth or of any other documents referred to herein purport to be complete and such references are qualified in their entirety by reference to the complete provisions.

IN CONNECTION WITH THE ISSUANCE OF THE 2005 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH 2005 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 2005 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION, WHETHER PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED, OR OTHERWISE, AND INDENTURE HAS NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE 2005 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES, IF ANY, IN WHICH THE 2005 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES, NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE 2005 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENCE.

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

Other than with respect to certain information regarding JPMorgan Chase Bank, National Association (the "Bank") contained under the caption "THE BANK" none of the information in this Official Statement has been supplied or verified by the Bank, and the Bank makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the 2005 Bonds; or (iii) the tax exempt status of the interest on the 2005 Bonds.

Other than with respect to information concerning Financial Security Assurance Inc. ("Financial Security" or "Bond Insurer") contained under the caption "Bond Insurance" and Appendix E specimen "Municipal Bond Insurance Policy" herein, none of the information in this Official Statement has been supplied or verified by Financial Security and Financial Security makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the 2005 Bonds; or (iii) the tax exempt status of the interest on the 2005 Bonds.

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OFFICIAL STATEMENT
of the
PENNSYLVANIA TURNPIKE COMMISSION
Relating to
\$465,560,000
REGISTRATION FEE REVENUE REFUNDING BONDS

PENNSYLVANIA TURNPIKE COMMISSION
\$234,135,000 Registration Fee Revenue Refunding Bonds, Series A of 2005
\$77,140,000 Registration Fee Revenue Refunding Bonds, Series B of 2005
\$77,140,000 Registration Fee Revenue Refunding Bonds, Series C of 2005
\$77,145,000 Registration Fee Revenue Refunding Bonds, Series D of 2005

INTRODUCTION

General. This Official Statement, which includes the Cover Page and the Appendices hereto, is furnished by the Pennsylvania Turnpike Commission (the "Commission"), an instrumentality of the Commonwealth, in connection with the issuance of \$465,560,000 aggregate principal amount of the Commission's Registration Fee Revenue Refunding Bonds issued in four separate Series: (i) \$234,135,000 Commission's Registration Fee Revenue Refunding Bonds, Series A of 2005 (the "2005A Bonds" or the "Fixed Rate Bonds"), (ii) \$77,140,000 Commission's Registration Fee Revenue Refunding Bonds, Series B of 2005 (the "2005B Bonds"), (iii) \$77,140,000 Commission's Registration Fee Revenue Refunding Bonds, Series C of 2005 (the "2005C Bonds"), and (iv) \$77,145,000 Commission's Registration Fee Revenue Refunding Bonds, Series D of 2005 (the "2005D Bonds"; the 2005B Bonds, 2005C Bonds and 2005D Bonds are hereinafter referred to collectively as the "Variable Rate Bonds"; the Variable Rate Bonds and the Fixed Rate Bonds are herein referred to collectively as the "2005 Bonds"; and the term "2005 Bond" shall mean any of the 2005 Bonds). The proceeds of the 2005 Bonds will advance refund all of the outstanding Pennsylvania Turnpike Commission \$476,065,000 Registration Fee Revenue Bonds, Series of 2001 (the "2001 Bonds") and defease the related bond indenture pursuant to which the 2001 Bonds were issued. All capitalized terms not otherwise defined herein shall have the same meanings ascribed to them in the definitions set forth in "APPENDIX B - SUMMARIES OF CERTAIN PROVISIONS OF THE INDENTURE - DEFINITIONS OF CERTAIN TERMS". All references herein to the Enabling Acts, Act 3, the Fixed Rate Bonds, the Variable Rate Bonds, the Indenture and the Continuing Disclosure Agreement 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 office of J. P. Morgan Securities Inc., 270 Park Avenue, Floor 48, New York, New York 10017, Attention: Public Finance Department and thereafter, executed copies may be obtained from the Trustee. All statements in this Official Statement involving matters of opinion, estimates, forecasts, projections or the like, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized.

Pennsylvania Turnpike Commission. The Commission is an instrumentality of the Commonwealth created by the Enabling Acts (as defined below), with power to construct, operate and maintain the System (as defined below) and to receive and apply the Commission Allocations.

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.

Pennsylvania Turnpike System. The Pennsylvania Turnpike System (the "System") consists of an east-west mainline section (the "Turnpike Mainline") traversing the southern portion of Pennsylvania and connecting with the Ohio Turnpike at the System's western terminus and the New Jersey Turnpike at the System's eastern terminus, and a north-south section (the "Northeast Extension") which connects the Mainline Section at Plymouth Meeting with the area north of Scranton, Pennsylvania, where it connects with Interstate Route 81. The total length of the Turnpike Mainline is approximately 360 miles and the total length of the Northeast Extension is approximately 110 miles. The initial section of the Mon-Fayette Expressway, which extends from U.S. Route 40 to Interstate Route 70, is also part of the Pennsylvania Turnpike System. There are 39 interchanges connecting the Pennsylvania Turnpike System with traffic arteries and population centers and 22 service areas providing automotive supplies and restaurant services.

The Commission's Turnpike Revenue Bonds (as hereinafter defined), Oil Franchise Tax Revenue Bonds (as hereinafter defined) and Registration Fee Revenue Bonds (as hereinafter defined) are payable from three separate streams of revenues and secured by three separate pledges. The Commission may issue additional Turnpike Revenue Bonds, Oil Franchise Tax Revenue Bonds and Registration Fee Revenue Bonds from time to time.

Revenue Sources of the Commission. The tolls, receipts, revenues and other moneys from the Pennsylvania Turnpike System (collectively, the "Turnpike Revenues") constitute one of the Commission's three streams of revenues. The Turnpike Revenues are pledged to secure the Commission's outstanding Turnpike Revenue Bonds (the "Turnpike Revenue Bonds") and additional Turnpike Revenue Bonds which may be issued under the terms of an Amended and Restated Trust Indenture dated as of March 1, 2001, as supplemented from time to time (the "Turnpike Revenues Indenture"). Currently, approximately \$1,358,455,000 of Turnpike Revenue Bonds are outstanding under the Turnpike Revenues Indenture. **None of the Turnpike Revenues are pledged to or will be available to pay the 2005 Bonds.**

The Commission's second stream of revenues consists of that portion of the Oil Franchise Tax revenues paid by the Commonwealth for the benefit of the Commission or the holders of the Commission's Oil Franchise Tax Revenue Bonds (the "Oil Franchise Tax Revenue Bonds"). Revenues from the Oil Franchise Tax are pledged to secure the Commission's outstanding Oil Franchise Tax Revenue Bonds and additional Oil Franchise Tax Revenue Bonds which may be issued, under the terms of a Trust Indenture dated as of April 15, 1994, as supplemented from time to time (the "Oil Franchise Tax Revenues Indenture"). Currently, \$615,855,000 of Oil Franchise Tax Revenue Bonds are outstanding under the Oil Franchise Tax Revenues Indenture. **None of the Oil Franchise Tax Revenues are pledged to or will be available to pay the 2005 Bonds.**

The Commission's third stream of revenues consists of that portion of revenues from Act 3 Revenues paid by the Commonwealth for the benefit of the Commission or the holders of the 2005 Bonds and any Additional Bonds (the "Bonds" or the "Registration Fee Revenue Bonds"). **The Registration Fee Revenue Bonds are to be paid solely from the Commission Allocation (as**

hereinafter defined). See the caption "SOURCES OF PAYMENT AND SECURITY FOR THE 2005 BONDS". The Commission Allocation is *not* included in Turnpike Revenues pledged to secure the Commission's Pennsylvania Turnpike Revenue Bonds and is *not* included in pledged revenues to secure the Oil Franchise Tax Revenue Bonds.

In addition, the Commission may, from time to time, issue other notes, bonds and other forms of obligations payable from such sources as may be available including, but not limited to, federal grants, without restriction by the Indenture so long as the Commission Allocation is not pledged to such obligations or, if pledged, is pledged on a subordinate basis to the Indenture.

Indenture and Enabling Acts. The 2005 Bonds are being issued pursuant to a Trust Indenture dated as of August 1, 2005 (the "Indenture"), by and between the Commission and Wachovia Bank, National Association, Philadelphia, Pennsylvania, as trustee (the "Trustee") and pursuant to an Act of the General Assembly of Pennsylvania approved May 21, 1937, P.L. 774, Act 211, as amended and supplemented by several Acts of the General Assembly approved on various dates, including the Act of May 24, 1945, P.L. 972; the Act of February 26, 1947, P.L. 17; the Act of May 23, 1951, P.L. 335; the Act of August 14, 1951, P.L. 1232; the Act of September 30, 1985, P.L. 240 ("Act 61"); the Act of August 5, 1991, P.L. 238 ("Act 26"); the Act of April 16, 1992, P.L. 169; the Act of November 24, 1992, P.L. 725 (collectively, the "Enabling Acts") and the Act of April 16, 1997, P.L. 3 ("Act 3"). Wachovia Bank, National Association is also Paying Agent for the 2005 Bonds.

Projects. Under the terms of Act 61, the Commission is authorized and empowered, among other things, to construct, operate and maintain certain turnpike extensions and turnpike improvements as listed in and in accordance with priorities established by Act 61. Within such priority system established by Act 61, the Commission is authorized to construct projects "according to such schedule as shall be deemed feasible and approved by the Commission. See the caption "PENNSYLVANIA TURNPIKE SYSTEM - Turnpike Improvement Program."

Registration Fees. The Commonwealth imposes annual registration fees on owners or lessees of passenger cars, recreational motor vehicles, motorcycles, trucks, farm vehicles and other vehicles pursuant to 75 Pa. C.S.A. Section 1911 et seq. (together with certain related charges, the "Registration Fees"). Pursuant to Act 3, the annual Registration Fees were increased (with a few exceptions) effective July 1, 1997 (the portion of the Registration Fees received as a result of the increases imposed by Act 3 is referred to as the "Act 3 Revenues"). Pursuant to Section 20 of Act 3, \$28,000,000 of the Act 3 Revenues are appropriated annually to the Commission and are payable to the Commission in the monthly amount of \$2,333,333.33 (the portion of the Act 3 Revenues appropriated to the Commission is generally referred to as the "Commission Allocation").

2005 Bonds. The 2005 Bonds will be issued in four separate series. The 2005A Bonds will be due as shown on the Inside Front Cover. The 2005A Bonds have a stated maturity date of July 15, 2041. See caption "Description of the 2005 Bonds - Fixed Rate Bonds". The 2005A Bonds bear interest at a fixed rate set for each maturity date thereof. Each of the Variable Rate Bonds have a stated maturity date of July 15, 2041. The Variable Rate Bonds bear interest at a variable rate determined from time to time as described herein. See the table captioned "SUMMARY OF

PROVISIONS OF THE VARIABLE RATE BONDS" herein for a summary of interest rate provisions applicable to the Variable Rate Bonds.

Security. The 2005 Bonds and any Additional Bonds will be special limited obligations of the Commission payable solely from (a) any receipts, revenue and other monies received by the Trustee from the Commission Allocation, (b) the interest and income earned on any fund or account established pursuant to the Indenture (other than the Commission Rebate Fund) ((a) and (b) above generally called the "Trust Receipts"), (c) the Commission's right to receive the Commission Allocation from the Act 3 Revenues and any portion of the Commission Allocation actually received by the Commission, (d) all right, title and interest of the Commission in the Intercept Agreement (as defined below); and (e) all moneys deposited into accounts or funds created by the Indenture (other than the Commission Rebate Fund) ((a), (b), (c), (d) and (e) shall collectively be known as the "Trust Estate"). See the caption "REGISTRATION FEES". Pursuant to the Indenture, the Trust Estate has been pledged and assigned by the Commission to the Trustee to pay principal of and interest on the 2005 Bonds, any Additional Bonds and the Parity Obligations. At or before the time the 2005 Bonds are issued, the Commission will irrevocably direct the Treasurer of the Commonwealth (the "State Treasurer") to allocate to a separate account \$28,000,000 of Act 3 Revenues received in each fiscal year of the Commonwealth for the Commission and to make the required monthly payments of the Commission Allocation directly to the Trustee from the amounts so reserved. Accordingly, all references herein to payments of such amounts to the Commission shall be deemed to include payments to the Trustee. In a letter dated as of August 1, 2005 and signed and acknowledged by the Commission, the State Treasurer and the Pennsylvania Department of Transportation (the "Department of Transportation") (the "Intercept Agreement"), the Department of Transportation acknowledges that the Commission is entitled annually to the first \$28,000,000 of Act 3 Revenues, to be paid to the Commission in monthly amounts of \$2,333,333.33 and that the State Treasurer is required to pay the first \$2,333,333.33 of the Act 3 Revenues collected each month to the Trustee as a result of the direction of the Commission set forth in the Intercept Agreement and agrees that the Department of Transportation will make sufficient monies available from Act 3 Revenues that have been collected previously in such fiscal year to enable the Department of Transportation to make such monthly payments to the Commission. See the caption "REGISTRATION FEES".

The 2005 Bonds shall not be deemed to be a debt of the Commonwealth nor a pledge of the faith and credit of the Commonwealth and shall not be deemed to be an obligation of the Commission payable from any source except the Trust Estate. The Commission has no taxing power.

There is no Debt Service Reserve Fund for the 2005 Bonds. The scheduled payment of the principal of and interest on the 2005 Bonds is insured by bond insurance policies. See caption "BOND INSURANCE".

Redemption. The Variable Rate Bonds are subject to mandatory and optional redemption prior to maturity as more fully set forth herein. See the captions "Description of the 2005 Bonds-Variable Rate Bonds-Redemption Prior to Maturity".

Tender Purchase. The Variable Rate Bonds are subject to optional and mandatory purchase as more fully set forth herein. See the caption "DESCRIPTION OF THE 2005 BONDS- Variable

Rate Bonds -Purchase of Variable Rate Bonds in Daily Mode, Weekly Mode and Monthly Mode Upon Demand of Owners-Mandatory Purchase of Variable Rate Bonds".

Bond Insurance. Payment of the scheduled principal of and interest on the 2005 Bonds when due will be insured by a Bond Insurance Policy (as hereinafter defined) to be issued by Financial Security Assurance Inc. ("Bond Insurer") simultaneously with the delivery of the 2005 Bonds. Payment of purchase price on the Bonds is not insured by the Policy.

Standby Agreement. The Commission and the Trustee will enter into separate Standby Bond Purchase Agreements, relating to the 2005B Bonds, the 2005C Bonds and the 2005D Bonds, respectively, each dated as of August 1, 2005 (each a "Standby Agreement" and, together, the "Standby Agreements") with the Bank whereby, subject to the terms and conditions of each Standby Agreement, the Bank will agree to purchase any Eligible Bond (defined herein) that is not remarketed after a tender of such Variable Rate Bond for purchase pursuant to the optional or mandatory tender provisions of the Indenture. See "STANDBY AGREEMENTS."

Book-Entry-Only. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the 2005 Bonds. All of the 2005 Bonds will be issued as fully registered securities registered in the name of CEDE & Co. (DTC's partnership nominee). Fully registered Bond certificates will be issued and deposited with DTC. See the caption "BOOK-ENTRY-ONLY SYSTEM".

PLAN OF FINANCING

The proceeds of the 2005 Bonds will advance refund all of the outstanding 2001 Bonds and defease the related bond indenture. The 2001 Bonds were issued: (1) generally to finance a portion of the costs of the turnpike extension and improvement projects designated in Act 61 and, specifically, were used to finance a portion of the costs of the Mon/Fayette Project and the Southern Beltway Project, (2) to finance capitalized interest on the 2001 Bonds, and (3) to pay costs of the issuance of the 2001 Bonds. The proceeds of the 2001 Bonds have been and continue to be used primarily to fund portions of the Mon/Fayette Expressway and Southern Beltway and these projects are proceeding on schedule.

Simultaneously with the closing of the Variable Rate Bonds, the Commission expects to enter into four separate interest rate swap agreements (collectively, the "Swap Agreement" and each individually, a "Swap Agreement") with JPMorgan Chase Bank, National Association, Morgan Stanley Capital Services, Inc., Citibank, N.A., and Merrill Lynch Capital Services, Inc. (collectively, the "Counterparties" and each individually a "Counterparty"), as the Counterparties for the respective Swap Agreements, in an aggregate initial notional amount of \$231,425,000 to hedge the interest rate risk associated with the Variable Rate Bonds. The notional amount of the Swap Agreements amortizes on the same schedule as the Variable Rate Bonds; accordingly, the aggregate notional amount of the Swap Agreements at all times equals the principal amount of the outstanding Variable Rate Bonds. The termination date for each of the Swap Agreements is July 15, 2041. The Commission's payments under the Swap Agreements will be guaranteed under a swap insurance policy issued by the Bond Insurer contemporaneously with the 2005 Bonds.

Pursuant to each Swap Agreement, the Commission will pay a fixed rate of interest equal to a fixed percentage times the notional amount of a Swap Agreement to the applicable Counterparty and such Counterparty in turn will pay a variable rate of interest to the Commission. The variable rate will be equal to the seven day BMA Municipal Swap Index from the effective date of such Swap Agreement (which is the issue date of the Variable Rate Bonds) until July 15, 2041 (which is the date of the final maturity of all Variable Rate Bonds). Based upon information received from the Placement Agents for the Variable Rate Bonds and the Commission's swap pricing agent, the Commission expects that the variable rate payments it receives on the Swap Agreements will be substantially the same as the interest due on the Variable Rate Bonds until July 15, 2041.

DESCRIPTION OF THE 2005 BONDS

Fixed Rate Bonds.

General.

The 2005A Bonds (herein sometimes referred to as the "Fixed Rate Bonds") will be dated as of August 1, 2005 and will bear interest from that date at the rates per annum and will mature, subject to earlier redemption, on the dates and in the amounts set forth on the inside front cover page of this Official Statement. Interest on the Fixed Rate Bonds will be payable on January 15, 2006 and semi-annually thereafter on each July 15 and January 15 (each an "Interest Payment Date") or the next Business Day if the Interest Payment Date is not a Business Day. Interest which shall accrue from an Interest Payment Date which is not a Business Day to the next Business Day shall not be paid on such Interest Payment Date, but shall be payable on the next succeeding Interest Payment Date.

The Fixed Rate Bonds are being issued as fully registered bonds and, when issued, will be registered in the name of CEDE & Co., as nominee of DTC. Purchases of beneficial interests in the Fixed Rate Bonds will be made in book-entry-only form (without certificates) in the denomination of \$5,000 or any integral multiple thereof.

So long as the Fixed Rate Bonds shall be in book-entry-only form, the principal and redemption price of, and interest on, such Fixed Rate Bonds will be paid to CEDE & Co., as nominee for DTC and as registered owner of the Fixed Rate Bonds, for distribution by DTC to the DTC Participants and, in turn, to Beneficial Owners as described under "BOOK-ENTRY-ONLY SYSTEM."

The Indenture and all provisions thereof are incorporated by reference in the text of the Fixed Rate Bonds, and the Fixed Rate Bonds provide that each registered owner, Beneficial Owner, DTC Participant or Indirect Participant (as such terms are defined hereinafter) in DTC by acceptance of a 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 Bond.

The Fixed Rate Bonds are subject to neither optional nor mandatory redemption prior to maturity.

Variable Rate Bonds.

THIS OFFICIAL STATEMENT PROVIDES CERTAIN INFORMATION CONCERNING EACH SERIES OF VARIABLE RATE BONDS PRIOR TO A DATE ON WHICH A SUBSTITUTE STANDBY AGREEMENT IS DELIVERED RELATING TO SUCH SERIES OF VARIABLE RATE BONDS, A DATE ON WHICH THE STANDBY AGREEMENT RELATING TO SUCH SERIES OF VARIABLE RATE BONDS EXPIRES, OR A CONVERSION DATE IN WHICH THE INTEREST RATE MODE FOR SUCH SERIES OF VARIABLE RATE BONDS IS CHANGED TO A RATE OTHER THAN THE WEEKLY RATE. OWNERS AND PROSPECTIVE PURCHASERS OF EACH SERIES OF VARIABLE RATE BONDS SHOULD NOT RELY ON THIS OFFICIAL STATEMENT FOR INFORMATION CONCERNING SUCH SERIES OF VARIABLE RATE BONDS ON AND AFTER ANY SUCH DATE, BUT SHOULD LOOK TO THE REVISIONS, AMENDMENTS, SUPPLEMENTS OR SUBSTITUTIONS HEREOF FOR INFORMATION CONCERNING SUCH SERIES OF VARIABLE RATE BONDS ON OR AFTER ANY SUCH DATE.

General

The Variable Rate Bonds will be dated the date of delivery thereof, will be issued in the principal amount and will mature on the dates set forth on the inside front cover page hereof, subject to redemption or purchase prior to maturity. The Variable Rate Bonds are issuable only as fully registered bonds in the following authorized denominations: while the Interest Rate Mode is the Daily Rate, the Weekly Rate, the Monthly Rate or the Commercial Paper Rate, denominations of \$100,000 and integral multiples of \$5,000 in excess thereof; and if the Interest Rate Mode is the Term Rate, denominations of \$5,000 and any integral multiple thereof.

The Commission has established a book-entry-only system of registration for the Variable Rate Bonds (the "Book-Entry System"). Except as otherwise provided in the Indenture, DTC, or its successor as securities depository (the "Securities Depository" or "DTC") (or its nominee) will be the registered owner of the Variable Rate Bonds. By acceptance of a confirmation of purchase, delivery or transfer, each Beneficial Owner (defined herein) of an interest in the Variable Rate Bonds will be deemed to have consented to the Book-Entry System. The Securities Depository (or its nominee), as registered owner of the Variable Rate Bonds, will be the registered owner or holder of the Variable Rate Bonds for all purposes of the Indenture. So long as CEDE & Co. is the registered owner, as nominee of DTC, references herein to the registered owners shall mean CEDE & Co., as aforesaid, and shall not mean the Beneficial Owners of the Variable Rate Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

Until converted to a different Interest Rate Mode permitted under the terms of the Indenture, the Variable Rate Bonds will bear interest at the Weekly Rate as hereinafter described. The permitted Interest Rate Modes are the "Daily Rate," the "Weekly Rate," the "Monthly Rate," the "Commercial Paper Rate," and the "Term Rate". The Term Rate consists of periods selected by the Commission of 6 months or more ending on, and including, the day next preceding an Interest

Payment Date ("Term Rate Periods"), provided that no Term Rate Period shall extend beyond the maturity of the Variable Rate Bonds to which it applies. The interest rates in each Interest Rate Mode of a Series will be determined by the Applicable Remarketing Agent and shall not exceed 12% per annum when the Interest Rate Mode is either the Daily Rate, the Weekly Rate, the Monthly Rate or the Commercial Paper Rate and so long as the Liquidity Facility is in effect with respect to such Series. The Interest Rate Mode for each Series of Variable Rate Bonds is subject to conversion (a "Conversion") to a different Interest Rate Mode from time to time as hereinafter described. **Each Series of Variable Rate Bonds may bear interest in a different Interest Rate Mode, but all Variable Rate Bonds of a Series must bear interest in the same Interest Rate Mode.**

Interest on the Variable Rate Bonds bearing interest at the Daily Rate, the Weekly Rate and the Monthly Rate will be computed on the basis of a year of 365 or 366 days, as appropriate, and paid for the actual number of days elapsed. Interest on the Variable Rate Bonds bearing interest at the Commercial Paper Rate and Term Rate will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Variable Rate Bonds is payable on each Interest Payment Date.

Interest payable on any Interest Payment Date will be paid to the Holder of the Variable Rate Bonds on the record date for such payment, which record date in the case of interest accrued for the Daily Rate, the Weekly Rate, the Monthly Rate and the Commercial Paper Rate shall be the close of business on the last Business Day of such Interest Period and for the Term Rate shall be the first day (whether or not a Business Day) of the month preceding each Interest Payment Date.

So long as the Variable Rate Bonds are held in the Book-Entry System, the principal, redemption price or purchase price of, and interest on, the Variable Rate Bonds will be paid through the facilities of the Securities Depository. Otherwise, the principal, redemption price or purchase price of the Variable Rate Bonds is payable upon surrender thereof at the corporate trust office of Wachovia Bank, National Association, in Philadelphia, Pennsylvania, or its successor as the Trustee and Paying Agent. Interest on the Variable Rate Bonds is payable by check mailed to the Owner of record; provided that upon the written request of an Owner if the Interest Rate Mode is the Daily Rate, the Weekly Rate, the Monthly Rate or the Commercial Paper Rate (and at the written request of an Owner of record of at least \$1,000,000 aggregate principal amount of Variable Rate Bonds, as the case may be, if the Interest Rate Mode applicable to the Variable Rate Bonds is the Term Rate) received by the Trustee at least one Business Day prior to the record date, interest accrued on such Variable Rate Bonds will be paid by wire transfer within the continental United States in immediately available funds.

If the Book-Entry System is discontinued and the Variable Rate Bonds are issued in certificated form, the Variable Rate Bonds may be transferred or exchanged for an equal total amount of Variable Rate Bonds of other authorized denominations upon surrender of such Variable Rate Bonds at the corporate trust office of Wachovia Bank, National Association, in Philadelphia, Pennsylvania, or its successor as the Trustee and Paying Agent, as Bond Registrar (the "Bond Registrar"), duly endorsed for transfer or accompanied by an assignment executed by the Owner or the Owner's duly authorized attorney. Except as provided in the Indenture, the Bond Registrar will not be required to register the transfer or exchange of (i) any Variable Rate Bonds during the 15 days preceding any Interest Payment Date, or (ii) any Variable Rate Bond after such Variable Rate Bond,

as the case may be, has been called for redemption, or (iii) any Variable Rate Bond with respect to which the Owner has submitted a demand for purchase as described below under "Purchase of Variable Rate Bonds on Demand of Owner" or which has been purchased as described below under "Mandatory Purchase of Variable Rate Bonds." Registration of transfers and exchanges shall be made without charge to the Owners, except that the Bond Registrar may require the Owner requesting registration of transfer or exchange to pay any required tax or governmental charge.

Wachovia Bank, National Association has been appointed as Tender Agent under the Indenture. Goldman, Sachs & Co. has been appointed as Remarketing Agent for the 2005B Bonds pursuant to a Remarketing Agreement dated as of the date of the issuance of the 2005B Bonds among the Commission and the Remarketing Agent (the "2005B Remarketing Agreement"). PNC Capital Markets, Inc., has been appointed as Remarketing Agent for the 2005C Bonds pursuant to a Remarketing Agreement dated as of the date of the issuance of the 2005C Bonds among the Commission and the Remarketing Agent (the "2005C Remarketing Agreement"). RBC Dain Rauscher has been appointed as Remarketing Agent for the 2005D Bonds pursuant to a Remarketing Agreement dated as of the date of the issuance of the 2005D Bonds among the Commission and the Remarketing Agent (the "2005D Remarketing Agreement" and together with the 2005 B Remarketing Agreement and the 2005C Remarketing Agreement, the "Remarketing Agreements"). A Remarketing Agent may be removed by the Commission and a Remarketing Agent may resign upon thirty (30) days' notice to the Commission in accordance with the applicable Remarketing Agreement.

Certain Definitions Applicable to the Variable Rate Bonds

As used in the discussion of the Variable Rate Bonds, each of the following terms shall have the meaning indicated:

"Alternate Liquidity Facility" means a Liquidity Facility for the Variable Rate Bonds acceptable to the Bond Insurer delivered to the Trustee in accordance with the Indenture (i) replacing any existing Liquidity Facility, (ii) dated no later than the date of the expiration or replacement date of the Liquidity Facility for which the same is to be substituted, (iii) which shall expire on a date which is fifteen (15) days after an Interest Payment Date for the applicable Series of Bonds, and (iv) if issued prior to the Conversion Date, issued on substantially identical terms and conditions as the then existing Liquidity Facility except that the stated amount of the Alternate Liquidity Facility shall equal the sum of (A) the aggregate principal amount of the applicable Series of Variable Rate Bonds at the time Outstanding, plus (B) an interest component, if applicable, acceptable to the Commission.

"Conversion" means any change from one Interest Rate Mode to another Interest Rate Mode of the Variable Rate Bonds or any Additional Bonds issued from time to time in accordance with the terms of the Indenture or any Supplemental Indenture.

"Conversion Date" means the date on which any Conversion becomes effective which shall be an Interest Payment Date for any Conversion to or from a Term Rate Period or a Commercial Paper Rate Period.

"Delivery Office" of the Trustee means, with respect to the Variable Rate Bonds held in certificated form, the office where such Bonds surrendered for purchase may be delivered to the Trustee. The initial Delivery Office of the Trustee is Wachovia Bank, National Association, Corporate Trust Department, 123 South Broad Street, Philadelphia, PA 19109.

"Expiration Tender Date" means the day five Business Days prior to the applicable Liquidity Facility Expiration Date.

"Interest Period" means for all of Variable Rate Bonds of a Series the period from, and including, each Interest Payment Date to, and including, the day next preceding the next Interest Payment Date.

"Interest Rate Mode", with respect to the Variable Rate Bonds and any Additional Bonds so designated in a Supplemental Indenture, means the Daily Rate, the Weekly Rate, the Monthly Rate, the Term Rate and the Fixed Rate.

"Liquidity Facility" means with respect to the Variable Rate Bonds, the Standby Bond Purchase Agreement, any letter of credit, or, in the event of delivery of an Alternate Liquidity Facility for a particular Series, such Alternate Liquidity Facility.

"Liquidity Facility Expiration Date" means with respect to each Standby Bond Purchase Agreement for the 2005B Bonds, the 2005C Bonds and the 2005D Bonds, August 16, 2015, as such date may be extended from time to time, or any earlier date on which such Standby Bond Purchase Agreement shall terminate (including by voluntary termination), expire or be cancelled and with respect to any Alternate Liquidity Facility, the date of expiration, or earlier termination, for such alternate Liquidity Facility.

"Liquidity Provider" means initially, JPMorgan Chase Bank, National Association, and thereafter the provider of an Alternate Liquidity Facility for the Bonds of a Series.

"Prevailing Market Conditions" means, without limitation, the following factors: existing short-term market rates for securities, indices of such short-term rates and the existing market supply and demand for securities bearing such short-term rates (provided that such references shall be to long term rates and indices to establish a Term Rate for a Term Rate Period in excess of one year), existing yield curves for short-term and long-term securities for obligations of credit quality comparable to the Variable Rate Bonds, general economic conditions, industry economic and financial conditions that may affect or be relevant to the Variable Rate Bonds, and such other facts, circumstances and conditions as the Applicable Remarketing Agent, in its sole discretion, shall determine to be relevant. Prevailing Market Conditions shall be considered in light of the exclusion of interest on the Variable Rate Bonds from gross income for federal income tax purposes.

"Purchase Date" means (i) if the Interest Rate Mode of a Series is the Daily Rate, the Weekly Rate or the Monthly Rate, any Business Day as set forth in the Indenture, (ii) if the Interest Rate Mode of a Series is the Commercial Paper Rate, the Business Day following the last day of such Commercial Paper Interest Period, (iii) if the Interest Rate Mode of a Series is the Term Rate, the final Interest Payment Date for each Term Rate Period, and (iv) each day that Variable Rate Bonds

are subject to mandatory purchase pursuant to the Indenture; provided, however, that the date of the stated maturity of the Variable Rate Bonds shall not be a Purchase Date.

"Rate Period" means any period during which a given interest rate is in effect for a 2005 Bond.

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

Interest on the Variable Rate Bonds

Weekly Rate. When the Interest Rate Mode for a Series of Variable Rate Bonds is the Weekly Rate, the interest rate on such Variable Rate Bonds for a particular Weekly Rate Period shall be the rate established by the Applicable Remarketing Agent no later than 5:00 p.m., prevailing local time in New York, New York, on the day preceding the first day of such Weekly Rate Period, or, if such preceding day is not a Business Day, on the next preceding Business Day, as the minimum rate of interest necessary, in the judgment of the Applicable Remarketing Agent, taking into account then Prevailing Market Conditions, to enable the Applicable Remarketing Agent to sell such Variable Rate Bonds on such first day at a price equal to the principal amount thereof, plus accrued interest, if any, thereon. Each of the Variable Rate Bonds will bear interest initially at the Weekly Rate. The initial Weekly Rate for the Variable Rate Bonds will be established on the Series Issue Date and will continue through and include the following Wednesday. Each subsequent Weekly Rate Period shall commence on and include a Thursday and continue through and include the following Wednesday. The Liquidity Facility currently only covers Variable Rate Bonds at a Weekly Rate.

Daily Rate. If the Interest Rate Mode for a Series of Variable Rate Bonds is the Daily Rate, the interest rate on such Variable Rate Bonds for any Business Day shall be the rate established by the Applicable Remarketing Agent no later than 9:30 a.m., prevailing local time in New York, New York, on such Business Day as the minimum rate of interest necessary, in the judgment of the Applicable Remarketing Agent, taking into account then Prevailing Market Conditions, to enable the Applicable Remarketing Agent to sell the Variable Rate Bonds on such Business Day at a price equal to the principal amount thereof, plus accrued interest, if any, thereon. For any day which is not a Business Day, the interest rate on such Variable Rate Bonds shall be the interest rate in effect for the next preceding Business Day. The Liquidity Facility currently does not cover Variable Rate Bonds at a Daily Rate.

Monthly Rate. If the Interest Rate Mode for a Series of Variable Rate Bonds is the Monthly Rate, the interest rate on such Variable Rate Bonds for a particular Monthly Rate Period shall be the rate established by the Applicable Remarketing Agent no later than 5:00 p.m., prevailing local time in New York, New York, on the day preceding the first day of such Monthly Rate Period, or, if such preceding day is not a Business Day, on the next preceding Business Day, as the minimum rate of interest necessary, in the judgment of the Applicable Remarketing Agent, taking into account then Prevailing Market Conditions, to enable the Applicable Remarketing Agent to sell such Variable Rate Bonds on such first day at a price equal to the principal amount thereof, plus accrued interest, if any, thereon. Each subsequent Monthly Rate Period shall commence on and include the first day of a month and continue through and include the last day of such month. The Liquidity Facility currently does not cover Variable Rate Bonds at a Monthly Rate.

Commercial Paper Rate. If the Interest Rate Mode for a Series of Variable Rate Bonds is the Commercial Paper Rate, the interest rate on such Variable Rate Bonds shall be a Commercial Paper Rate determined for each Commercial Paper Rate Period for the Variable Rate Bonds as described below. "Commercial Paper Rate Period" means an Interest Period, specified by the Commission, of at least one day and no longer than 270 days, beginning on a Conversion Date or date of mandatory purchase in the case of the establishment of each successive Commercial Paper Rate Period and ending on the day preceding the earlier of the date of the Conversion to a different Interest Rate Mode or the date of mandatory purchase in the case of the establishment of a successive Commercial Paper Rate Period or the date of redemption or of maturity of the applicable Series of Bonds. If a Liquidity Facility is then in effect, no Commercial Paper Rate Period may be established (A) that is longer than a period equal to the maximum number of days' interest coverage provided by such Liquidity Facility minus 15 days or (B) which extends beyond the remaining term of such Liquidity Facility minus 5 days.

If the Interest Rate Mode for the Variable Rate Bonds is the Commercial Paper Rate, the interest rate on such Variable Rate Bonds for a particular Commercial Paper Rate period shall be the rate established by the Applicable Remarketing Agent no later than 5:00 p.m., prevailing local time in New York City, on the day preceding the first day of such Commercial Paper Rate Period, or, if such preceding day is not a Business Day, on the next preceding Business Day, as the minimum rate of interest necessary, in the judgment of the Applicable Remarketing Agent, taking into account the Prevailing Market Conditions, to enable the Applicable Remarketing Agent to sell such Variable Rate Bonds on such first day at a price equal to the principal amount thereof, plus accrued interest, if any, thereon; provided that, if the Applicable Remarketing Agent fails for any reason to determine the Commercial Paper Rate for any Commercial Paper Rate Period, such Commercial Paper Rate shall be the same as the Commercial Paper Rate in effect for the immediately preceding Commercial Paper Rate Period, except that if such failure continues for more than one consecutive Commercial Paper Rate Period, the Commercial paper Rate thereafter shall be the applicable MBA Index Rate at that time for the corresponding rate period. In no event shall the Commercial Paper Rate for any Commercial Paper Rate Period exceed the maximum annual rate of interest at which the applicable Liquidity Facility then in effect provides coverage for the Commercial Paper Rate. The Liquidity Facility currently does not cover Variable Rate Bonds at a Commercial Paper Mode.

Term Rate. If the Interest Rate Mode for a Series of Variable Rate Bonds is the Term Rate, the interest rate on such Variable Rate Bonds shall be a Term Rate determined for each Term Rate Period for the Variable Rate Bonds as described below. "Term Rate Period" means any period established by the Commission pursuant to the Indenture and beginning on, and including, the Conversion Date to the Term Rate or to a different Term Rate Period and ending on, and including, the day preceding the last Interest Payment Date for such period and, thereafter, each successive period of the same duration as that established period until the day preceding the earliest of the change to a different Term Rate Period, the Conversion to a different Interest Rate Mode or the redemption or maturity of the Bonds of such Series.

If the Interest Rate Mode for a Series of Variable Rate Bonds is the Term Rate, which shall be known as the Fixed Rate if the Term Rate Period is to the date of redemption or maturity of such Series, the interest rate on such Term Bonds for a particular Term Rate Period shall be the rate

established by the Applicable Remarketing Agent (by the Commission for the Fixed Rate) during the applicable Term Rate Period as the minimum rate of interest necessary, in the judgment of the Applicable Remarketing Agent, taking into account the Prevailing Market Conditions, to enable the Applicable Remarketing Agent to sell such Term Bonds on such first day at a price equal to the principal amount thereof, plus accrued interest, if any, thereon.

Upon conversion of any Variable Rate Bonds to a Term Mode, a Nominal Term Rate Period shall be fixed by the Commission pursuant as a term of one or more Semiannual Periods constituting the nominal length of each Term Rate Period thereafter until the date of a conversion to another Interest Rate Mode. A Term Rate based on one Nominal Term Rate Period and a Term Rate based on another Nominal Term Rate Period are different Interest Rate Modes. Unless otherwise specified by the Commission, each Term Rate shall be based on a Nominal Term Rate Period of one year consisting of two semiannual periods.

Each Term Rate Period shall end on the day next preceding an Interest Payment Date; provided that no Term Rate Period shall extend beyond the maturity date of the Variable Rate Bonds. Anything in the Indenture to the contrary notwithstanding, if a Liquidity Facility for a particular Series is then in effect, no Term Rate Period shall extend beyond the Business Day preceding the stated expiration date of such Liquidity Facility. The Trustee shall not terminate or surrender a Liquidity Facility in effect prior to the Conversion Date (converting to a Term Rate) until after the second Business Day following the honoring of a draw thereon in connection with a conversion from a Daily Rate, Weekly Rate, Monthly Rate or Commercial Paper Rate to a Term Rate.

The Commission may change from one Term Rate Period to another Term Rate Period on any date on which the Variable Rate Bonds are subject to optional redemption at par (without any premium) pursuant to the Indenture by notifying the Commission, the Trustee, the Liquidity Provider, and the Applicable Remarketing Agent in writing at least 35 days prior to the proposed effective date of the change. Any such notice shall be accompanied by an opinion of Bond Counsel stating that such change is permitted by the Indenture and will not adversely affect the exclusion from gross income of the interest on the Variable Rate Bonds for federal income tax purposes.

Notwithstanding any provision of the Indenture, the length of a Term Rate Period shall not be changed if (A) the Applicable Remarketing Agent has not determined the interest rate for the new Term Rate Period in accordance with the Indenture or (B) the Trustee shall receive written notice from Bond Counsel prior to the opening of business at the office of the Trustee on the effective date of such change that the opinion of such Bond Counsel required the Indenture has been rescinded, in which case the provisions of the Indenture shall apply with respect to cancellation of a Conversion. The Liquidity Facility currently does not cover Variable Rate Bonds at a Term Rate.

Bank Bond Rate

When Variable Rate Bonds are purchased by the Bank pursuant to a Standby Agreement, Bank Bonds shall bear interest at the Bank Bond Rate. Notwithstanding anything to the contrary contained in the Indenture, the interest rate on Bank Bonds shall be paid in accordance with the terms of the applicable Liquidity Facility. Interest on Bank Bonds is payable to the Bank or (if applicable) to any other Bank Bondholder (as such term is defined in each Standby Agreement),

notwithstanding any provisions of the Indenture regarding the Regular Record Date or Special Record Date. Interest accrual at the Bank Bond Rate shall begin on (and shall include) the date such Variable Rate Bond is purchased by the Bank pursuant to the applicable Standby Agreement and shall end on (but shall not include) the date such Variable Rate Bond is remarketed pursuant to the Indenture or redeemed in accordance with the applicable Standby Agreement.

Failure of a Remarketing Agent to Determine Rate. If a Remarketing Agent should fail to set the interest rate for any Variable Rate Bond for any reason, the interest rate for such Variable Rate Bond for the next succeeding Rate Period shall be the interest rate in effect for such Variable Rate Bond for the preceding Rate Period, except that if such failure continues for more than one consecutive Rate Period, the interest rate thereafter shall be the BMA Index Rate at that time for the corresponding rate period; and in no event shall the interest rate for any Rate Period exceed the maximum annual rate of interest at which the Liquidity Facility then in effect provides coverage for the Variable Rate Bonds.

Conversion of Variable Rate Bonds

Conversion of Interest Rate Modes. The Interest Rate Mode for each Series of Variable Rate Bonds is subject to Conversion to a different Interest Rate Mode from time to time in whole and not in part (with respect to each such Series) by the Commission, such right to be exercised by notifying the Commission, the Trustee, the Paying Agent, the Liquidity Provider, the Tender Agent and the Applicable Remarketing Agent: (a) in the case of Conversion to or from the Term Rate, not less than 35 days prior to the effective date of such proposed Conversion and (b) in all other cases, not less than 20 days prior to such proposed effective date; provided that if a Liquidity Facility is then in effect with respect to such Series, no such Conversion shall be effective on a date on which the purchase price for a mandatory tender includes any premium. In the case of a Conversion of the Interest Rate Mode for a Series of Variable Rate Bonds (1) from a Daily Rate Period, a Weekly Rate Period, a Monthly Rate Period, a Commercial Paper Rate Period or a Term Rate Period of one year or less to a Term Rate Period of more than one year, or (2) from a Term Rate Period of more than one year to a Daily Rate Period, a Weekly Rate Period, a Monthly Rate Period, a Commercial Paper Rate Period or a Term Rate Period of one year or less, the notice from the Commission must be accompanied by an opinion of Bond Counsel stating that the Conversion is permitted by the Indenture and will not adversely affect the exclusion from gross income of interest on the Variable Rate Bonds for federal income tax purposes.

Limitations on Conversion. The following limitations apply with respect to Conversions: (i) no Conversion for a Series of Variable Rate Bonds may be made during any period in which such Variable Rate Bonds are not subject to optional redemption without premium (see "Redemption of Variable Rate Bonds — Optional Redemption" below); (ii) if the proposed Conversion is from a Daily Rate Period, a Weekly Rate Period, a Monthly Rate Period or a Commercial Paper Rate Period, the Conversion Date must be a Business Day; (iii) if the Conversion is to the Term Rate and a Liquidity Facility is to be in effect with respect to such Series following the Conversion, the Term Rate Period may not extend beyond the Business Day preceding the stated expiration date of such Liquidity Facility; (iv) if the Conversion is to a Term Rate and a Liquidity Facility is to be in effect with respect to such Series, the Commission shall have obtained a rating confirmation notice from each rating agency then rating such Series, and delivered to the Trustee an amendment to such

Liquidity Facility or an Alternate Liquidity Facility effective as of the Conversion and providing for the number days interest at the Term Rate for the number of days in the Term Rate Period plus such additional days as may be specified by the applicable rating agencies.

Cancellation of Conversion. The Interest Rate Mode of a Series of Variable Rate Bonds shall not be converted if (a) the Applicable Remarketing Agent has not determined the initial interest rate for the new Interest Rate Mode in accordance with the applicable Indenture; or (b) the Variable Rate Bonds that are to be repurchased by the Applicable Remarketing Agent upon such conversion are not remarketed or (c) the Trustee shall receive written notice that the opinion of Bond Counsel required in connection with such Conversion has been rescinded. If the proposed conversion of Variable Rate Bonds of a particular Series is cancelled as provided in the applicable Indenture, such Series of Variable Rate Bonds will remain in the Interest Rate Mode then in effect prior to the failed conversion.

Purchase of Variable Rate Bonds on Demand of Owner

General. The Variable Rate Bonds are subject to purchase on demand of the Owners while bearing interest at the Daily Rate, the Weekly Rate and the Monthly Rate as described below.

During Weekly Rate Period. If the Interest Rate Mode of a Series of Variable Rate Bonds is the Weekly Rate and the Book-Entry System is in effect, a Beneficial Owner of a Variable Rate Bond of such Series may demand purchase of the Variable Rate Bond (or portion thereof) owned by it on any Business Day during a Weekly Rate Period at a purchase price equal to the principal amount thereof, plus accrued interest, if any, to the Purchase Date, upon written notice to the Tender Agent and the Applicable Remarketing Agent at their respective designated offices upon receipt of such notice, the Tender Agent shall determine the Purchase Date, which shall be at or before 5:00 p.m., prevailing local time in New York, New York, on a Business Day not later than the fifth Business Day thereafter.

During Daily Rate Period. If the Interest Rate Mode of a Series of Variable Rate Bonds is the Daily Rate and the Book-Entry System is in effect, a Beneficial Owner of a Variable Rate Bond of such Series may demand purchase of the Variable Rate Bond (or portion thereof) owned by it on any Business Day during a Daily Rate Period at a purchase price equal to the principal amount thereof, plus accrued interest, if any, to the Purchase Date upon written notice or telephonic notice, promptly confirmed in writing, to the Tender Agent and the applicable Remarketing Agent at their respective designated offices not later than 10:30 a.m., prevailing local time in New York, New York, on such Business Day.

During Monthly Rate Period. If the Interest Rate Mode of a Series of Variable Rate Bonds is the Monthly Rate and the Book-Entry System is in effect, a Beneficial Owner of a Variable Rate Bond of such Series may demand purchase of the Variable Rate Bond (or portion thereof) owned by it on any Business Day during a Monthly Rate Period at a purchase price equal to the principal amount thereof, plus accrued interest, if any, to the Purchase Date, upon written notice to the Tender Agent and the Applicable Remarketing Agent at their respective designated offices upon receipt of such notice, the Tender Agent shall determine the Purchase Date, which shall be at or before

5:00 p.m., prevailing local time in New York City, New York, on a Business Day not later than the fifth Business Day thereafter.

Purchase of Variable Rate Bonds on Demand of Owner-General Provisions. Any such notice of purchase referred to above must (A) state the principal amount (or portion thereof) of such Variable Rate Bond to be purchased; (B) state the Purchase Date on which such Variable Rate Bond shall be purchased; (C) if the Book-Entry System is in effect, state the name, address and taxpayer identification number of the Beneficial Owner and the payment instructions for the purchase price; and (D) irrevocably request such purchase. The Owner of a Variable Rate Bond may demand purchase of a portion of such Variable Rate Bond only if the portion to be purchased and the portion to be retained by the Owner will be in authorized denominations.

If the Interest Rate Mode of a Series of Variable Rate Bonds is the Daily Rate, the Weekly Rate or the Monthly Rate and the Book-Entry System is not in effect, the registered owner of a Variable Rate Bond of such Series may demand purchase of the Variable Rate Bond (or portion thereof) during a Daily Rate Period, a Weekly Rate Period or the Monthly Rate Period by delivering the notice described above, as applicable (which notice shall in such case also include the certificate number of the Variable Rate Bond) at the applicable time and in the manner specified above, and shall deliver the Variable Rate Bond to the Tender Agent at its Delivery Office by 12:00 noon, prevailing local time in New York, New York, on the Purchase Date in the case of the Weekly Rate or Monthly Rate, or 12:30 p.m. , prevailing local time in New York, New York, on the Purchase Date in the case of the Daily Rate (and the notice of demand for purchase shall include the registered owner's agreement so to deliver the Variable Rate Bond).

The respective office of each Remarketing Agent and Tender Agent at which Bondholders must deliver notices of demand for purchases of the Variable Rate Bonds are:

Remarketing Agent (2005B Bonds):

Goldman, Sachs & Co.
85 Broad St., 26th Floor
New York, New York 10004
Attention: Municipal Money Market Desk
Telephone: (212) 902-6633
Telecopier: (212) 428-3132

Remarketing Agent (2005C Bonds):

PNC Capital Markets, Inc.
1600 Market Street, 21st Floor
Philadelphia, Pennsylvania 19103
Attention: Manager - Remarketing Desk
Telephone: (215) 585-1441
Telecopier: (215) 585-1463

Remarketing Agent (2005D Bonds):

RBC Dain Rauscher
1211 Avenue of the Americas, Suite 3201
New York, New York 10036-8705
Attention: Municipal Securities Group – Short Term Debt
Telephone: (212) 703-6233
Telecopier: (212) 703-6383

Tender Agent:

Wachovia Bank, National Association
123 South Broad Street – 11th Floor
Philadelphia, Pennsylvania 19109
Attn: Corporate Trust Operations
Telephone: (215) 670-6316
Telecopier: (215) 670-6340

Mandatory Purchase of Variable Rate Bonds

On the Interest Payment Date for Commercial Paper Rate Period. If the Interest Rate Mode of a Series of Variable Rate Bonds is the Commercial Paper Rate, then on the Interest Payment Date for such Commercial Paper Rate Period at a purchase price equal to the principal amount thereof, plus accrued interest to the Purchase Date.

On the last Interest Payment Date for a Term Rate Period. If the Interest Rate Mode of a Series of Variable Rate Bonds is the Term Rate, then on the final Interest Payment Date for a Term Rate Period at a purchase price equal to the principal amount thereof, plus accrued interest to the Purchase Date.

On Conversion Date and on Change by the Commission in Term Rate Period. The Variable Rate Bonds of a Series shall be subject to mandatory purchase at a purchase price equal to the principal amount thereof, plus accrued interest to the Purchase Date on each Conversion Date for such Series of Variable Rate Bonds and on the effective date of any change in the Term Rate Period for such Series of Variable Rate Bonds by the Commission.

On Expiration of the Applicable Liquidity Facility. In the event a Liquidity Facility is to expire on the applicable Liquidity Facility Expiration Date, the Variable Rate Bonds secured by such Liquidity Facility shall be subject to mandatory purchase on the applicable Expiration Tender Date at a purchase price equal to the principal amount thereof, plus accrued interest to the Purchase Date.

Alternate Liquidity Facility. In the event an Alternate Liquidity Facility is issued with respect to a Series of Variable Rate Bonds pursuant to the requirements of the Indenture, such Series of Variable Rate Bonds shall be subject to mandatory purchase on the date on which the Alternate Liquidity Facility is to be delivered at a purchase price equal to the principal amount thereof plus

interest accrued to the Purchase Date to be paid from remarketing proceeds and the proceeds of a draw on the then current Liquidity Facility.

Standby Agreement Default. If the Trustee receives notice that an Automatic Termination Event or an Automatic Suspension Event (as such terms are defined in each Standby Agreement) exists under a Standby Agreement, or the Bank is otherwise no longer obligated to purchase Eligible Bonds under the purchase provisions of a Standby Agreement as described above, the Trustee shall promptly notify the holders of the applicable Series of Variable Rate Bonds that such notice has been received and that such Variable Rate Bonds tendered for purchase pursuant to the mandatory tender provisions of the Indenture will no longer be purchased by the Bank. Such Variable Rate Bonds shall nevertheless be subject to mandatory tender for purchase under such circumstances in accordance with the provisions for mandatory purchase discussed herein, but the purchase price of such Variable Rate Bonds so tendered will be paid only from remarketing proceeds or funds contributed by the Commission. Failure to pay such purchase price shall not constitute a default or Event of Default on such Variable Rate Bonds. Payment of the purchase price of the Variable Rate Bonds is not insured by the Bond Insurance Policy.

The Owners of the Variable Rate Bonds shall not have any right to retain Variable Rate Bonds subject to mandatory purchase. In addition, there will be no mandatory purchases of Variable Rate Bonds if the maturity of the Variable Rate Bonds shall have been accelerated as a result of an Event of Default under the Indenture, and there shall be no remarketing of Variable Rate Bonds if there shall have occurred and be continuing an Event of Default, except in the sole discretion of the Applicable Remarketing Agent.

Notice of Mandatory Purchases. The Trustee shall give notice by first class mail, postage prepaid, to the Owners of a mandatory purchase of Variable Rate Bonds as described under "Mandatory Purchase of Variable Rate Bonds" on or before the 5th Business Day (30th day if the Interest Rate Mode is the Term Rate), before such mandatory purchase, except in the case of a mandatory purchase in connection with an event of default under the Standby Agreement or in connection with the interest component not being reinstated, in which case the notice shall be five Business Days prior to such mandatory purchase.

Payment of Purchase Price. Payment of the purchase price of any Variable Rate Bond shall be made on the Purchase Date to the Delivery Office of the Tender Agent, by the Tender Agent; provided that if the Book-Entry System is in effect, delivery of such Variable Rate Bonds shall be made when the Applicable Remarketing Agent, as the sole Participant in the Book-Entry System, has transferred such Variable Rate Bond on the records of the Securities Depository, or of the Applicable Remarketing Agent, as such Participant. If the Book-Entry System is not in effect, such Variable Rate Bond must be surrendered to the Tender Agent at its Delivery Office and be accompanied by an appropriate instrument of transfer, executed in blank, with signature guaranteed. If the Book-Entry System is not in effect, delivery of any Variable Rate Bond to be purchased at the Delivery Office of the Tender Agent at or prior to 12:00 noon on the Purchase Date in the case of the Weekly Rate or Monthly Rate or 12:30 p.m. on the Purchase Date in the case of the Daily Rate or 5:00 p.m. on the second Business Day prior to the Purchase Date in the case of the Commercial Paper Rate or the Term Rate, shall be required for payment of the purchase price due on such Purchase Date; provided, however, that if the date of such purchase is not a Business Day, the

purchase price shall be payable on the next succeeding Business Day. Any Variable Rate Bond as to which a notice of demand for purchase has been given or which is subject to mandatory purchase and for which moneys for the payment of the purchase price have been deposited with the Tender Agent shall not be transferable and shall be purchased on the Purchase Date whether or not such Variable Rate Bond has been delivered (which, if the Book-Entry System is not in effect, shall include presentation and delivery of such Variable Rate Bond to the Tender Agent properly endorsed for transfer in blank with all signatures guaranteed). Thereafter, the Owner of such Variable Rate Bond shall be entitled only to payment of the purchase price of such Variable Rate Bond by the Tender Agent.

There shall be no purchase of Variable Rate Bonds of a Series upon demand of the Owners thereof if such Series of Variable Rate Bonds have been declared immediately due and payable pursuant to the Indenture and such acceleration has not been annulled or suspended.

Redemption of Variable Rate Bonds During Weekly, Daily, Monthly and Commercial Paper Rate Periods

Optional Redemption. Whenever the Interest Rate Mode for Variable Rate Bonds of a Series is the Daily Rate, the Weekly Rate, the Monthly Rate or the Commercial Paper Rate, such Variable Rate Bonds shall be subject to redemption at the option of the Commission, upon the direction of the Commission, with the prior written consent of the Liquidity Provider, in whole or in part, at a redemption price of 100% of the principal amount thereof, plus interest accrued, if any, to the redemption date, on any Interest Payment Date.

Notice of Redemption. As provided more fully in the form of the Variable Rate Bonds, notice of redemption of Variable Rate Bonds shall be given by mailing a copy of the redemption notice by first class mail, postage prepaid, at least fifteen (15) days (thirty (30) days if the Interest Rate Mode is the Term Rate) and no more than sixty (60) days prior to the redemption date to the Holders of Variable Rate Bonds to be redeemed at their addresses as they appear in the Bond Register. Unless the Liquidity Facility securing a Series of Variable Rate Bonds is in effect and not scheduled to expire on or before the redemption date, if, at the time of mailing of any notice of any optional redemption, there shall not have been deposited with the Trustee moneys sufficient to redeem all of the Variable Rate Bonds of such Series called for redemption, such notice may state that it is conditional – i.e., that it is subject to the deposit of the redemption moneys with the Trustee not later than opening of business on the redemption date, and such notice shall be of no effect unless such moneys are deposited. No defect affecting the redemption of any Variable Rate Bond, whether in any notice of redemption or mailing thereof (including any failure to mail such notice), shall affect the validity of the redemption of any other Variable Rate Bonds. So long as DTC or its nominee is the Owner of the Variable Rate Bonds, the Commission and the Trustee will recognize DTC or its nominee as the Holder of the Variable Rate Bonds for all purposes, including notices and voting. Conveyance of notices and other communications by DTC Participants and by DTC Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time. So long as DTC or its nominee is the Owner of the Variable Rate Bonds, any failure on the part of DTC or failure on the part of a nominee of a Beneficial Owner (having received notice from a DTC Participant or otherwise) to notify the Beneficial Owner so affected shall not affect the validity of the redemption.

So long as DTC or its nominee is the Owner of the Variable Rate Bonds, if less than all of a Series of Variable Rate Bonds of any maturity shall be called for redemption, the particular Variable Rate Bonds or portions of Variable Rate Bonds of such maturity to be redeemed shall be selected by lot by DTC in such manner as DTC may determine.

Mandatory Redemption. The Variable Rate Bonds will be subject to mandatory sinking fund redemption prior to maturity by the Commission in part on July 15 of the years and in the amounts set forth in the schedule shown below, at a redemption price equal to 100% or the principal amount thereof, plus accrued interest to the redemption date (provided that if July 15 of any year is not a Business Day, the redemption date shall be the first Business Day following such July 15):

<u>Date</u>	<u>Series B</u>	<u>Series C</u>	<u>Series D</u>
07/15/2031	\$5,585,000	\$5,585,000	\$5,590,000
07/15/2032	\$5,835,000	\$5,835,000	\$5,835,000
07/15/2033	\$6,095,000	\$6,095,000	\$6,095,000
07/15/2034	\$6,365,000	\$6,365,000	\$6,370,000
07/15/2035	\$6,650,000	\$6,650,000	\$6,650,000
07/15/2036	\$6,945,000	\$6,945,000	\$6,950,000
07/15/2037	\$7,255,000	\$7,255,000	\$7,255,000
07/15/2038	\$7,580,000	\$7,580,000	\$7,580,000
07/15/2039	\$7,920,000	\$7,920,000	\$7,915,000
07/15/2040	\$8,270,000	\$8,270,000	\$8,270,000
07/15/2041	\$8,640,000	\$8,640,000	\$8,635,000

SUMMARY OF CERTAIN PROVISIONS OF THE VARIABLE RATE BONDS

	<u>DAILY RATE</u>	<u>WEEKLY RATE</u>	<u>MONTHLY RATE</u>	<u>COMMERCIAL PAPER RATE</u>	<u>TERM RATE</u>
Interest Payment Dates	The fifteenth day of each month.	The fifteenth day of each month.	The fifteenth day of each month.	The first Business Day following each Commercial Paper Rate Period.	The January 15 and July 15 following the month in which the interest rate is converted to the Term Rate and each January 15 and July 15 thereafter; provided that the last Interest Payment Date for any Term Rate Period which is followed by a Daily Rate Period, a Weekly Rate Period, or Monthly Rate Period shall be the first Business Day of such semi-annual period following the preceding Interest Payment Date.
Interest Rate Determination Dates	Not later than 9:30 a.m. on each Business Day.	Not later than 5:00 p.m. on the day preceding the first day of each Weekly Rate Period.	Not later than 5:00 p.m. on the day preceding the first day of each Monthly Rate Period.	Not later than 5:00 p.m. on the day preceding the first day of each Commercial Paper Rate Period.	The period from and including the 14th day preceding the first day of each Term Rate Period and to, and excluding, the first day of each Term Rate Period.
Rate Periods	From and including each Business Day to and including the day preceding the next Business Day.	From and including each Thursday to and including the following Wednesday.	From and including the first day of each month to and including the last day of each month.	From and including the first day of each Commercial Paper Rate Period to and including the last day of each Commercial Paper Rate Period; such period not less than 1 day and not more than 270 days	Each period designated by the Commission of six months or maturity thereof in duration, from and including the first day of such period to and including the day immediately preceding the last Interest Payment Date for that period.

	<u>DAILY RATE</u>	<u>WEEKLY RATE</u>	<u>MONTHLY RATE</u>	<u>COMMERCIAL PAPER RATE</u>	<u>TERM RATE</u>
Optional Purchase Dates; Required Notice from Owner	Any Business Day; by written or electronic notice to the Tender Agent by 10:30 a.m. on such Business Day.	Any Business Day; by written notice or electronic notice to the Tender Agent at or before 11:00 a.m. on a Business Day not later than the fifth Business Day after such notice.	Any Business Day; by written notice or electronic notice to the Tender Agent at or before 11:00 a.m. on a Business Day not later than the fifth Business Day after such notice.	None	None
Mandatory Purchase Dates	Any Conversion Date; on the Expiration Tender Date in the event the applicable Liquidity Facility is to expire; in the event of an Alternate Liquidity Facility, on the date on which the Alternate Liquidity Facility is to be delivered; upon an event of default under the applicable Standby Agreement, on the fifth Business Day following receipt by the Trustee of notice by the Liquidity Provider directing mandatory purchase.	Same as Daily Rate	Same as Daily Rate	Same as Daily Rate, plus the first Business Day following each Commercial Paper Rate Period	On each Conversion Date and on the effective date of any change in the Term Rate Period by the Commission pursuant to the applicable Indenture; and on the final Interest Payment Date of such Term Period; and, in the event a Liquidity Facility secures the Variable Rate Bonds of a Series in the Term Rate Period, (a) on the Expiration Tender Date in the event the applicable Liquidity Facility is to expire without an Alternate Liquidity Facility being delivered; and (b) in the event of an Alternate Liquidity Facility, on the date on which the Alternate Liquidity Facility is to be delivered.

	<u>DAILY RATE</u>	<u>WEEKLY RATE</u>	<u>MONTHLY RATE</u>	<u>COMMERCIAL PAPER RATE</u>	<u>TERM RATE</u>
Redemption	N/A	Optional at par on any Interest Payment Date.	Optional at par on any Interest Payment Date.	Optional at par on any Interest Payment Date.	Optional on final Interest Payment Date and prior to the end of the then current Term Rate Period, at times and prices dependent on the length of the Term Rate Period.

This summary is qualified in its entirety by reference to the remainder of this Official Statement, and by reference to the Variable Rate Bonds and the Indenture. All references to specific times are to the prevailing local times in New York City, New York.

REMARKETING OF VARIABLE RATE BONDS

The Applicable Remarketing Agent shall use its best efforts to find purchasers for and arrange for the sale on the respective Purchase Date of all Variable Rate Bonds or portions thereof in respect of which a Bondholder Tender Notice has been received or which are subject to mandatory purchase as described above, at a price equal to 100% of the principal amount thereof plus accrued interest thereon. The proceeds of any such sale shall be applied against the payment of the purchase price of such Variable Rate Bonds, as the case may be. If such Variable Rate Bonds are not successfully remarketed for purchase on the applicable Purchase Date, the Trustee will request the Liquidity Provider to purchase such Variable Rate Bonds, as the case may be, pursuant to the applicable liquidity facility herein described.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds in connection with the 2005 Bonds:

Sources of Funds:

Par amount of 2005 Bonds	\$465,560,000.00
Plus Net Original Issue Premium	\$ 25,897,055.55
<hr/>	
Bond Proceeds	\$491,457,055.55
<u>Accrued Interest</u>	<u>\$ 519,595.56</u>
Total Sources of Funds	\$491,976,651.11

Uses of Funds:

Deposit to Escrow Fund	\$483,334,020.00
Issuance and other Costs*	\$ 5,238,078.09
Deposit to Commission Reserve Fund**	\$ 2,884,957.46
<u>Accrued Interest</u>	<u>\$ 519,595.56</u>
Total Uses of Funds	\$491,976,651.11

*Includes costs such as Underwriters' discount, bond insurance premium, rating agency fees, Bond Counsel fee, Underwriters' Counsel fee, other legal fees, printing expenses, Financial Advisor's fee, and Trustee's fee.

**Not pledged to the 2005 Bonds. Held for provision of future increases in Remarketing Agent fees and Liquidity Facility fees related to the Variable Rate Bonds.

BOOK-ENTRY-ONLY SYSTEM

The following information concerning DTC and DTC's book-entry only system has been obtained from DTC. The Commission, the Underwriters and the Trustee make no representation as to the accuracy of such information.

Initially, the 2005 Bonds will be available in book-entry-only form. Purchasers of the 2005 Bonds will not receive certificates representing their interests in the 2005 Bonds purchased. DTC will act as securities depository for the 2005 Bonds. The 2005 Bonds will be issued as fully-registered securities registered in the name of CEDE & Co. or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for the 2005 Bonds in the aggregate principal amount of the 2005 Bonds of the same Series and maturity, and will be deposited with DTC.

DTC 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 securities that its participants (the "Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in accounts of the Direct Participants, thereby eliminating the need for physical movement of securities certificates. "Direct Participants" include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct Participants and 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 securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission (the "SEC"). More information about DTC can be found at www.dtcc.com and www.dtc.org. So long as the 2005 Bonds are maintained in book-entry-only form with DTC, the following procedures will be applicable with respect to the 2005 Bonds.

Purchases of 2005 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2005 Bonds on DTC's records. The ownership interest of each actual purchaser of each 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, but Beneficial Owners are 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 2005 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 2005 Bonds, except in the event that use of the book-entry-only system for the 2005 Bonds is discontinued.

To facilitate subsequent transfers, all 2005 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 2005 Bonds with DTC and their registration in the name of CEDE & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2005 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2005 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 2005 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2005 Bonds. Beneficial Owners of 2005 Bonds may wish to ascertain that the nominee holding the 2005 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2005 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor CEDE & Co. (nor such other DTC nominee) will consent or vote with respect to 2005 Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns CEDE & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2005 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, interest and premium, if any, with respect to the 2005 Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Trustee or the Commission 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, the Trustee or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium and interest, if any, with respect to the 2005 Bonds to CEDE & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commission or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Variable Rate Bonds purchased or tendered, through its Participant, to the Applicable Remarketing Agent, and shall effect delivery of such Variable Rate Bonds by causing the Direct Participant to transfer the Participant's interest in the

Variable Rate Bonds, on DTC's records, to the Applicable Remarketing Agent. The requirement for physical delivery of such Variable Rate Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Variable Rate Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to the Applicable Remarketing Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the 2005 Bonds at any time by giving reasonable notice to the Commission and the Trustee. In addition, the Commission may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Under either of such circumstances, in the event that a successor securities depository is not obtained, Bond certificates will be printed and delivered.

So long as CEDE & Co. is the registered owner of the 2005 Bonds, as nominee of DTC, references herein to the bondholders, holders or registered owners of the 2005 Bonds means CEDE & Co., not the Beneficial Owners of the 2005 Bonds.

The above information in this section concerning DTC and DTC's book-entry system has been obtained from sources the Commission believes to be reliable, but the Commission takes no responsibility for the accuracy thereof.

THE COMMISSION, THE TRUSTEE AND THE UNDERWRITERS CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO ITS PARTICIPANTS OR THAT DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO BENEFICIAL OWNERS OF THE 2005 BONDS (I) PAYMENTS OF THE PRINCIPAL, INTEREST OR PREMIUM, IF ANY, ON THE 2005 BONDS, OR (II) CONFIRMATION OF OWNERSHIP INTERESTS IN THE 2005 BONDS, OR (III) REDEMPTION OR OTHER NOTICES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SEC AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH ITS PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE COMMISSION, THE TRUSTEE NOR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC, DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OF THE 2005 BONDS WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT, (II) THE PAYMENT BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OR REDEMPTION PRICE OF, OR INTEREST ON, ANY 2005 BONDS, (III) THE DELIVERY OF ANY NOTICE BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT, (IV) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE 2005 BONDS, OR (V) ANY

OTHER ACTION TAKEN BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT.

SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

Sources of Payment; Limited Obligation

The 2005 Bonds, any Additional Bonds and Parity Obligations will be limited obligations of the Commission payable solely from the Trust Estate consisting primarily of Trust Receipts defined as (a) any receipts, revenues and other moneys received by the Trustee on or after the date of the Indenture from the Commission Allocation from the Act 3 Revenues and (b) the interest and income earned on any fund or account established pursuant to the Indenture (other than the Rebate Fund) and included in the Trust Estate. Pursuant to Section 20 of Act 3, \$28,000,000 of the Act 3 Revenues are appropriated annually to the Commission and are payable monthly to the Commission in the amount of \$2,333,333.33.

Security for the Bonds

Under the Indenture, the Commission pledges, assigns and grants to the Trustee, to secure the payment of the Bonds and any Parity Obligations, a security interest in the Trust Estate.

Municipal Bond Insurance

The scheduled payment of principal of and interest on the 2005 Bonds when due will be insured by a municipal bond insurance policy or policies (the "Bond Insurance Policy") to be issued by Bond Insurer simultaneously with the delivery of the 2005 Bonds. See the caption "BOND INSURANCE". The Bond Insurance Policy does not insure payment of the purchase price of any Bonds.

Registration Fees

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

No Debt Service Reserve Fund

There will be no Debt Service Reserve Fund for the 2005 Bonds, but one may be included for Additional Bonds by a Supplemental Indenture. See "APPENDIX B - SUMMARIES OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS – DEFINITIONS OF CERTAIN TERMS". However, the Bond Insurer requires that the Commission fund a Commission Reserve Fund to be held outside the Indenture to pay future financing costs, increased Liquidity Facility fees and increased Remarketing Agent fees, if any, associated with the 2005 Bonds. A portion of the proceeds of the 2005 Bonds, in the amount of \$2,884,957.46, is being deposited to the Commission Reserve Fund. Excess Act 3 Revenues will be deposited to the Commission Reserve Fund until the balance of the

Commission Reserve Fund equals \$7,000,000. The Commission Reserve Fund, to the extent used, will be replenished from such excess Act 3 Revenues available to the Commission.

Additional Bonds

The Indenture provides for the issuance of Additional Bonds on a parity with the 2005 Bonds. The Additional Bonds may be issued under and secured by the Indenture at any time or times for the purpose of paying the cost of all or any part of any additional project or for the purpose of refunding all or any portion of the 2005 Bonds then outstanding and, if elected by the Commission, all or a portion of the expenses incurred by the Commission in connection with the issuance of such 2005 Bonds. See the caption "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS-Reserve Fund". The following documents, among others, must be filed with the Trustee as a condition to the issuance of any Additional Bonds:

- (a) a Supplemental Indenture providing whether the Debt Service Reserve Fund shall be funded and, if funded, shall establish a separate account within the Debt Service Reserve Fund and shall specify how such account may be funded; and
- (b) except with respect to certain Additional Bonds issued for refunding purposes, as described under the immediately following heading, a certificate signed by the Treasurer or Assistant Treasurer of the Commission (the "Treasurer's Certificate") demonstrating and concluding that the actual debt service of all Bonds to be outstanding under the Indenture after the delivery of the proposed Additional Bonds in each year would not be more than the Commission Allocation.

The consent of each of the Bond Insurer and the Bank shall be required for the issuance of Variable Rate Bonds as Additional Bonds.

Additional Bonds for Refunding Purposes

If Additional Bonds are issued for the purpose of providing funds for refunding or advance refunding all or any portion of outstanding Bonds, the Commission is not required to deliver the Treasurer's Certificate described above if there are delivered to the Trustee (1) a certificate of an independent public accountant verifying that the net proceeds of such refunding Bonds and any investment income earned thereon shall be not less than an amount sufficient to pay the principal of and the redemption premium, if any, on the Bonds to be refunded, and, if permitted by law and deemed necessary by the Commission, the payment of interest thereon to the date of redemption; (2) in case all or a portion of such Bonds are to be issued for the purpose of redeeming Bonds prior to their stated maturity or maturities, such documents as shall be required by the Trustee to show that provision has been duly made for the redemption of such Bonds; and (3) a certificate signed by the Treasurer, Assistant Treasurer or Chief Financial Officer of the Commission demonstrating that the percentage derived by dividing the amount of the Trust Receipts by the debt service on Bonds outstanding after delivery of such Additional Bonds shall be either (i) at least 100% in each year or (ii) not less than the percentage obtained by dividing such amount prior to delivery of such Additional Bonds.

PARITY OBLIGATIONS

The Indenture permits the Commission to enter into one or more Swap Agreements, with respect to Bonds or Additional Bonds. In the event the Commission wishes the payments to be made and received by the Commission under the Swap Agreement or under any other obligation, to be taken into account in any calculation of Annual Debt Service hereunder, the Commission must satisfy those conditions described in Appendix B. See "APPENDIX B - SUMMARIES OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS – PARITY SWAP AND OTHER OBLIGATIONS". Upon the satisfaction of such conditions such Swap Agreement or other obligation will constitute an "Approved Obligation". Further, in the event the Commission wishes to enter into an Approved Obligation and to have its obligations thereunder be on parity with all Bonds and other Parity Obligations, it shall file with the Trustee the items set forth above, together with a supplemental indenture granting such parity position (in which event, such Approved Obligation shall constitute a "Parity Obligation"). Upon entering into a Swap Agreement, unless otherwise provided in the supplemental indenture, the Commission shall pay to the Trustee for deposit into the Swap Account the net amount payable, if any, to the Parity Swap Agreement Counterparty as if such amounts were additional amounts of interest due; and the Trustee shall pay on behalf of the Commission to the Parity Swap Agreement Counterparty, to the extent required under the Parity Swap Agreement, amounts deposited in the applicable Series' Debt Service Fund. Net amounts received by the Commission or the Trustee from the counterparty pursuant to a Parity Swap Agreement shall be deposited to the credit of the Swap Account or to such other account as designated by a Commission Official.

The Commission agrees that it will not enter any Parity Obligation unless prior to or contemporaneously with the incurrence thereof, the provisions of this section are met and there is delivered to the Trustee one of the certificates or reports described in "THE INDENTURE - Issuance of Additional Bond for any Additional Projects" hereof, which takes into account the expected payments by and to the Commission pursuant to such Parity Obligation in making the calculations thereunder. Amounts paid by or to the Commission pursuant to Approved Swap Agreements which do not constitute Parity Swap Agreements shall not be required to be made through the Trustee as described in the preceding paragraph (but shall be taken into account in calculation of Annual Debt Service as provided in the definition of such term). Notwithstanding anything to the contrary contained in the Indenture, the Swap Agreements executed or to be executed in connection with the 2005 Bonds shall be deemed for the purposes hereof to be Parity Swap Agreements. The Bonds, the Commission's fixed-rate swap payment obligations (but not termination payment obligations, if any) pursuant to the Parity Swap Agreements, the Reimbursement Obligations to the Bond Insurer and the scheduled fees of the Liquidity Provider shall be Parity Obligations.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the 2005 Bonds, Financial Security Assurance Inc. ("Financial Security") will issue its Municipal Bond Insurance Policy or Policies for the 2005 Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the 2005 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 Dexia, S.A., a publicly held Belgian corporation, and of Dexia Credit Local, a direct wholly-owned subsidiary of Dexia, S.A. Dexia, S.A., through its bank subsidiaries, is primarily engaged in the business of public finance, banking and asset management in France, Belgium and other European countries. No shareholder of Holdings or Financial Security is liable for the obligations of Financial Security.

At March 31, 2005, Financial Security's total policyholders' surplus and contingency reserves were approximately \$2,321,918,000 and its total unearned premium reserve was approximately \$1,672,672,000 in accordance with statutory accounting principles. At March 31, 2005, Financial Security's total shareholder's equity was approximately \$2,726,667,000 and its total net unearned premium reserve was approximately \$1,356,678,000 in accordance with generally accepted accounting principles.

The financial statements included as exhibits to the annual and quarterly reports filed by Holdings with the Securities and Exchange Commission are hereby incorporated herein by reference. Also incorporated herein by reference are any such financial statements so filed from the date of this Official Statement until the termination of the offering of the Bonds. Copies of materials incorporated by reference will be provided upon request to Financial Security Assurance Inc.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

The Policy does not protect investors against changes in market value of the Bonds, which market value may be impaired as a result of changes in prevailing interest rates, changes in applicable ratings or other causes. Financial Security makes no representation regarding the Bonds or the advisability of investing in the Bonds. Financial Security makes no representation regarding the Official Statement, nor has it participated in the preparation thereof, except that Financial Security has provided to the Issuer the information presented under this caption for inclusion in the Official Statement.

STANDBY AGREEMENTS

General

The purchase price of each Series of Variable Rate Bonds which are tendered or deemed tendered for purchase will be payable, to the extent that remarketing proceeds are not sufficient therefor, from funds made available by the Bank pursuant to the applicable Standby Agreement. Each Standby Agreement will provide liquidity for the purchase of those 2005B Bonds, 2005C Bonds or 2005D Bonds, as the case may be, which are optionally tendered for purchase or are subject to mandatory purchase but not remarketed by the applicable Remarketing Agent. Each Standby Agreement is scheduled to expire (absent certain events of default described herein) on August 16, 2015. The enforceability of each Standby Agreement may be limited by the bankruptcy, insolvency or reorganization of the Bank. No assurances can be given that in such event the obligations of the Bank under such Standby Agreement would survive.

Purchase of Tendered Bonds by the Bank

From time to time during the period prior to the expiration or earlier termination of each Standby Agreement (the "Purchase Period") the Bank will purchase the related Series of Variable Rate Bonds in the Weekly Mode that have been tendered for purchase pursuant to the Indenture under an optional tender but not remarketed or which are tendered pursuant to a mandatory tender under the Indenture and in any event upon receipt of an appropriate notice from the Trustee pursuant to the Indenture and the applicable Standby Agreement on the Purchase Date. See "DESCRIPTION OF THE 2005 BONDS – Variable Rate Bonds – Mandatory Purchase of Variable Rate Bonds." The price to be paid by the Bank for such Variable Rate Bonds will be equal to the aggregate principal amount of such Variable Rate Bonds plus interest accrued thereon to the date of such purchase calculated at the applicable interest rate for such Variable Rate Bonds. The Bank's commitment with respect to interest under each Standby Agreement shall be equal to 34 days' interest on the principal amount of the related Series of Variable Rate Bonds outstanding (assuming an interest rate of 12% per annum).

UNDER CERTAIN CIRCUMSTANCES DESCRIBED BELOW, THE OBLIGATION OF THE BANK TO PURCHASE VARIABLE RATE BONDS OPTIONALLY TENDERED BY THE OWNERS THEREOF OR SUBJECT TO MANDATORY PURCHASE MAY BE AUTOMATICALLY TERMINATED OR SUSPENDED WITHOUT PRIOR NOTICE TO ANY PERSON, INCLUDING HOLDERS OF THE VARIABLE RATE BONDS. IN SUCH EVENT, SUFFICIENT FUNDS MAY NOT BE AVAILABLE TO PURCHASE VARIABLE RATE BONDS TENDERED BY THE OWNERS THEREOF OR SUBJECT TO MANDATORY PURCHASE. THE BOND INSURANCE POLICY DOES NOT INSURE PAYMENT OF THE PURCHASE PRICE OF THE VARIABLE RATE BONDS.

Events of Default and Remedies

For purposes of this section and as otherwise used in this Official Statement, the following terms have the meanings ascribed to them:

"Bank Bond" means each 2005B Bond, 2005C Bond or 2005D Bond, as the case may be, purchased by the Bank pursuant to the applicable Standby Agreement and held by or for the account of a Bank Bondholder in accordance with the terms of such Standby Agreement, until purchased from or retained in accordance with such Standby Agreement or redeemed in accordance with such Standby Agreement or otherwise.

"Eligible Bonds" with respect to each Series of Variable Rate Bonds, means any Variable Rate Bonds bearing interest at a Weekly Rate other than Variable Rate Bonds owned by, for the account of, or on behalf of the Commission.

"Indebtedness" of the Commission means at any date, without duplication, (a) all obligations of the Commission for borrowed money, (b) all obligations of the Commission evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of the Commission to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of the Commission as lessee under capital leases, (e) all obligations of the Commission to purchase securities (or other assets) that arise out of or in connection with the sale of the same or substantially similar securities or assets, (f) all obligations of the Commission to reimburse any bank or any other Person in respect of amounts paid under a letter of credit or any other similar instrument, (g) all Indebtedness of others secured by a lien on any asset of the Commission, whether or not such Indebtedness is assumed by the Commission and (h) all guarantees by the Commission of Indebtedness of other Persons.

"Insurer Adverse Change" occurs when the financial strength ratings assigned to the Bond Insurer by Moody's, S&P and Fitch shall fall below "Aa3", "AA-" and "AA-", respectively, and such financial strength ratings shall remain below "Aa3", "AA-" and "AA-", respectively, for a period of 90 consecutive days.

"Related Documents" with respect to each Standby Agreement, means such Standby Agreement, the Indenture, the Intercept Agreement, the applicable Variable Rate Bonds, the Official Statement, the applicable Purchase Contract, the Bond Insurance Policy, the applicable Custody Agreement and the applicable Remarketing Agreement, as the same may be amended or modified from time to time in accordance with their respective terms and the terms of such Standby Agreement.

Each of the following events constitutes an "Event of Default" under a Standby Agreement:

(a) Any principal or interest due on the applicable Variable Rate Bonds is not paid by the Commission when due and such principal or interest is not paid by the Bond Insurer when, as, and in the amounts required to be paid pursuant to the terms of the Bond Insurance Policy or the Bond Insurer defaults in any payment of amounts payable by it when due under any bond insurance policy (other than the Bond Insurance Policy) with respect to publicly-rated debt representing an obligation of the Bond Insurer on a parity with or senior to the Bond Insurer's obligations under the Bond Insurance Policy, and such default continues for a period of seven (7) days; or

(b) (i) The President or any Executive Vice President of the Bond Insurer claims, in writing, that the Bond Insurance Policy, with respect to the payment of principal or or

interest on the applicable Variable Rate Bonds, is not valid and binding on the Bond Insurer in accordance with its terms, or repudiates the obligations of the Bond Insurer under the Bond Insurance Policy with respect to the payment of principal of and interest on such Variable Rate Bonds, or denies that the Bond Insurer has any or further liability or obligation under the Bond Insurance Policy to the extent set forth in the Bond Insurance Policy, (ii) any material provision relating to payment under the Bond Insurance Policy at any time for any reason ceases to be valid and binding on the Bond Insurer in accordance with the terms of the Bond Insurance Policy or is declared to be null and void by a court or other governmental agency of appropriate jurisdiction, or (iii) the validity or enforceability of the Bond Insurance Policy with respect to payment of principal of or interest on the applicable Variable Rate Bonds is contested by the Bond Insurer or any governmental agency or authority with appropriate jurisdiction; or

(c) (i) A proceeding is instituted in a court having jurisdiction in the premises seeking an order for relief, rehabilitation, reorganization, conservation, liquidation or dissolution in respect to the Bond Insurer or for any substantial part of its property under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or for the appointment of a receiver, liquidator, assignee, custodian, trustee or sequestrator (or other similar official) and such proceeding is not terminated for a period of sixty (60) consecutive days or such court enters an order granting the relief sought in such proceeding; (ii) the Bond Insurer institutes or takes any corporate action for the purpose of instituting any such proceeding; or (iii) the Bond Insurer becomes insolvent or unable to pay its debts as they mature or claims under any of its insurance policies as such claims are made, commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, consents to the entry of an order for relief in an involuntary case under any such law or consents to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of the Bond Insurer or for any substantial part of its property, or makes a general assignment for the benefit of creditors, or fails generally to pay its debts or claims as they become due, or takes any corporate action in furtherance of any of the foregoing; provided, however, that the Bond Insurer's failure to make payments on any financial guaranty insurance policies or surety bonds because of a legitimate dispute between the Bond Insurer and the beneficiary of such policies or surety bonds will not in and of itself constitute a failure of the Bond Insurer to generally pay its debts or claims as they become due; or

(d) Any representation or warranty made by the Commission under or in connection with the applicable Standby Agreement or any of the applicable Related Documents proves to be untrue in any material respect on the date as of which it was made; or

(e) Nonpayment of any facility fees payable under the applicable Standby Agreement within fifteen (15) Business Days after the Commission and the Bond Insurer have received notice from the Bank that the same were not paid when; or

(f) Nonpayment of any other fees, or other amounts when due under the applicable Standby Agreement, if such failure to pay when due continues for fifteen (15) Business Days after written notice thereof to the Commission by the Bank; or

(g) The breach by the Commission of any of the other terms or provisions of the applicable Standby Agreement which are not remedied within thirty (30) days after written notice thereof has been received by the Commission from the Bank; provided however that there will be no 30-day cure period for a failure to observe or perform certain covenants and agreements made by the Commission and set forth in the applicable Standby Agreement; or

(h) Any material provision of the applicable Standby Agreement or any applicable Related Document (other than the Bond Insurance Policy) at any time for any reason ceases to be valid and binding on the Commission or the then current related Remarketing Agent, as applicable, or is declared to be null and void, or the validity or enforceability thereof is contested by the Commission or the then current related Remarketing Agent, as applicable, or by any Governmental Authority having jurisdiction, or the Commission or the then current related Remarketing Agent, as applicable, deny that it has any or further liability or obligation under any such document and the occurrence of such event would have a material adverse effect on the security for the related Series of Variable Rate Bonds or the Commission's ability to pay its obligations under such Standby Agreement or the Bank Bonds; or

(i) (i) The Commission's commencement of any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets, or the Commission's making a general assignment for the benefit of its creditors; or (ii) there is commenced against the Commission, any case, proceeding or other action of a nature referred to in clause (i) above which (x) results in an order for such relief or in the appointment of a receiver or similar official or (y) remains undismissed, undischarged or unbonded for a period of sixty (60) days; or (iii) there is commenced against the Commission, any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets, which results in the entry of an order for any such relief which is not vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or (iv) the Commission takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) the Commission is generally not, or is unable to, or so admits in writing its inability to, pay its debts; or

(j) Nonpayment of principal and interest due (whether by scheduled maturity, required prepayment, demand or otherwise) on any bonds or other obligations payable by the Commission from the Trust Estate; or

(k) (i) Default by the Commission in any payment of principal of or premium, if any, or interest on any Parity Obligations in excess of \$1,000,000 which continues beyond the expiration of the applicable grace period, if any, (ii) the failure by the Commission to perform any other agreement, term or condition contained in any agreement, mortgage or other instrument under which any such obligation is created or secured, which results in Parity Obligations in excess of \$1,000,000 becoming due and payable or which enables (or, with the giving of notice or lapse of time, or both would enable) the holder of Parity Obligations in excess of \$1,000,000 or any Person acting on such holder's behalf to accelerate the maturity thereof; provided, however, that in either case, the Bank will not be entitled to pursue any remedies if, within the time allowed for service of a responsive pleading in any proceeding to enforce payment of such Parity Obligations under the laws governing such proceeding, (A) the Commission in good faith commences proceedings to contest the existence or payment of such Indebtedness and the opposing party in such proceedings is stayed from exercising remedies, or (B) a surety bond in the amount of such Indebtedness is obtained or sufficient moneys are escrowed with a bank or trust company for the payment of such Indebtedness, but only so long as, in the case of either (A) or (B), such default does not result in the occurrence of an event of default under any of the Related Documents or with respect to other Parity Obligations; or (iii) a final judgment or order for the payment of money in an amount in excess of \$1,000,000 has been rendered against the Commission and such judgment or order is not (x) satisfied, stayed or bonded pending appeal or (y) subject to a written agreement by the judgment holder thereof pursuant to which such judgment holder has agreed that such judgment or order will not in any manner be executed upon pending appeal, in each case within a period of thirty (30) days from the date on which such judgment or order was first so rendered.; or

(l) an event of default or default occurs under any of the Related Documents.

(m) an Event of Default occurs under any other Standby Agreement relating to any of the Variable Rate Bonds.

If any Event of Default occurs and is continuing under a Standby Agreement:

(a) In the case of an Automatic Suspension Event (described in paragraphs (b) and (c)(i) under "Events of Default" above), the Bank's obligation to purchase the applicable Variable Rate Bonds will immediately be suspended without notice or demand to any person and thereafter the Bank will be under no obligation to purchase such Variable Rate Bonds until its obligation to purchase such Variable Rate Bonds is reinstated as described below. Promptly upon an Event of Default specified in paragraph (b) above or a Default specified in paragraph (c)(i) above, the Bank will notify the Commission, the Trustee, the Bond Insurer and the applicable Remarketing Agent of such suspension in writing. With respect to an Event of Default specified in paragraph (b) above, if (i) a court with jurisdiction to rule on the validity of the Bond Insurance Policy thereafter enters a final, nonappealable judgment that the Bond Insurance Policy is not valid and binding on the Bond Insurer or (b) a period of two years elapses since the commencement of the suspension under the applicable Standby Agreement, then the obligation of the Bank under such Standby Agreement will immediately terminate and the Bank will be under no further obligation to purchase the related Variable

Rate Bonds (a "7.1(b) Final Suspension Event"). With respect to a Default specified in paragraph (c)(i) above, if such Default becomes an Event of Default, then the obligation of the Bank under the applicable Standby Agreement will immediately terminate and the Bank will be under no further obligation to purchase the related Variable Rate Bonds (together with a 7.1(b) Final Suspension Event, a "Final Suspension Event"). If with respect to an Event of Default under paragraph (b) above a court with jurisdiction to rule on the validity of the Bond Insurance Policy finds or rules that the Bond Insurance Policy is valid and binding on the Bond Insurer or if the proceeding triggering an Event of Default under paragraph (c)(i) above is terminated on or prior to the end of the 60-day period, then upon such ruling or termination, as applicable, the Bank's obligation under the applicable Standby Agreement will be automatically reinstated and the terms of such Standby Agreement will continue in full force and effect as if there had been no such suspension.

(b) In the case of an Automatic Termination Event (described in paragraphs (a), (c)(ii) and (c)(iii) under "Events of Default" above), the Available Commitment and the obligation of the Bank to advance funds for the purchase of Eligible Bonds will immediately terminate without notice or demand to any Person, and thereafter the Bank will be under no obligation to advance funds for the purchase of the applicable Variable Rate Bonds. Promptly after the occurrence of an Automatic Termination Event, the Bank will give written notice of same to the Trustee, the Bond Insurer, the Commission, and the applicable Remarketing Agent; provided, that the Bank will incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure will in no way affect the termination of the Bank's Available Commitment and of its obligation to advance funds for the purchase of Variable Rate Bonds pursuant to the applicable Standby Agreement.

(c) In the case of an Event of Default specified in paragraph (e) above or an Insurer Adverse Change, the Bank may terminate its obligation to advance funds for the purchase of Eligible Bonds by giving written notice (a "Notice of Termination") to the Commission, the Trustee, the applicable Remarketing Agent and the Bond Insurer, specifying the date on which the Available Commitment and the obligation of the Bank to advance funds for the purchase of Eligible Bonds will terminate (the "Noticed Termination Date"), which will be not less than twenty-five (25) days from the date of receipt of such notice by the Trustee and, on and after the Noticed Termination Date the Bank will be under no further obligation to purchase Variable Rate Bonds under the applicable Standby Agreement other than the applicable Variable Rate Bonds which are the subject of the mandatory tender pursuant to the Indenture, which the Bank will be required to purchase on or prior to the Noticed Termination Date.

(d) In addition to the rights and remedies set forth above, upon the occurrence of any Event of Default, the Bank will have all the rights and remedies available to it under the applicable Standby Agreement, the applicable Related Documents or otherwise pursuant to law or equity, provided, however, that the Bank will not have the right to terminate its obligation to purchase the related Variable Rate Bonds, to declare any amount due under such Standby Agreement due and payable, or to accelerate the maturity date of any such Variable Rate Bonds except as described above. Without limiting the generality of the foregoing, the Bank has agreed that, so long as no Automatic Suspension Event or

Automatic Termination Event has occurred, to purchase Variable Rate Bonds on the terms and conditions of the applicable Standby Agreement notwithstanding the institution or pendency of any bankruptcy, insolvency or similar proceeding with respect to the Commission. The Bank will not assert as a defense to its obligation to purchase Variable Rate Bonds under the applicable Standby Agreement (i) the institution or pendency of a bankruptcy, insolvency or similar proceeding with respect to the Commission or (ii) a determination by a court of competent jurisdiction in a bankruptcy, insolvency or similar proceeding with respect to the Commission that such Standby Agreement is not enforceable against the Commission under applicable bankruptcy, insolvency or similar laws.

Extension, Reduction, Adjustment or Termination of the Standby Agreements

Upon any redemption, repayment or other payment of all or any portion of the principal amount of a Series of Variable Rate Bonds, the Bank's purchase commitment under the applicable Standby Agreement with respect to principal of such Series of Variable Rate Bonds shall automatically be reduced by the principal amount of such Series of Variable Rate Bonds so redeemed, repaid or otherwise paid, as the case may be.

The renewal or extension of a Standby Agreement is subject to agreement by the Bank and the Commission. The Bank has no obligation to extend or renew a Standby Agreement beyond its initial term. The Commission has the right under certain circumstances to terminate each Standby Agreement.

Substitute Standby Agreements

The Indenture provides that, with the approval of the Bond Insurer, a Substitute Standby Agreement may be substituted for an existing Standby Agreement. Each applicable Series of Variable Rate Bonds is subject to mandatory tender for purchase on the date of delivery of a related Substitute Standby Agreement. Notice of any such mandatory tender shall be given by the Trustee by registered or certified mail, mailed to the Holder of each affected Variable Rate Bond not less than 15 days prior to the mandatory purchase. See "DESCRIPTION OF THE 2005 BONDS – Variable Rate Bonds – Mandatory Purchase of Variable Rate Bonds."

If at any time the long-term ratings for the debt obligations of the Bank providing the then effective Standby Agreement drop below "AA-" (in the case of a rating assigned by Standard & Poor's) or "Aa3" (in the case of a rating assigned by Moody's), the Commission will, if requested in writing to do so by the Bond Insurer, with a copy to the Trustee, and within sixty (60) days of its receipt of such request in writing, replace such then effective Standby Agreement with a Substitute Standby Agreement acceptable to and approved by the Bond Insurer and in compliance with the applicable requirements of the Indenture.

THE BANK

JPMorgan Chase Bank, National Association ("JPMCB") is a wholly owned bank subsidiary of JPMorgan Chase & Co. ("JPMorgan Chase"), a Delaware corporation whose principal office is located in New York, New York. JPMCB is a commercial bank offering a wide range of banking

services to its customers, both domestically and internationally. It is chartered and its business is subject to examination and regulation by the Office of the Comptroller of the Currency.

Effective July 1, 2004, Bank One Corporation merged with and into JPMorgan Chase, the surviving corporation in the merger. Prior to November 13, 2004, JPMCB was a New York state-chartered bank and was named JPMorgan Chase Bank. On that date, it became a national banking association and its name was changed to JPMorgan Chase Bank, National Association (the "Conversion"). Immediately following the Conversion, Bank One, N.A. (Chicago) and Bank One, N.A. (Columbus) merged into JPMCB.

As of March 31, 2005, JPMorgan Chase Bank, National Association, had total assets of \$983.0 billion, total net loans of \$360.0 billion, total deposits of \$534.1 billion, and total stockholder's equity of \$81.6 billion. These figures are extracted from JPMCB's unaudited Consolidated Reports of Condition and Income as at March 31, 2005, which are filed with the Board of Governors of the Federal Reserve System.

Additional information, including the most recent Form 10-K for the year ended December 31, 2004, of JPMorgan Chase & Co., the 2004 Annual Report of JPMorgan Chase & Co. and additional annual, quarterly and current reports filed or furnished with the Securities and Exchange Commission by JPMorgan Chase & Co., as they become available, may be obtained without charge by each person to whom this Official Statement is delivered upon the written request of any such person to the Office of the Secretary, JPMorgan Chase & Co., 270 Park Avenue, New York, New York 10017.

The information contained in this section relates to and has been obtained from JPMCB. The delivery of the Official Statement shall not create any implication that there has been no change in the affairs of JPMCB since the date hereof, or that the information contained or referred to in this section is correct as of any time subsequent to its date.

REGISTRATION FEES

General

The General Assembly of the Commonwealth has by Act 3 amended Sections 1912, 1913, 1914, 1915, 1916, 1917, 1920, 1921, 1922, 1923, 1924, 1925, 1926, 1926.1, 1927, 1929, 1932, 1933, 1952 and 9606 of Title 75 of the Pennsylvania Consolidated Statutes ("Pa. C.S.A."). Such amendments, among other things, increase fees and other charges generally related to the registration of various types of vehicles. Registration fees were increased for passenger cars, motor homes, motorcycles, motor-driven cycles, trucks, truck tractors, motor buses, limousines, trailers, special mobile equipment, implements of husbandry, antique, classic and collectible vehicles, farm vehicles, ambulances, taxis, hearses, commercial implements of husbandry, farm equipment dealer trucks and farm equipment dealer truck tractors. Registration Fees were also increased for the issuance of certificates of title, dealer registration plates, miscellaneous motor vehicle business plates, replacement registration plates and duplicate registration cards and for transfers of registration. Pursuant to Section 20 of Act 3, \$28,000,000 of the Act 3 Revenues are appropriated annually to the Commission and are payable monthly to the Commission in the amount of \$2,333,333.33 as the

Commission Allocation which is available to be pledged to secure the Bonds. The amounts received by the Trustee therefrom are pledged as security for the Bonds.

Section 20 of Act 3 provides as follows:

The additional revenue derived from increases in fees specified under [statutory provisions requiring payment of motor vehicle registration fees and related changes] shall be deposited in the Motor License Fund and is hereby appropriated for the use of the Department of Transportation for new highway capital projects. Of this amount \$28,000,000 of the proceeds deposited in the Motor License Fund pursuant to this section is hereby appropriated to the Pennsylvania Turnpike Commission annually, to be distributed in the monthly amount of \$2,333,333.33, for toll roads designated under the act of September 30, 1985 (P.L. 240, No. 61), known as the Turnpike Organization, Extension and Toll Road Conversion Act. This section shall operate as a pledge, by the Commonwealth to an individual or entity that acquires a bond issued by the commission, to:

- (1) secure the portion of the money described in this section and distributed under this section; and
- (2) not limit or alter the rights vested in the Commission to the appropriation and distribution of the money set forth in this section.

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

The Commission in the Intercept Agreement irrevocably directs the State Treasurer to make payments of the Commission Allocation to the Trustee. The administrative process for paying the Commission Allocation to the Commission involves an executive authorization executed by the Governor each year at or prior to the beginning of the Commonwealth's fiscal year, which begins July 1. Such authorization is to authorize payment of the Commission Allocation in the monthly amount of \$2,333,333.33.

The Commission is directing that payment of all or any portion of the Commission Allocation be made directly to the Trustee so long as any Bonds are outstanding under the Indenture. Such direction is not subject to modification by the Commission unless consented to by the Trustee and such disbursements to the Trustee shall continue until written notice is received by the Commonwealth from the Commission and the Trustee that the Bonds are no longer outstanding.

In the Intercept Agreement, the Department of Transportation (1) acknowledges that the Commission is entitled annually to the first \$28,000,000 of Act 3 Revenues, to be paid to the Commission in monthly amounts of \$2,333,333.33; (2) acknowledges that the State Treasurer is required to pay the first \$2,333,333.33 of the Act 3 Revenues collected each month to the Trustee as a result of the direction of the Commission set forth in the Intercept Agreement and agrees that the

Department of Transportation will make sufficient monies available from Act 3 Revenues that have been collected previously in such fiscal year of the Commonwealth to enable the Department of Transportation to make such monthly payments to the Commission; (3) agrees at the beginning of each fiscal year to provide the Commission with a copy of the elective authorization issued by the Governor (executive authorization for the payment of funds) along with the projected monthly distribution of Act 3 Revenues for such fiscal year and a report as to the amounts collected under the Registration Fee Act, including the amount of the Act 3 Revenues, during the prior fiscal year; and (4) agrees to take such actions and to give such further assurances as the State Treasurer or the Commission deems necessary to comply with and/or effect the foregoing.

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

The table set forth below describes the historical revenues collected under the Registration Fee Act, including the amount of the Act 3 Revenues, as well as the coverage availability of the Commission Allocation described above.

Source: Act 3

REGISTRATION FEES					
Dollar Amounts in Thousands					
	Fiscal Year Ended June 30¹	Base Fees	Act 3² Revenues	Act 3 Coverage	Total
Actual	2005 ³	\$277,380	\$124,910	N/A	\$402,289
	2004	454,567	212,672	760%	667,238
	2003	454,517	209,177	747%	663,694
	2002	443,191	205,336	733%	648,527
	2001	433,188	201,755	721%	634,943
	2000	438,546	203,255	726%	641,801
	1999	421,715	193,227	690%	614,942
	1998	417,395	161,444	577%	578,839
	1997	403,738	N/A	N/A	403,738
	1996	394,780	N/A	N/A	394,780
	1995	396,231	N/A	N/A	396,231
	1994	381,957	N/A	N/A	381,957
	1993	372,743	N/A	N/A	372,743
	1992	363,835	N/A	N/A	363,835
	1991	368,108	N/A	N/A	368,108

Source: Department of Transportation

- ¹ Years 1991 through 2004 are based on audited numbers.
- ² Act 3 Revenues accumulate monthly. The Base Fees are not required to be achieved before Act 3 Revenues come into existence.
- ³ Through February 28, 2005.

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

Excess Act 3 Revenues

Any balance of Act 3 Revenues paid to the Commission or the Trustee in excess of the amounts required for making required deposits under the Indenture and other deposits required to be made thereunder for debt service will be transferred annually by the Trustee on the Business Day immediately succeeding the July 15 Interest Payment Date to a Commission account which may be used by the Commission to fund the Commission Reserve Fund as required by the Bond Insurer or for its general purposes. See "APPENDIX B-SUMMARIES OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS - DEFINITIONS OF CERTAIN TERMS".

Factors Affecting Collection of Registration Fees

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

Motor License Fund

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

COUNTERPARTY PAYMENT RISKS

The plan of financing includes four Swap Agreements to achieve a synthetic fixed interest rate obligation for the Variable Rate Bonds. See the caption "PLAN OF FINANCING" above. Because the 2005 Bonds contemplate repayment of principal, premium if any and interest on the 2005 Bonds from a fixed amount of revenue, i.e. the Commission Allocation, any failure of a

Counterparty to a Swap Agreement to make a timely payment required under such a Swap Agreement could adversely affect the ability of the Commission to timely pay all principal, premium, if any, and interest then due on the 2005 Bonds and the Parity Obligations, if any.

Although it is expected that the refunding of the Series 2001 Bonds and the plan of financing herein described will generate significant cash flow savings to the Commission each month, no assurances can be given that these savings derived from the Commission Allocation will provide a sufficient cushion in the event of a counterparty's failure to make required payments to the Commission. If this situation should arise the Bondholders and the Trustee would proceed to make a claim under the Bond Insurance Policy for the missed payment. It should be noted, however, that the Swap Agreements will provide for the posting of collateral by the Counterparties for the sole benefit of the Commission should their credit deteriorate.

THE COMMISSION

The Commission is an instrumentality of the Commonwealth created by the Enabling Acts, with power to construct, operate and maintain the System and to receive and apply the Commission Allocations. 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 required to be composed of five members, one of whom, Allen D. Biehler, is the Secretary of the Pennsylvania Department of Transportation serving as an ex-officio member. Any vacancy in the membership of the Commission (other than the Secretary of Transportation) shall be filled by appointment of the Governor by and 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>¹
Mitchell Rubin	Chairman	June 25, 2006
Timothy J. Carson	Vice Chairman	February 8, 2009
J. William Lincoln	Secretary/Treasurer	May 18, 2008
Pasquale T. Deon, Sr.	Commissioner	June 25, 2006
Allen D. Biehler	Commissioner	Ex-Officio

Act 61 expanded the scope of and modified the earlier legislation and granted additional powers to the Commission. It authorized and empowered the Commission to undertake the Capital Improvement Program (hereinafter defined) as well as other construction projects. It further authorized the Commission to issue, by resolution, Turnpike Revenue Bonds for the purpose of paying the costs of such turnpike projects. Act 26 made certain changes to Act 61 by shifting the priority of certain Act 61 projects and by adding provisions regarding certain new projects. Act 26

¹ Or until their successors are appointed and qualified but not later than 90 days after expiration of the stated term, whichever period is shorter.

also authorizes, after certain approvals, the conversion of certain portions of the interstate system to toll roads, if necessary.

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.

Kevin F. Longenbach has been the Chief Operating Officer since February 2003. Prior to that time, from 1981 to February 2003, he served in executive management positions with the Commission, most recently for ten years as its Deputy Chief Counsel. Mr. Longenbach is currently also the acting Chief Counsel due to the recent retirement of the Chief Counsel of the Commission.

J. Blair Fishburn is the Chief Financial Officer and had been the Deputy Executive Director of Finance and Administration beginning in February 1997. Prior to that time, from 1996 to 1997, he was a financial consultant for AMP Inc. and, from 1976 to 1996, he was with IBM Corporation.

Alexander R. Jansen is the Chief Engineer and had been the Deputy Executive Director of Engineering and Maintenance beginning July 1997. Prior to that time, from 1991 to 1997, he was Commander and Division Engineer for the United States Army Corps of Engineers and, from 1988 to 1991, he was Chief of NATO Infrastructure, Supreme Headquarters Allied Powers of Europe.

PENNSYLVANIA TURNPIKE SYSTEM

General

The present Pennsylvania Turnpike System is composed of a 357 mile Turnpike Mainline traversing the southern portion of Pennsylvania from east to west identified and a 110 mile north-south section identified as the Northeast Extension. A north-south connection, known as the Beaver Valley Expressway, is approximately 16 miles in length and intersects the Turnpike Mainline in the southwestern portion of the Commonwealth. The Amos K. Hutchinson Bypass is approximately 13 miles in length and adjoins the Turnpike Mainline near the New Stanton Interchange. In addition, a six-mile section of the Mon/Fayette Project and an eight mile section from the Pennsylvania/West Virginia border to Fairchance, which is located just south of Uniontown, are open as part of the Pennsylvania Turnpike System. When completed, the Mon/Fayette Expressway will extend from Interstate Route 68 in West Virginia to Interstate Route 376 near Pittsburgh.

The Turnpike Mainline connects with the Ohio Turnpike at its western terminus and with the New Jersey Turnpike at its eastern terminus. Its total length is approximately 360 miles. The

Turnpike Mainline commences on the eastern boundary of Pennsylvania at the Delaware River Bridge which connects the Pennsylvania Turnpike 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 Northeast Extension is approximately 110 miles in length and connects the Turnpike Mainline and the area north of Scranton. The Northeast Extension meets the Turnpike Mainline at a point north of Plymouth Meeting (in the Philadelphia metropolitan area) and traverses the eastern portion of Pennsylvania in a northerly direction through Allentown and Scranton to its northern terminus where it connects with Interstate Route 81.

The Pennsylvania Turnpike was constructed prior to development of the National Interstate Highway System but portions have been designated as Interstate Routes. No Federal Highway Trust Fund monies have been utilized, however, 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 between Exits 28 and 29 and the Valley Forge Interchange, Exit 24. 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, Exits 8 through 12, has been designated as Interstate Route 70. The Northeast Extension has been designated as Interstate Route 476.

The Pennsylvania Turnpike System was constructed and opened to traffic in sections. The original Turnpike Mainline segment between Irwin and Carlisle, Exits 7 through 16, was opened in 1940. Ten years later, in 1950, the 100-mile section between Carlisle and King of Prussia, Exits 16 through 24, was completed and opened. After 1950, construction of new segments of the Pennsylvania Turnpike 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.

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 505 mile traffic corridor. Thirty-two of the interchanges are located on the Turnpike Mainline, including Turnpike Mainline barriers at the New Jersey and Ohio state lines, and eight interchanges are situated on the Northeast Extension. The additional 17 interchanges are located on the three extensions previously noted. There are 22 service plazas along

the Pennsylvania Turnpike System providing gasoline and diesel fuel, other automotive supplies and services and restaurant services.

Turnpike Improvement Program

In 1985, the General Assembly of the Commonwealth enacted legislation which, among other things, authorized and empowered the Commission to undertake the construction of new projects and to operate them as part of the System. This legislation, known as the Turnpike Organization, Extension and Toll Road Conversion Act, also known as Act 61, included several groups of projects for the System. Act 61 grouped the improvement and extension authorizations into four major groups of projects. See caption at "INTRODUCTION - Indenture and Enabling Acts" for a list of other Enabling Acts which have amended Act 61 including Act 26 which authorized the Commission Allocation and Act 3 which revised certain of the provisions of Act 26 and contains the continuing and new appropriations of the Commission Allocation. See caption at "INTRODUCTION - Registration Fees". The initial group projects includes, among others, the following, a portion of which have been financed and completed with bond proceeds: The Beaver Valley Climbing Lane, the Downingtown Interchange, the Fort Washington, Willow Grove and Philadelphia Interchanges, the six-lane widening between the Northeast Extension and the Delaware River Interchange, the Mid-County Expressway Connection (Montgomery County), the Beaver Valley Expressway, the Amos K. Hutchinson Bypass (formerly the Greensburg (North-South) Bypass), the Keyser Avenue Interchange (Wilkes-Barre-Scranton Area), and an additional Lehigh Tunnel on the Northeast Extension.

Mon-Fayette Expressway and Southern Beltway

Three 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 the Department of Transportation 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 is a 17-mile section of toll road from Interstate Route 70, Washington County to PA Route 51 in Allegheny County. These sections are part of the Pennsylvania Turnpike System.

Two other projects will complete the entire Mon/Fayette Expressway. The environmental Record of Decision for the section from Uniontown to Brownsville is complete and the engineering design is now underway. Construction is scheduled to begin in early 2006. A section, extending from PA Route 51 to Interstate 376 in Pittsburgh received a Record of Decision of December 7, 2004 and final design on this project has begun.

The proposed Southern Beltway is planned to be constructed from the Mon/Fayette Expressway, near Finleyville extending as part of the beltway south of Pittsburgh to PA Route 60 at the Pittsburgh International Airport. It is presently planned for construction in three sections. Two of these section are now in the environmental study phase. The section from PA 60 to US 22 is under construction in the construction state and is anticipated to open to traffic in the summer of 2006.

The total estimated cost of the Mon/Fayette Expressway and the Southern Beltway is approximately \$4.3 billion. The proceeds of the 1998 and 2003 Oil Franchise Tax Revenue Bonds along with the 2001 Registration Fee Revenue Bonds have been applied to these costs. It is anticipated that the Mon/Fayette Expressway and the Southern Beltway will be financed out of Oil Franchise Tax Revenue and Registration Fee Revenues along with other funding sources. Although these are now planned to be toll roads, Mainline Revenues will not be pledged for the financing of their construction.

FINANCIAL STATEMENTS

The Commission maintains its financial records in accordance with Generally Accepted Accounting Principles on the basis of a Fiscal Year ending May 31. Audited financial statements are prepared following the end of each fiscal year. Ernst & Young currently serve as auditor to the Commission. Such financial statements relate to the financial affairs of the Commission. Since the Bonds are payable solely from the Commission Allocation and since the general credit and assets of the Commission are not available to pay the Bonds, the financial statements of the Commission have not been included in this Official Statement.

No separate financial statements are prepared or currently expected to be available with respect to the restricted account within the Motor License Fund into which the Act 3 Revenues are deposited and from which the Commission Allocation is to be distributed.

CONTINUING DISCLOSURE

In order to enable the Underwriters to comply with the requirements of Securities and Exchange Commission Rule 15c2-12 (the "Rule"), the Commission is entering into a Continuing Disclosure Agreement for the benefit of the registered owners from time to time of the Fixed Rate Bonds and any Series of Variable Rate Bonds that are in the Term Rate Mode in excess of nine months (collectively, the "Long-Term Bonds"), to be dated the date of original delivery and payment for the 2005 Bonds (the "Disclosure Agreement").

The Disclosure Agreement will provide that the Commission will provide to each nationally recognized municipal securities information repository ("Repository") and to the appropriate state information depository ("SID"), if any, within 180 days of the end of each fiscal year of the Commission commencing with the fiscal year ending May 31, 2005, annual financial information prepared by the Commission, including the annual amounts of Act 3 Revenues collected by the Commonwealth.

The Disclosure Agreement will also provide that the Commission will file in a timely manner, with each Repository or the Municipal Securities Rulemaking Board (the "MSRB") and a SID, if any, notice of the occurrence of any of the following events with respect to the Long-Term 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 the Long-Term Bonds; (vii) modifications to rights of holders of the Long-Term

Bonds; (viii) Long-Term Bond calls; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Bonds; and (xi) rating changes. The foregoing events are quoted from the Rule.

In addition, the Commission shall give notice in a timely manner to the MSRB and a SID, if any, of any failure to provide such annual financial information on or before the date specified for such filing. Also, any filing to be made to a Repository pursuant to the requirements of the Disclosure Agreement may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as provided at <http://www.disclosureusa.org> unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004.

The Commission may amend the Disclosure Agreement 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 Agreement, 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 Long-Term 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 Long-Term Bonds. Evidence of compliance with the foregoing conditions shall be satisfied by delivery of an opinion of counsel having recognized skill and experience in the issuance of municipal securities and federal securities law to the effect that the amendment or waiver satisfies the conditions set forth in the preceding sentence. Notice of any amendment or waiver shall be filed by the Commission with each Repository and the SID, if any, and shall be sent to the registered owners of the Long-Term Bonds.

The Disclosure Agreement will recite that it is entered into for the benefit of the registered owners from time to time of the Long-Term Bonds. For the purposes of the Disclosure Agreement, for so long as the Long-Term 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 Long-Term 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 Agreement.

A default under the Disclosure Agreement shall not be deemed to be a default under the Long-Term Bonds or the Indenture, and the sole remedy to enforce the provisions of the Disclosure Agreement shall be the right of the Trustee or 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 Agreement. The Commission has never failed to comply in all material respects with its previous undertakings the reporting requirements of Rule 15c 2-12 entered into connection with other bond transactions.

The Disclosure Agreement will terminate (1) upon payment or provision for payment in full of the Long-Term 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 Agreement is on file at the corporate trust office of the Trustee in Philadelphia, Pennsylvania.

RELATIONSHIPS OF CERTAIN PARTIES

Dilworth Paxson LLP, Bond Counsel, has represented the Commission in various matters. J.P. Morgan Securities Inc. and JPMorgan Chase Bank, National Association are wholly-owned subsidiaries of JPMorgan Chase & Co. Wachovia Bank, National Association, the Trustee, has performed other services for the Commission.

The Commission has represented to the Placement Agents and the Remarketing Agents that the Commission does not control, is not controlled by and is not under common control with the Bank. The Bank has certified to the Placement Agents and the Remarketing Agents that the Bank does not control, is not controlled by and is not under common control with the Commission. For purposes of this paragraph, the term "control" shall have the meaning given to it in Section 2(a)(9) of the Investment Company Act of 1940, as amended.

UNDERWRITING

The Fixed Rate Bonds are being purchased by the Underwriters listed on the cover page of this Official Statement (the "Underwriters") for whom JPMorgan is acting as the Representative. The Underwriters have severally agreed to purchase the Fixed Rate Bonds at an aggregate underwriting discount of \$1,409,492.70 from the initial public offering price of the Fixed Rate Bonds, plus accrued interest on the Fixed Rate Bonds from their dated date to the date of delivery. The Underwriters will be obligated to purchase all of the Fixed Rate Bonds if any of the 2005 Bonds are purchased. The Underwriters may offer and sell the Fixed Rate Bonds to certain dealers (including the dealers depositing such Fixed Rate Bonds into investment trusts certain of which may be sponsored or managed by one or more of the Underwriters) 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. JPMorgan is also receiving a structuring fee related to the Variable Rate Bonds.

The Variable Rate Bonds are being purchased at par by the Placement Agents who have been selected as a Remarketing Agent for a Series of the Variable Rate Bonds, severally, in consideration of an aggregate placement fee of \$578,562.50. Such Placement Agents will be obligated to purchase the entire Series of 2005 Bonds for which it is the Applicable Remarketing Agent, if any of the 2005 Bonds are purchased. The Commission has agreed to be liable to each Remarketing Agent 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 such Remarketing Agent, and with respect to certain other matters.

RATINGS

Standard & Poor's Rating Group, Moody's Investors Service and FitchRatings have assigned their municipal bond ratings of "AAA", "Aaa," and "AAA" respectively, to the 2005 Bonds, with the understanding that upon delivery of the 2005 Bonds, a policy insuring the payment when due of the principal of and interest on the 2005 Bonds will be issued by Bond Insurer.

Standard & Poor's Rating Group, Moody's Investors Service and FitchRatings are expected to assign their short term ratings of "A-1+," "VMIG 1," and "F1+" respectively, to the Variable Rate Bonds, with the understanding that upon delivery of the Variable Rate Bonds, (i) the Standby Agreements supporting the payment of the tender purchase price of the Variable Rate Bonds will be executed and delivered by the Bank and (ii) the Bond Insurance Policy will be delivered by the Bond Insurer to the Trustee.

The Commission has received underlying ratings of "A", "A1," and "A+" respectively, from Standard & Poor's Rating Group, Moody's Investors Service and FitchRatings for the 2005 Bonds.

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, 99 Church Street, New York, NY 10007, and FitchRatings, One State Street Plaza, New York, NY 10004. There is no assurance that such ratings will continue for any given period of time or that they may not be lowered or withdrawn entirely by the rating agencies, or any of them, if, in their or its judgment, circumstances so warrant. Any such downward change in or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the 2005 Bonds.

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 2005 Bonds, or in any way contesting or affecting the validity of the 2005 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 2005 Bonds or the existence or powers of the Commission.

LEGAL MATTERS

Certain legal matters will be passed upon by Dilworth Paxson LLP, Philadelphia, Pennsylvania, Bond Counsel. A copy of the form of opinion of Bond Counsel which will be printed on the 2005 Bonds is set forth in APPENDIX C. Certain other legal matters will be passed upon for the Underwriters and the Placement Agents by their counsel, Tucker Arensberg, P.C., Pittsburgh, Pennsylvania, and for the Commission by its acting General Counsel, Kevin F. Longenbach, Esquire. Certain legal matters will be passed upon by Greenberg Traurig, LLP, Philadelphia, Pennsylvania, which is acting as counsel to the Bank.

FINANCIAL ADVISOR

Hopkins & Company, Philadelphia, Pennsylvania, has served as Financial Advisor to assist the Commission in connection with the issuance and sale of the 2005 Bonds and other financings. The Financial Advisor has assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and sale of the 2005 Bonds by the Commission. The Financial Advisor neither is obligated to undertake or to assume responsibility for, nor has it undertaken or assumed responsibility for, an independent verification of the accuracy, completeness or fairness of the information contained in this Official Statement. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, holding or distributing municipal or other public securities.

TRUSTEE

The Commission has appointed Wachovia Bank, National Association, Philadelphia, Pennsylvania, as the Trustee and Authenticating Agent under the Indenture. The obligations and duties of the Trustee are as described in the Indenture and the Bond Documents. The Trustee has not evaluated the risks, benefits or propriety of any investment in the 2005 Bonds, and makes no representation, and has reached no conclusions, regarding the validity of the 2005 Bonds, the security therefor, the adequacy of the provisions for payment thereof or the tax-exempt status of the interest on the 2005 Bonds. The Trustee has relied upon the opinion of Bond Counsel for the validity and tax-exempt status of the interest on the 2005 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 2005 Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such 2005 Bonds by the Commission.

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

LEGALITY FOR INVESTMENT

Under the laws of the Commonwealth, the 2005 Bonds are authorized investments for fiduciaries and may be legally deposited as security for public funds in the Commonwealth.

VERIFICATION OF MATHEMATICAL CALCULATIONS

Drucker & Scaccetti, P.C., a firm of independent certified public accountants, will deliver to the Commission a report verifying, from the information provided to them by the Commission or its agents or representatives, the mathematical accuracy as of the date of the closing on the 2005 Bonds of (1) the computations contained in the provided schedules used to determine that the anticipated receipts from the escrow securities and cash deposits listed in the schedules, to be held in escrow by U.S. Bank, National Association (in such capacity the "Escrow Agent"), will be sufficient to pay, when due on and prior to the applicable dates of maturity or optional redemption, the principal, premium as applicable, and interest payment requirements of the Refunded Bonds, and (2) the computations of yield on the escrow securities and the 2005 Bonds, contained in the provided schedules relied upon by Bond Counsel in its determination that the interest on the 2005 Bonds is excludable from gross income for purposes of federal tax income purposes. Drucker & Scaccetti, P.C. will express no opinion on the assumptions provided to it, nor as to the exemption from taxation on the interest on the 2005 Bonds.

TAX EXEMPTION AND OTHER TAX MATTERS

Federal Tax Exemption

On the date of issuance of the 2005 Bonds, Bond Counsel will deliver its opinion (in substantially the form attached as APPENDIX C hereto) to the effect that, under existing law, interest (including any original issue discount properly allocable to a holder and treated as interest) on the 2005 Bonds will not be includable in gross income of the holders of the 2005 Bonds for federal income tax purposes and will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that interest on the 2005 Bonds held by a corporation (as defined for federal income tax purposes) may be indirectly subject to corporate alternative minimum tax because of its inclusion in the earnings and profits of such corporate holder. Interest on the 2005 Bonds held by a foreign corporation may be subject to the branch profits tax imposed by the Internal Revenue Code of 1986, as amended (the "Code"). The opinion of Bond Counsel assumes the accuracy of the certifications of the Commission and certain other participants to the transaction and the continuing compliance by the Commission with the requirements of the Code. In rendering its opinion, Bond Counsel will rely upon the verification of the calculations of the yield on the 2005 Bonds and the yield on the escrow securities as described above under "VERIFICATION OF MATHEMATICAL CALCULATIONS".

Ownership of the 2005 Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income" and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the 2005 Bonds. Bond Counsel express no opinion as to such collateral tax consequences. In rendering this opinion, Bond Counsel has assumed compliance by the Commission with its covenants to comply with the provisions of the Code relating to actions to be taken by the Commission in respect of the 2005 Bonds after the issuance thereof to the extent necessary to effect or maintain the federal exclusion from gross income of the interest on the 2005 Bonds. These covenants relate to, among other things, the use of and

investment of proceeds of the 2005 Bonds and the rebate to the United States Treasury of specified arbitrage earnings, if any. Failure of the Commission to comply with such covenants could result in the interest on the 2005 Bonds becoming subject to federal income tax from the date of issuance.

Original Issue Premium

2005 Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) (the "Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the 2005 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, under Treasury Regulations, the amount of tax exempt interest received will be reduced by the amount of amortizable bond premium properly allocated to such purchaser. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Pennsylvania Tax Exemption

Bond Counsel's opinion will also state that, under existing law, the 2005 Bonds are exempt from personal property taxes in Pennsylvania, and the interest on the 2005 Bonds is exempt from Pennsylvania personal income tax and corporate net income tax.

MISCELLANEOUS

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

Reference herein to the Enabling Acts, Act 3, the Indenture, the Intercept Agreement, the Bond Insurance Policy, the Standby Agreements and the 2005 Bonds are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and, accordingly, are qualified by reference to such documents and are subject to the full texts thereof.

Neither this Official Statement nor any advertisement of the 2005 Bonds is to be construed as a contract with the holders of the 2005 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 delivery of this Official Statement has been duly authorized by the Commission. The Appendices and any supplements hereto are integral parts of this Official Statement and must be read together with all parts of this Official Statement.

PENNSYLVANIA TURNPIKE
COMMISSION

By: /s/ Mitchell Rubin
Chairman

**APPENDIX A
SELECTED INFORMATION
CONCERNING THE COMMONWEALTH OF PENNSYLVANIA**

This APPENDIX A is provided as background information. The 2005 Bonds are not a debt of the Commonwealth and are not secured by a pledge of the faith and credit of the Commonwealth.

General

The Commonwealth of Pennsylvania is one of the most populous states, ranking sixth behind California, Texas, New York, Florida, and Illinois. Pennsylvania is an established state with a diversified economy. Pennsylvania had been historically identified as a heavy industrial state. That reputation has changed over the last thirty years as the coal, steel and railroad industries declined. The Commonwealth's business environment readjusted with a more diversified economic base. This economic readjustment was a direct result of a long-term shift in jobs, investment, and workers away from the northeast part of the nation. Currently, the major sources of growth in Pennsylvania are in the service sector, including trade, medical, health services, education and financial institutions.

Pennsylvania's agricultural industries remain an important component of the Commonwealth's economic structure, accounting for more than \$5.5 billion in crop and livestock products annually. In 2004, agribusiness and food related industries reached record export sales surpassing \$1.5 billion in economic activity. Over 59,000 farms form the backbone of the State's agricultural economy. Farmland in Pennsylvania includes over four million acres of harvested cropland and three million acres of pasture and farm woodlands - nearly one-third of the Commonwealth's total land area. Agricultural diversity in the Commonwealth is demonstrated by the fact that Pennsylvania ranks among the top ten states in the production of a variety of agricultural products. Agriculture exports have grown by more than 6% since 2002.

Pennsylvania's extensive public and private forests provide a vast source of material for the lumber, furniture, and paper products industries. The forestry and related industries accounts for 1.5% of employment with economic activity of nearly \$4.5 billion in domestic and international trade. Additionally, the Commonwealth derives a good water supply from underground sources, abundant rainfall, and a large number of rivers, streams, and lakes. Other natural resources include major deposits of coal, petroleum, and natural gas. Annually, about 80 million tons of anthracite and bituminous coal, 180 billion cubic feet of natural gas, and about 1.8 million barrels of oil are extracted from Pennsylvania.

Pennsylvania is a Mid-Atlantic state within easy reach of the populous eastern seaboard and, as such, is the keystone to the Midwest. A comprehensive transportation grid enhances the Commonwealth's strategic geographic position. The Commonwealth's water systems afford the unique feature of triple port coverage, a deep-water port at Philadelphia, a Great Lakes port at Erie and an inland water port at Pittsburgh. Between air, rail, water, and road, Pennsylvania is easily accessible for both inter and intra state trade and commerce.

Population

The Commonwealth is highly urbanized. Of the Commonwealth's 2004 mid-year population estimate, 79 percent resided in the 15 Metropolitan Statistical Areas ("MS As") of the Commonwealth. The largest MS As in the Commonwealth are those that include the cities of Philadelphia and Pittsburgh, which together contain almost 44 percent of the State's total population. The population of Pennsylvania, 12.4 million people in 2004, according to the U.S. Bureau of the Census, represents a population growing slower than the nation with a higher portion than the nation or the region comprised of persons 45 or over. The following tables present the population trend from 1994 to 2004 and the age distribution of the population for 2004.

Population Trends Pennsylvania, Middle Atlantic Region and the United States 1994-2004

As of July 1	Total Population In Thousands			Total Population as a % of 1994 base		
	PA	Middle Atlantic Region ^(a)	US	PA	Middle Atlantic Region ^(a)	U.S.
1994	12,042	38,117	260,327	100%	100%	100%
1995	12,044	38,161	262,803	100%	100%	101%
1996	12,038	38,191	265,228	100%	100%	102%
1997	12,015	38,213	267,783	100%	100%	103%
1998	12,002	38,257	270,248	99%	100%	104%
1999	11,994	38,334	272,690	99%	100%	105%
2000	12,286	38,715	282,178	102%	101%	108%
2001	12,298	39,877	285,094	102%	104%	109%
2002	12,328	40,038	287,974	102%	105%	110%
2003	12,370	40,194	290,810	102%	105%	112%
2004	12,406	40,322	293,655	103%	105%	113%
^(a) Middle Atlantic Region: Pennsylvania, New York, New Jersey Source: U.S. Department of Commerce of Commerce, Bureau of the Census						

Population By Age Group — 2004 Pennsylvania, Middle Atlantic Region and the United States

Age	Pennsylvania	Middle Atlantic Region	United States
Under 5 years	5.7%	6.3%	6.8%
5-24 years	26.6%	26.7	28.0
25-44 years	26.7	28.4	28.8
45-64 years	25.7	24.9	24.1
65 years and over	15.3	13.7	12.3
^(a) Middle Atlantic Region: Pennsylvania, New York, New Jersey. Source: U.S. Department of Commerce, Bureau of the Census			

Employment

Non-agricultural employment in Pennsylvania over the ten years ending in 2004 increased at an average annual rate of 0.8 percent compared with a 0.5 percent rate for the Middle Atlantic region and 1.3 percent rate for the U.S. The following table shows employment trends from 1995 through 2004.

Non-Agricultural Establishment Employment Trends Pennsylvania, Middle Atlantic Region and the United States 1994-2004

Total Establishment Employment In Thousands				Total Establishment Employment as a % of 1994 base			
Calendar Year	PA	Middle Atlantic Region ^(a)	US	PA	Middle Atlantic Region ^(a)	U.S.	
1995	5,253	17,268	117,298	100%	100%	100%	
1996	5,306	17,541	119,708	101%	101%	105%	
1997	5,406	17,919	122,776	103%	104%	107%	
1998	5,495	18,005	125,930	104%	104%	110%	
1999	5,586	18,148	128,993	106%	105%	113%	
2000	5,691	18,737	131,785	108%	108%	115%	
2001	5,682	18,733	131,826	108%	108%	115%	
2002	5,640	18,836	130,341	107%	109%	111%	
2003	5,611	19,155	129,999	106%	111%	110%	
2004	5,639	18,088	131,480	107%	105%	112%	
^(a) Middle Atlantic Region: Pennsylvania, New York, New Jersey. Source: U.S. Department of Labor, Bureau of Labor Statistics.							

Non-manufacturing employment in Pennsylvania has increased in recent years and reached 87.8 percent of total employment by 2004. Consequently, manufacturing employment constitutes a diminished share of total employment within the Commonwealth. Manufacturing, contributing 12.2 percent of 2004 non-agricultural employment, has fallen behind both the services sector and the trade sector as the largest single source of employment within the Commonwealth. In 2004, the services sector accounted for 42.9 percent of all non-agricultural employment while the trade sector accounted for 16.6 percent. The following table shows trends in employment by sector for Pennsylvania from 2000 through 2004.

**Non-Agricultural Establishment Employment by Sector Pennsylvania
2000-2004
(In Thousands)**

CALENDAR YEAR

	2000		2001		2002		2003		2004	
	Employees	%	Employees	%	Employees	%	Employees	%	Employees	%
Manufacturing										
Durable	537.2	9.4	514.6	9.0	478.7	8.5	422.1	7.4	404.8	7.2
Non-Durable	388.6	6.8	377.9	6.6	363.4	6.4	294.7	5.2	284.5	5.0
Total Manufacturing ^(d)	926.0	16.3	892.5	15.7	842.1	14.9	716.8	12.6	689.3	12.2
Non-Manufacturing:										
Trade ^(a)	1,275.2	22.4	1,272.2	22.3	1,266.0	22.4	900.9	15.8	937.2	16.6
Finance ^(b)	326.3	5.7	328.6	5.8	327.8	5.8	338.8	5.9	338.8	6.0
Services	1,872.4	32.9	1,907.6	33.5	1,921.7	34.0	2,476.9	43.5	1,907.63	42.9
Government	726.9	12.8	729.8	12.8	740.4	13.1	771.4	13.5	759.5	13.5
Utilities ^(c)										
.....	301.1	5.3	303.3	5.3	288.3	5.1	220.6	3.9	228.7	4.1
Construction	251.1	4.4	248.24	4.4	248.7	4.4	254.5	4.5	248.2	4.4
Mining	19.4	0.3	19.40	0.3	17.0	0.3	18.0	0.3	17.5	0.3
Total Non-Manufacturing ^(d)	4,772.4	83.7	4,808.7	84.1	4,809.9	85.1	4,981	87.4	4,950.2	87.8
Total Employees ^{(d)(e)}	5,698.4	100.0	5,701.2	99.8	5,652.0	100.0	5,697.9	100.0	5,639.5	100.0
^(a) Wholesale and retail trade. ^(b) Finance, insurance and real estate ^(c) Includes transportation, communications, electric, gas and sanitary services. ^(d) Discrepancies occur due to rounding. ^(e) Does not include workers involved in labor-management disputes. Source: US Bureau of Labor Statistics										

The following Table presents the percentage of non-agricultural employment in various sectors in Pennsylvania and the United States in 2004.

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

	2004 Calendar Year	
	Pennsylvania	United States
Manufacturing	12.2%	11.9%
Trade ^(a)	16.6	16.1
Finance ^(b)	6.0	6.8
Services.....	42.9	39.8
Government	13.5	16.2
Utilities ^(c)	4.1	3.6
Construction.....	4.4	5.2
Mining	0.3	0.4
Total ^(d)	100.0%	100.0%
^(a) Wholesale and retail trade. ^(b) Finance, insurance and real estate. ^(c) Includes transportation, communications, electric, gas and sanitary services. ^(d) Discrepancies occur due to rounding. Source: U.S. Department of Labor, Bureau of Labor Statistics.		

Within the manufacturing sector of Pennsylvania's economy, which now accounts for less than one-eighth of total non-agricultural employment in Pennsylvania, the fabricated metals industries employed the largest number of workers. Employment in fabricated metals industries was 12.5 percent of Pennsylvania manufacturing employment but only 0.2 percent of total Pennsylvania non-agricultural employment in 2004. The following table shows trends in manufacturing employment by industry for Pennsylvania from 2000 through 2004.

**Manufacturing Establishment Employment by Industry
Pennsylvania
2000-2004
(In Thousands)**

	2000		2001		2002		2003		2004	
	Employees	%	Employees	%	Employees	%	Employees	%	Employees	%
Durable Goods										
Primary Metals	67.8	7.8	62.9	7.8	57.9	6.8	44.0	6.1	40.8	5.9
Fabricated Metals	89.6	9.2	86.8	9.2	81.5	9.5	90.5	12.6	86.2	12.5
Machinery (excluding electrical)	99.4	11.4	92.9	11.4	83.4	9.8	56.5	7.9	54.3	7.9
Electrical Equipment	80.9	8.1	78.3	8.1	65.9	7.7	24.4	3.4	25.2	3.7
Transportation Equipment	49.4	5.5	46.8	5.5	43.3	5.1	41.4	5.8	39.7	5.8
Stone, Clay and Glass.....	38.8	4.1	37.9	4.1	36.6	4.3	32.1	4.5	29.7	4.3
Other Durable Goods	111.5	11.5	109.0	11.5	108.1	12.6	133.2	18.6	128.9	18.7
Total Durable Goods ^(a)	537.4	57.7	514.6	57.7	476.7	55.8	422.1	58.9	404.8	58.7
Non-Durable Goods										
Apparel & Related Goods	38.2	4.3	32.6	3.5	28.9	3.4	15.8	2.2	11.2	1.6
Food Products.....	84.3	9.0	85.0	9.1	85.3	10.0	73.6	10.3	75.8	11.0
Chemical Products.....	70.2	7.3	72.3	7.7	72.8	8.5	60.6	8.5	58.9	8.5
Printing & Publishing.....	82.3	8.7	80.5	8.6	78.0	9.1	40.1	5.6	38.8	5.6
Textile Products.....	21.5	2.3	18.6	2.0	16.8	2.0	16.8	2.3	16.8	2.4
Paper Products.....	36.0	3.9	35.3	3.8	34.7	4.1	29.8	4.2	26.9	3.9
Other Non-Durable Goods	63.5	6.8	64.3	6.9	61.4	7.2	58.0	8.1	56.1	8.1
Total Non-Durable Goods ^(a)	397.6	42.5	388.6	41.5	377.9	44.2	294.7	41.1	284.5	41.3
^(a) Discrepancies occur due to rounding Source: U.S. Department of Labor, Bureau of Labor Statistics.										
Total Manufacturing Employees ^(a)	929.6	100.0	936.4	100.0	854.6	100.0	716.8	100.0	689.3	100.0

Unemployment

Pennsylvania's annual average unemployment rate was equivalent to the national average throughout the 1990's. Slower economic growth caused the unemployment rate in the Commonwealth to rise to 5.9 percent in 1995. The resumption of faster economic growth resulted in a decrease in the Commonwealth's annual unemployment rate to 4.2 percent in 2000. Since that time, the combination of a recession and slow economic growth has pushed the Commonwealth's annual unemployment rate to 5.5 percent through 2004. From 1995 through 2004, Pennsylvania's annual average unemployment rate was at or below the Middle Atlantic Region's average. Since 2001 Pennsylvania's annual average has been at or below both the Middle Atlantic and the United States. As of March 2005, the most recent month for which figures are available, Pennsylvania had a

seasonally adjusted annual unemployment rate of 5.4 percent. The following table represents the annual non-adjusted unemployment rate in Pennsylvania, the Middle Atlantic Region, and the United States from 1995 through 2004.

**Annual Average Unemployment Rate
Pennsylvania, Middle Atlantic Region and the United States
1994-2004**

Calendar Year	Pennsylvania	Middle Atlantic Region ^(a)	United States
1995	5.9	6.2	5.6
1996	5.4	6.0	5.4
1997	5.1	5.85	4.9
1998	4.6	1	4.5
1999	4.4	4.8	4.2
2000	4.2	4.2	4.0
2001	4.7	4.7	4.7
2002	5.6	5.9	5.8
2003	5.7	6.1	6.0
2004	5.5	5.5	6.5
^(a) Middle Atlantic Region: Pennsylvania, New York, New Jersey. Source: U.S. Department of Labor, Bureau of Labor Statistics.			

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

**Commonwealth of Pennsylvania
Thirty Largest
Non-Governmental Employers
June 2004**

Company	Rank	Company	Rank
Wal-Mart Associates	1	Heartland Employment	16
University of Pennsylvania.....	2	Pennsylvania Blue Shield	17
Pennsylvania State University	3	Lowe's Home Center Inc	18
Giant Food Stores	4	Vanguard Group Inc.	19
University of Pittsburgh.....	5	Acme Markets Inc.....	20
United Parcel Service.	6	Wachovia Bank.....	21
US Airways Inc.	7	Verizon Co Inc.....	22
UPMC Presbyterian	8	Temple University	23
Weis Market Inc.	9	May Department Stores.	24
Merck & Co Inc.....	10	GMR Restaurants of Pennsylvania	25
The Home Depot USA Inc.....	11	Hershey Foods Corporation.....	26
KMART of Pennsylvania LP.....	12	Eckerd Corporation.....	27
PNC Bank, NA	13	Tenet Health System Inc Philadelphia	28
Sears Roebuck & Co.....	14	Mellon Bank, NA	29
Giant Eagle Inc.	15	Rite Aide of Pennsylvania Inc	30
Source: Pennsylvania Department of Labor, Office of Employment Security			

Personal Income

Personal income in the Commonwealth for 2004 was \$413.71 billion, an increase of 5.5 percent over the previous year. During the same period, national personal income increased at a rate of 5.7 percent. Based on the 2004 personal income estimates, per capita income for 2004 is at \$33,348 in the Commonwealth compared to per capita income in the United States of \$32,937. The following tables represent annual personal income data and per capita income from 1995 through 2004.

Personal Income Pennsylvania, Mideast Region and the United States 1995-2004

Total Personal Income Dollars in Millions				Total Personal Income As a % of 1994 base			
Year	PA	Mideast Region ^(a)	US ^(b)	PA	Mideast Region ^(a)	U.S.	
1995	285,923	1,193,865	6,192,235	100	100	100	
1996	299,001	1,255,345	6,538,103	104	105	105	
1997	313,457	1,315,810	6,928,545	110	110	111	
1998	330,733	1,400,562	7,418,497	116	117	118	
1999	342,357	1,458,307	7,779,511	120	122	126	
2000	364,837	1,580,733	8,422,074	128	132	132	
2001	371,897	1,625,768	8,718,165	130	136	143	
2002	380,161	1,649,048	8,868,261	133	138	148	
2003	392,057	1,694,202	9,148,680	137	142	152	
2004	413,730	1,784,887	9,672,205	145	150	156	
^(a) Mideast Region: Pennsylvania, New York, New Jersey, Maryland, District of Columbia, and Delaware. ^(b) Sum of States. Source: U.S. Department of Commerce, Bureau of Economic Analysis.							

Per Capita Income
Pennsylvania, Mideast Region and The United States
1995-2004

Calendar Year	Per Capita Income			As a % of U.S.	
	PA	Mideast Region ^(a)	U.S.	PA	Mideast Region ^(a)
1995	23,439	26,421	23,255	101	114
1996	24,467	27,661	24,270	101	114
1997	25,635	28,868	25,412	101	114
1998	27,008	30,565	26,893	100	114
1999	27,916	31,630	27,880	100	113
2000	29,759	34,013	29,760	100	114
2001	30,752	34,952	30,413	101	115
2002	31,727	36,403	30,941	103	118
2003	31,998	36,243	31,632	101	115
2004	33,348	37,756	32,937	101	115

^(a) Mideast Region: Pennsylvania, New York,
New Jersey, Maryland, District of Columbia,
and Delaware.

Source: U.S. Department of Commerce,
Bureau of Economic Analysis.

The following table presents growth rates in personal income and selected components of personal income for Pennsylvania, the Mideast Region and the United States from 2000 through 2004.

**Annual Growth Rates
Personal Income and Selected Components of Personal Income
Pennsylvania, Mideast Region and the United States**

Calendar Year	Pennsylvania	Mideast Region ^(a)	United States
Total Personal Income			
2000	6.5	8.0	7.9
2001	3.4	3.3	7.9
2002	3.2	1.7	1.7
2003	1.1	2.2	3.1
2004	4.8	5.5	5.7
Manufacturing			
2000	3.0	6.3	7.6
2001	-1.5	-1.5	-3.2
2002	-18.2	-23.9	-14.1
2003	-14.8	0.7	1.0
2004	2.2	2.3	2.5
Trade(b)			
2000	5.8	6.9	7.0
2001	1.6	1.0	1.0
2002	-14.7	-14.8	-17.4
2003	4.4	4.4	3.1
2004	3.6	5.1	4.6
Finance(c)			
2000	6.4	10.8	8.4
2001	5.8	4.8	6.5
2002	3.2	-2.1	0.1
2003	6.5	2.3	6.3
2004	8.6	9.6	10.2
Services			
2000	7.4	8.5	9.7
2001	6.4	6.3	5.7
2002	19.3	12.1	6.6
2003	10.5	7.8	8.0
2004	10.1	7.9	7.7
Utilities(d)			
2000	4.4	5.9	6.8
2001	3.6	3.9	4.0
2002	-29.5	-19.2	-11.0
2003	2.8	2.4	1.7
2004	1.5	1.8	3.7
Construction			
2000	7.3	9.2	8.4
2001	5.7	7.5	5.1
2002	12.2	9.6	7.4
2003	2.9	2.4	2.9
2004	4.3	5.4	7.6
Mining			
2000	0.1	2.5	10.4
2001	4.7	5.0	9.5
2002	-11.0	-12.7	1.2
2003	8.7	8.9	12.6
2004	11.8	11.3	11.8

^(a) Mideast Region: Delaware, District of Columbia, Maryland, Pennsylvania, New York, New Jersey

^(b) Wholesale and retail trade

^(c) Finance, insurance and real estate

^(d) Includes transportation, communication, electric, gas and sanitary services.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

The Commonwealth's average hourly wage rate of \$16.95 for manufacturing and production workers compares to the national average of \$17.75 for 2004. The following table presents the average hourly wage rates for 2000 through 2004.

**Average Hourly Wages
Production Workers on Manufacturing Payrolls
Pennsylvania and the United States
2000-2004**

Calendar Year	PA	U.S.
2000	14.60	13.76
2001	14.85	14.31
2002	15.99	15.20
2003	16.70	15.50
2004	16.95	17.75

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

Market and Assessed Valuation of Real Property

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

The table below shows the assessed valuation as determined and certified by the counties and the market value and the assessed to market value ratio determined by the STEB for real property over the last ten years. Increases in valuations shown below result from reassessment valuations by the counties, changes in property tax rolls and increases in the real value of existing property. In computing the market values for uneven-numbered years, the STEB is statutorily restricted to certifying only those changes in market value that result from properties added to or removed from the assessment rolls. The STEB is permitted to adjust the market valuation to reflect any change in real estate values or other economic change in value only in even-numbered years. This restriction accounts for the two-year pattern of market value changes apparent in the data below.

**Valuations of Taxable Real Property
1994-2003**

Year	Market Value ^(a)	Assessed Valuation	Ratio of Assessed Valuation to Market Value ^(a)
1994	\$333,872,670,300	\$98,004,141,038	29.4
1995	338,550,074,600	101,088,995,085	29.9
1996	359,993,651,000	102,107,687,304	28.4
1997	366,096,581,900	123,734,109,457	37.2
1998	388,146,465,800	204,581,152,222	52.7
1999	390,136,860,900	208,896,190,899	53.5
2000	420,041,123,600	241,060,798,812	57.4

Year	Market Value ^(a)	Assessed Valuation	Ratio of Assessed Valuation to Market Value ^(a)
2001	430,102,389,400	310,111,943,560	72.1
2002	467,311,009,700	325,451,064,697	69.6
2003	478,362,689,800	348,726,965,926	72.9
^(a) Value adjusted for difference between regular assessment and preferential assessment permitted on certain farm and forestlands. Source: Annual Certifications by the State Tax Equalization Board July 2004.			

APPENDIX B

SUMMARIES OF CERTAIN PROVISIONS OF LEGAL DOCUMENTS - DEFINITIONS OF CERTAIN TERMS

DEFINITIONS

The following words and terms as used in the Indenture and in this Official Statement shall have the following meanings:

"Act 3 Commission Account" shall mean the account referred to in the Indenture.

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

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

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

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

"Alternate Liquidity Facility" means a Liquidity Facility for the Variable Rate Bonds acceptable to the Bond Insurer delivered to the Trustee in accordance with the Indenture (i) replacing any existing Liquidity Facility, (ii) dated no later than the date of the expiration or replacement date of the Liquidity Facility for which the same is to be substituted, (iii) which shall expire on a date which is fifteen (15) days after an Interest Payment Date for the applicable Series of Bonds, and (iv) if issued prior to the Conversion Date, issued on substantially identical terms and conditions as the then existing Liquidity Facility except that the stated amount of the Alternate Liquidity Facility shall equal the sum of (A) the aggregate principal amount of the applicable Series of Variable Rate Bonds at the time Outstanding, plus (B) an interest component, if applicable, acceptable to the Commission.

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

"Applicable Remarketing Agent" shall mean the Remarketing Agent designated hereunder with respect to the respective Series of 2005 Bonds as applicable.

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

"Authorized Denominations" shall mean, with respect to the 2005A Bonds and Term Bonds, Five Thousand Dollars (\$5,000) or any multiple thereof, with respect to Bonds at a Daily Rate, Weekly Rate or a Monthly Rate, One Hundred Thousand Dollars (\$100,000) and any multiple of \$5,000 in excess thereof, and with respect to any Additional Bonds issued under a Supplemental Indenture, those denominations specified in such Supplemental Indenture.

"Bank Bonds" means any Variable Rate Bonds which shall, at the time of determination thereof, be held in pledge for the benefit of the Liquidity Provider by the Trustee pursuant hereto and the applicable Liquidity Facility.

"Bond" shall mean any 2005 Bond or any Additional Bond issued under the provisions of the Indenture, but shall not include any Subordinated Indebtedness which may be incurred pursuant to the Indenture.

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

"Bond Registrar" shall have the meaning set forth in the Indenture.

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

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

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

"Certificates of Deposit" shall mean negotiable or non-negotiable certificates of deposit, time deposits or other similar banking arrangements issued by the Trustee or by any bank or trust company, including any depository hereunder, which (i) has a combined capital and surplus of not less than \$200,000,000, to be fully secured by Government Obligations or direct and general obligations of the Commonwealth of Pennsylvania (such security shall have an aggregate market value, exclusive of accrued interest, at all times at least equal to the amount of such Certificate of Deposit; such security shall be deposited with a Federal Reserve Bank or with the trust department of the Trustee) or (ii) has its long term debt obligations rated by the Rating Agency in one of its two highest categories.

"Chief Engineer" shall mean the Chief Engineer of the Commission or such other employee of the Commission authorized to perform specific acts or duties of the Chief Engineer by resolution duly adopted by the Commission.

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

"Clearing Fund" shall mean the special fund created by the Indenture.

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

"Commonwealth" means the Commonwealth of Pennsylvania.

"Commercial Paper Mode" means the mode while Variable Rate Bonds are bearing interest at a Commercial Paper Rate.

"Commercial Paper Rate" means the rate of interest borne by the Variable Rate Bonds determined pursuant to the Indenture.

"Commercial Paper Rate Period" means an Interest Period, specified by the Commission, of at least one day and no longer than 270 days beginning on a Conversion Date or date of mandatory purchase, in the case of the establishment of each successive Commercial Paper Rate Period, and ending on the day preceding the earlier of the date of Conversion to a different Interest Rate Mode or the date of mandatory purchase in the case of the establishment of a successive Commercial Paper Rate Period or the date of redemption or of maturity of the applicable Series of Bonds.

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

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

"Commonwealth" shall mean the Commonwealth of Pennsylvania.

"Construction Project" shall have the meaning set forth in the Indenture.

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

"Conversion" means any change from one Interest Rate Mode to another Interest Rate Mode of the Variable Rate Bonds or any Additional Bonds issued from time to time in accordance with the terms of the Indenture or any Supplemental Indenture.

"Conversion Date" means the date on which any Conversion becomes effective which shall be an Interest Payment Date for any Conversion to or from a Term Rate Period or a Commercial Paper Rate Period.

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

"Counterparty" shall have the meaning set forth in the Indenture.

"Daily Rate" means the Interest Rate Mode of a Series in which the interest rate on such Series is determined approximately daily in accordance with the Indenture.

"Daily Rate Period" means the period beginning on, and including, the Conversion Date to the Daily Rate and ending on, and including, the day preceding the next Business Day and each period thereafter beginning on, and including, a Business Day and ending on, and including, the day preceding the next succeeding Business Day until the day preceding the earlier of the Conversion to a different Interest Rate Mode or the redemption or maturity of the applicable Series of Bonds.

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

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

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

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

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

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

"Expiration Tender Date" means the day five Business Days prior to the applicable Liquidity Facility Expiration Date.

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

"Fixed Rate Bonds Sinking Fund Account" shall mean the account within the Debt Service Fund created pursuant to the Indenture.

"Fixed Rate Mode" means the mode while Bonds initially issued in a mode subject to Conversion are bearing interest at a Fixed Rate.

"Fixed Rate" shall have the meaning set forth in the Indenture.

"Fixed Rate Period" means the period beginning on, and including, the Series Issue Date or a Conversion Date, as applicable, and ending on the maturity date of such Series.

"Government Obligations" shall mean:

(1) Treasuries;

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

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

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

"Insurer Payment Rate" shall mean the lesser of (a) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank ("Chase") at its principal office in the New York City, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by Chase) plus three percent, and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Insurer Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event that Chase ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Bond Insurer shall specify.

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

"Interest Payment Date" shall mean, with respect to the 2005A Bonds, July 15 and January 15 of each year commencing January 15, 2006. With respect to each series of Additional Bonds, the Interest Payment Date shall mean such dates as are defined in the Supplemental Indenture under which such Additional Bonds are issued. However, in each case, if the date specified above is not a Business Day then the Interest Payment Date shall be the Business Day next succeeding the date specified above, provided that interest accruing from such July 15 or January 15 which is not a

Business Day to such Interest Payment Date which is the next succeeding Business Day shall not be payable on such Interest Payment Date, but shall be payable on the next succeeding Interest Payment Date. With respect to the Variable Rate Bonds, "Interest Payment Date" means (i) if the Interest Rate Mode of a Series is the Daily Rate, the Weekly Rate or the Monthly Rate, and in the case of Bank Bonds, on the fifteenth calendar day of each month commencing September 15, 2005, unless such fifteenth calendar day is not a Business Day in which case it shall be the next Business Day thereafter, and on the date such Bank Bond is remarketed, (ii) if the Interest Rate Mode of a Series is the Commercial Paper Rate, the Business Day following the last day of such Commercial Paper Interest Period, and if the last day of Commercial Paper Period is not a Business Day with the accrual of interest for such additional day or days to the date of payment; or (iii) if the Interest Rate Mode of a Series is the Term Rate or the Fixed Rate, January 15 and July 15 following the commencement of the Term Rate or the Fixed Rate and each January 15 and July 15 thereafter; provided that if any such January 15 or July 15 is not a Business Day, the Interest Payment Date shall be the next Business Day thereafter without accrual of interest for such additional day or days; and provided that the last Interest Payment Date for any Term Rate Period which is followed by a Daily Rate Period, Weekly Rate Period, Monthly Rate Period, Commercial Paper Rate Period or Fixed Rate Period, shall be the applicable Conversion Date. In any case, Interest Payment Dates may not be more than once every seven days without approval of the 2005 Bond Insurer and the final Interest Payment Date of such Bonds shall be the maturity date for such Bonds.

"Interest Period" means for all Series of Variable Rate Bonds the period from, and including, each Interest Payment Date to, and including, the day next preceding the next Interest Payment Date.

"Interest Rate Mode", with respect to the Variable Rate Bonds and any Additional Bonds so designated in a Supplemental Indenture, means the Daily Rate, the Weekly Rate, the Monthly Rate, the Term Rate, the Fixed Rate and the Commercial Paper Rate.

"Liquidity Facility" means, with respect to the Variable Rate Bonds, the Standby Bond Purchase Agreement, any letter of credit, or, in the event of delivery of an Alternate Liquidity Facility for a particular Series, such Alternate Liquidity Facility.

"Liquidity Facility Expiration Date" means with respect to each Standby Bond Purchase Agreement for the 2005B Bonds, the 2005C Bonds and the 2005D Bonds, August 16, 2015, as such date may be extended from time to time, or any earlier date on which such Standby Bond Purchase Agreement shall terminate (including by voluntary termination), expire or be cancelled and with respect to any Alternate Liquidity Facility, the date of expiration, or earlier termination, for such alternate Liquidity Facility.

"Liquidity Provider" means JPMorgan Chase Bank, National Association, initially, and thereafter the provider of an Alternate Liquidity Facility for the Bonds of a Series.

"Monthly Rate" means the Interest Rate Mode of a Series in which the interest rate on such Series is determined monthly by the Applicable Remarketing Agent no later than 5:00 p.m., prevailing local time in New York City, on the day preceding the first day of such Monthly Rate Period, or, if such preceding day is not a Business Day, on the next preceding Business Day, as the minimum rate of interest necessary, in the judgment of the Applicable Remarketing Agent, taking into account then Prevailing Market Conditions, to enable the Applicable Remarketing Agent to sell

such Variable Rate bonds on such first day at a price equal to the principal amount thereof, plus accrued interest, if any, thereon; provided that:

(i) if the Applicable Remarketing Agent fails for any reason to determine the Monthly Rate for any Monthly Rate Period, such Monthly Rate shall be the same as the Monthly Rate in effect for the immediately preceding Monthly Rate Period, except that if such failure continues for more than one consecutive Monthly Rate Period, the Monthly Rate thereafter shall be the BMA Index Rate at that time for the corresponding rate period; and

(ii) in no event shall the Monthly Rate for any Monthly Rate Period exceed the maximum annual rate of interest at which the applicable Liquidity Facility then in effect provides coverage for the applicable Series of Variable Rate Bonds.

"Monthly Rate Period" means the Interest Rate Mode of a Series in which the interest rate on such Series is determined monthly in accordance with the Indenture.

"Nominal Term Rate Period" means, with respect to Variable Rate Bonds bearing interest at a Term Rate, a period of one or more semiannual periods.

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

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

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

"Permitted Investments" shall mean

(1) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations"), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of

proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated. THESE MAY CONSTITUTE DEFEASANCE OBLIGATIONS.

(2) Federal Housing Administration debentures.

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

- Federal Home Loan Mortgage Corporation (FHLMC)
Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)

- Senior Debt obligations

- Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives)

- Consolidated system wide bonds and notes

- Federal Home Loan Banks (FHL Banks)

- Consolidated debt obligations

- Federal National Mortgage Association (FNMA)

- Senior debt obligations

- Mortgage backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)

- Student Loan Marketing Association (SLMA)

- Senior debt obligations (excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date)

- Financing Corporation (FICO)

- Debt obligations

- Resolution Funding Corporation (REFCORP)

- Debt obligation

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

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

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

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

(8) "State Obligations", which means:

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

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

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

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

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

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

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

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

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

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

(10) Repurchase agreements:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

rating in an “A” rated structured financing (with a market value approach); or (ii) repay the principal of and accrued but unpaid interest on the investment, and

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

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

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

i) the provider shall default in its payment obligations, the providers obligations under the investment agreement shall, at the direction of the Commission or the Trustee (who shall give such direction if so directed by the Insurer), be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Commission or Trustee, as appropriate, and

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

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

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

"Prevailing Market Conditions" means, without limitation, the following factors: existing applicable market rates for securities, indices of such market rates and the existing market supply and demand for securities bearing such rates, existing yield curves for short-term and long-term securities for obligations of credit quality comparable, and for maturities similar to the length similar to the Interest Rate Mode applicable, to the Variable Rate Bonds, general economic conditions, industry economic and financial conditions that may affect or be relevant to the Variable Rate Bonds, and such other facts, circumstances and conditions as the Applicable Remarketing Agents, in their sole discretion, shall determine to be relevant. Prevailing Market Conditions shall be

considered in light of the exclusion of interest on the Variable Rate Bonds from gross income for federal income tax purposes.

"Principal and Interest Requirements" shall mean the amount required in each Fiscal Year, beginning with the Fiscal Year of the first maturity or mandatory sinking fund redemption of such Bonds and other Parity Obligations, to pay the principal or redemption price of and the interest and other payments on all such Bonds and other Parity Obligations which become due and payable in such Fiscal Year; all such computations shall be made by a Commission Official and the Trustee may rely on such calculations as provided in the Indenture. In computing the Principal and Interest Requirements, the amount of any capitalized interest shall be deducted therefrom and any debt service reserve fund established in connection with the Bonds in question shall, to the extent that it is funded with cash or Permitted Investments and is available to pay the final year's debt service on such Bonds, be credited against such final year's Principal and Interest Requirements. To the extent any Bonds or other Parity Obligations under consideration bear interest at a variable rate the Principal and Interest Requirements for such Bonds and other Parity Obligations shall be calculated assuming an interest rate equal to the highest of (a) the average BMA Index published for the corresponding rate period during the preceding Fiscal Year, (b) the actual interest rate on such Bonds during the preceding Fiscal Year, or (c) the Swap rate if there is a Swap Agreement applicable to such 2005 Bonds. With respect to any Swap Agreements constituting Parity Obligations, the amount of such Principal and Interest Requirements shall be adjusted to reflect the net amounts, other than termination payments, payable by the Commission, whether to a swap counterparty, a Liquidity Provider or to the Trustee, after taking into account all swap payments and Debt Service requirements. The Commission is entitled to assume for purposes of this definition, if the Swap Agreement provides for payments by the Counterparty or swap provider based on the BMA Index, that the floating rate payable by a Counterparty or swap provider will be the same as the variable rate payable on the Variable Rate Bonds.

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

"Purchase Date" means (i) if the Interest Rate Mode of a Series is the Daily Rate, the Weekly Rate or the Monthly Rate, any Business Day as set forth in the Indenture, (ii) if the Interest Rate Mode of a Series is the Commercial Paper Rate, the Business Day following the last day of such Commercial Paper Interest Period, (iii) if the Interest Rate Mode of a Series is the Term Rate, the final Interest Payment Date for each Term Rate Period, and (iv) each day that Variable Rate Bonds are subject to mandatory purchase pursuant to the Indenture; provided, however, that the date of the stated maturity of the Variable Rate Bonds shall not be a Purchase Date.

"Purchase Funds" means the funds so designated which are established pursuant to the Indenture.

"Qualified Financial Institution" shall mean (a) any U.S. domestic institution which is a bank, trust company, national banking association or a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956, or a member of the National Association of Securities Dealers, Inc. whose unsecured obligations or uncollateralized long-term debt obligations have been assigned a rating within the two highest rating

categories by each Rating Agency or which has issued a Liquidity Facility, contract, agreement or surety bond in support of debt obligations which have been so rated; (b) an insurance company with a claims paying ability rated in the highest rating category by Rating Agency or whose unsecured obligations or uncollateralized long-term debt obligations have been assigned a rating within the highest rating category by each Rating Agency; or (c) any banking institution whose unsecured obligations or uncollateralized long-term debt obligations have been assigned a rating within one of the two highest rating categories by each Rating Agency.

"Rate Period" means any period during which a given interest rate is in effect for a 2005 Bond.

"Rating Agency" shall mean each nationally recognized securities rating agency then maintaining a rating on any of the Bonds at the request of the Commission, unless the context only applies the term to one series of Bonds, in which event it shall mean only such rating agency then maintaining a rating on such series of Bonds at the request of the Commission. Initially "Rating Agency" means Moody's Investors Service, Inc., Standard & Poor's Ratings Group - a division of McGraw Hill and FitchRatings or their successors.

"Rating Confirmation Notice" means a notice from each Rating Service then rating the 2005 Bonds, confirming that the rating on the 2005 Bonds will not be lowered or withdrawn (other than a withdrawal of a short term rating upon a change to the Term Rate) as a result of the action proposed to be taken.

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

"Regular Record Date" or "Record Date" means (a) with respect to the 2005A Bonds and any other Bonds in a Fixed Rate Period, January 1 and July 1 next preceding each Interest Payment Date for the 2005A Bonds, (b) with respect to any Interest Period during which the Interest Rate Mode is the Daily Rate, the Weekly Rate, the Monthly Rate or the Commercial Paper Rate, the close of business on the last Business Day preceding each Interest Payment Date for such Interest Period, and (c) with respect to any Interest Period during which the Interest Rate Mode is the Term Rate, January 1 and July 1 (whether or not a Business Day) next preceding each interest Payment Date for such Interest Period.

"Remarketing Agents" mean the three firms appointed as Applicable Remarketing Agents pursuant to the Indenture and any successors thereto.

"Remarketing Agreements" mean the Remarketing Agreements dated as of the date hereof between the Commission and the Applicable Remarketing Agents respectively, and any remarketing agreement between the Commission and a successor Applicable Remarketing Agents, each as approved by the 2005 Bond Insurer.

"Remarketing Proceeds Accounts" means the accounts of that name established in the Purchase Funds pursuant to the Indenture.

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

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

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

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

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

"Special Record Date" shall mean that date eight days immediately preceding the date established by the Trustee for the payment of interest on the 2005 Bonds not paid on a regularly scheduled Interest Payment Date or such other date or dates specified in a Supplemental Indenture with respect to Additional Bonds issued under such Supplemental Indenture.

"Standby Bond Purchase Agreements" means collectively, the separate Standby Bond Purchase Agreements each dated as of August 1, 2005 between the Commission, the Trustee and JPMorgan Chase Bank, National Association each concerning a specific Series of Variable Rate Bonds; and the term "Standby Bond Purchase Agreement" means any of the Standby Bond Purchase Agreements individually.

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

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

(b) Upon any dissolution or winding up or total or partial liquidation, reorganization or arrangement of the Commission, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceedings, all principal of, premium, if any, interest and other payments due or to become due upon all Bonds and other Parity Obligations shall first be paid in full, or payment thereof provided for in accordance with the terms of the Bonds and other Parity Obligations, and any deficiency in any fund created under the Indenture

has been satisfied, before any payment from the Trust Estate is made on account of the Subordinated Indebtedness.

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

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

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

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

"Swap Agreements" shall have the meaning set forth in the Indenture.

"Tax Regulatory Agreement" shall mean the federal tax certificate or agreement (or similar instrument) executed by the Commission and delivered to Bond Counsel with respect to the 2005 Bonds and, with respect to any Additional Bonds, the federal tax certificate or agreement (or similar instrument) executed by the Commission and delivered to Bond Counsel for such Additional Bonds.

"Term Bonds" means the Bonds issued at a Term Rate in accordance with the Indenture.

"Term Rate" means the Interest Rate Mode for a Variable Rate Bond in which the interest rate on the Variable Rate Bonds is determined in accordance with the Indenture.

"Term Rate Period" means any period established by the Commission pursuant to the Indenture and beginning on, and including, the Conversion Date to the Term Rate or to a different Term Rate Period and ending on, and including, the day preceding the last Interest Payment Date for such period and, thereafter, each successive period of the same duration as that established period until the day preceding the earliest of the change to a different Term Rate Period, the Conversion to a different Interest Rate Mode or the redemption or maturity of the Bonds of such Series.

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

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

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

"Trust Receipts" shall mean (a) any receipts, revenues and other moneys received by the Trustee from the Commission Allocation from the Act 3 Revenues and (b) the interest and income earned on any fund or account established pursuant to the Indenture and included in the Trust Estate.

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

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

"2005 Bond Insurance Policy" shall mean the bond insurance policy or policies issued by the 2005 Bond Insurer insuring the payment when due of the principal of and interest on the 2005 Bonds when due.

"2005 Bond Insurer" shall mean Financial Security Assurance Inc., a New York stock insurance company, or any successor thereto or assignee thereof.

"2005 Project" shall mean the project established for the purpose of the payment of: (i) the refunding of the 2001 Bonds and the defeasance of the 2001 Indenture; (ii) the costs of a Liquidity Facility and bond insurance to be obtained in connection with the issuance of the 2005 Bonds; (iii) a portion of the funding requirement for the Commission Reserve Fund held outside of the Indenture; and (iv) the costs of issuing the 2005 Bonds.

"Variable Rate Period" means the Daily Rate Period, Weekly Rate Period, Monthly Rate Period, Term Rate Period or Commercial Paper Rate Period.

"Variable Rate Bonds" shall mean the 2005B Bonds, the 2005C Bonds and the 2005D Bonds so long as such Bonds are at a Daily Rate, Weekly Rate, Monthly Rate, Term Rate or Commercial Paper Rate.

"Weekly Rate" means the Interest Rate Mode of a Variable Rate Bond in which the interest rate on the Variable Rate Bond is determined weekly in accordance with the Indenture.

"Weekly Rate Period" means the period beginning on, and including, the Series Issue Date or a Conversion Date, as applicable, and ending on, and including, the next Wednesday and thereafter the period beginning on, and including, any Thursday and ending on, and including, the earliest of the next Wednesday, the day preceding the Conversion to a different Interest Rate Mode or the redemption or maturity of the applicable Series of Bonds.

THE INDENTURE

The 2005 Bonds will be issued under the Indenture. The following summarizes certain provisions of the Indenture but is not to be regarded as a full statement thereof and reference should be made to the Indenture itself for all of the terms and provisions thereof.

Grant of Security Interest

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

Limitations on Issuance of Indebtedness

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

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

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

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

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

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

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

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

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

(b) a Treasurer's Certificate demonstrating and concluding that the actual Principal and Interest Requirements in each Fiscal Year on all Bonds and other Parity Obligations to be outstanding under the Indenture after the delivery of the proposed Additional Bonds would not be more than the Commission Allocation for such Fiscal Year.

The consent of each of the 2005 Bond Insurer and the Bank shall be required for the issuance of Variable Rate Bonds as Additional Bonds.

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

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

(a) the documents described above under "Limitation on Issuance of Indebtedness – Generally”;

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

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

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

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

Upon compliance with the foregoing provisions, the Authenticating Agent shall authenticate and the Trustee shall deliver such Additional Bonds. The proceeds of such Additional Bonds (excluding accrued interest and after deducting an amount equal to all expenses incurred by the Commission in connection with the issuance of such Bonds to the extent that said expenses are to be paid from such proceeds) shall be held by the Trustee, or an escrow agent that would satisfy the requirement of a Trustee under the Indenture, in trust for the sole and exclusive purpose of paying such principal, redemption premium, if any, and interest.

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

Subordinated Indebtedness

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

Parity Swap and Other Obligations.

The Commission may enter into one or more contracts with a swap provider ("Counterparty"), with respect to the 2005 Bonds or Additional Bonds, having an interest rate, cash-flow, or other hedge basis desired by the Commission (a "Swap Agreement"), including, without limitation, interest rate swap agreements, forward payment conversion agreements, futures contracts, contracts providing for payments based on levels of or changes in interest rates, stock or other indices, or contracts to exchange cash flows or a series of payments, and contracts including, without limitation, interest rate floors or caps, options, puts or calls to hedge payment, currency rate, spread or similar exposure. In the event the Commission wishes the payments to be made and received by the Commission under the Swap Agreement or under any other obligation, to be taken into account in any calculation of Principal and Interest Requirements, the Commission shall file with the Trustee the following on or before entering into the Swap Agreement or other obligation (in which event, such Swap Agreement or other obligation shall constitute an "Approved Obligation"):

- (a) A copy certified by a Commission Official of the resolution or resolutions of the Commission authorizing the execution and delivery of the Approved Obligation (no Supplemental Indenture being required unless the Commission determines it to be necessary or appropriate);
- (b) An original executed counterpart of the Approved Obligation;
- (c) An opinion of Bond Counsel addressed to the Commission and to the Trustee, to the effect that execution of the Approved Obligation is permitted under the laws of the Commonwealth and will not adversely affect the exclusion from gross income from interest on any Bonds for federal income tax purposes; provided that if the Approved Obligation relates to Bonds being issued and the Approved Obligation is entered into at the time of or prior to the issuance of such Bonds, the portion of the opinion of Bond Counsel referring to tax-exempt status of the Bonds need not be delivered;
- (d) A certificate of the Commission, signed by a Commission Official, that the Commission is not under default under this Indenture;
- (e) Evidence that the execution of the Approved Obligation will not result in a reduction or withdrawal of the enhanced rating then assigned to any Bonds by the Rating Agency;
- (f) Evidence that the provisions of the Indenture have been met with respect to such Approved Obligations; and

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

In the event the Commission wishes to enter into an Approved Obligation and to have its obligations thereunder be on parity with all Bonds and other Parity Obligations, it shall file with the Trustee the items set forth above, together with a supplemental indenture granting such parity position (in which event, such Approved Obligation shall constitute a "Parity Obligation"). Upon entering into a Swap Agreement, unless otherwise provided in the Supplemental Indenture, the Commission shall pay to the Trustee for deposit into the Interest Account the net amount payable, if any, to the Counterparty as if such amounts were additional amounts of interest due; and the Trustee shall pay on behalf of the Commission to the Counterparty, to the extent required under the parity swap agreement, amounts deposited in the Interest Account. Net amounts received by the Commission or the Trustee from the counterparty pursuant to a Parity Swap Agreement shall be deposited to the credit of the Interest Account or to such other account as designated by a Commission Official.

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

Notwithstanding anything to the contrary contained in the Indenture, the Swap Agreements executed or to be executed in connection with the 2005 Bonds, other than the termination payments provided therein, the reimbursement obligations to the 2005 Bond Insurer and scheduled fees to the Liquidity Provider shall be deemed for the purposes hereof to be, and are defined as, Parity Obligations under the Indenture. Settlement Amounts under such Swap Agreements payable by the Commission shall be paid under the Indenture and Subordinated Indebtedness.

Conversions from Variable Rate Period to Fixed Rate Period

The Commission may convert from a Variable Rate Period to a Fixed Rate Period if permitted pursuant to the terms of the Indenture and if the Commission is in compliance with the Principal and Interest Requirements for the most recently completed Fiscal Year. Unless the 2005 Bond Insurer shall otherwise direct, the Commission shall convert the interest rate on the 2005 Bonds to the Fixed Rate to maturity:

- (a) Upon failure of the Liquidity Provider to purchase the 2005 Bonds;
- (b) Upon expiration or termination of the Liquidity Facility with no substitution therefore;
- (c) If the 2005 Bonds are held as Bank Bonds for 60 days or more in any Fiscal Year; or
- (d) If the Commission fails to replace the Liquidity Facility when required.

Clearing Fund

The Indenture creates a special fund designated the "Clearing Fund," which shall be held in trust by the Trustee until applied as hereinafter provided. There shall be deposited in the Clearing Fund all of the net proceeds of the sale of the 2005 Bonds, including accrued interest payable, thereon, in accordance with the Indenture and all funds transferred from funds and accounts under the 2001 Indenture. The amounts so deposited in the Clearing Fund shall be disbursed or transferred by the Trustee upon the furnishing of an Authentication Order. There may be reserved in the Clearing Fund moneys for the payment of any unpaid items, including a contingency amount therefore, as may be set forth in the aforesaid Authentication Order, and payment thereof shall be made by the Trustee upon receipt of a supplemental Commission Official's Certificate. Upon the sooner of such payments and transfers finally being accomplished and that date six (6) months after the date of issuance of the 2005 Bonds (or, with respect to any Additional Bonds, such other date established in a Supplemental Indenture for such Additional Bonds), any remaining balance shall be transferred to the Construction Fund (as defined below).

Construction Fund

The Indenture creates a special fund designated the "Construction Fund" (the "Construction Fund"), to the credit of which such deposits shall be made from the entire remaining balance of the monies and securities in the Construction Fund under the 2001 Indenture, upon the defeasance thereof, and by the provisions of the Indenture. The moneys in the Construction Fund shall be held by the Trustee in trust and shall be applied to the payment of the Costs of the construction portion of any Project under the 2001 Indenture as provided in the Indenture.

Payment of the Costs of the Construction Project shall be made from the Construction Fund. Separate accounts may be established therein, at the written direction of the Commission. All payments from the Construction Fund shall be subject to the provisions and restrictions set forth in this Article, and the Commission covenants that it will not cause or permit to be paid from the Construction Fund any sums except in accordance with such provisions and restrictions.

For the purposes of the Indenture the cost of any Project shall include, without intending thereby to limit or restrict or to extend any proper definition of such cost under the provisions of Act 61, the following:

(a) obligations incurred for labor and to contractors, builders and materialmen in connection with the construction of the Project, for machinery and equipment, and for the restoration or relocation of property damaged or destroyed in connection with such construction;

(b) the cost of acquiring by purchase, if such purchase shall be deemed expedient, and the amount of any award or final judgment in or any settlement or compromise of any proceeding to acquire by condemnation, such lands, property rights, rights-of-way, franchises, easements and other interests as may be deemed necessary or convenient for the construction and operation of the Project, options and partial payments thereon, and the

amount of any damages incident to or consequent upon the construction and operation of the Project;

(c) the cost of any indemnity and surety bonds to secure deposits of moneys in the Construction Fund, the cost of any payment or performance bonds to secure performance under construction contracts, the fees and expenses of the Trustee during construction, including without limitation the reasonable fees and expenses of counsel to the Trustee, taxes or other municipal or governmental charges lawfully levied or assessed during construction upon the Project or any property acquired therefore, and premiums on insurance (if any) in connection with the Project during construction;

(d) the cost of borings and other preliminary investigations to determine foundation or other conditions, expenses necessary or incident to determining the feasibility or practicability of constructing the Project, and fees and expenses of engineers for making traffic studies, surveys and estimates of costs and of revenues and other estimates and for preparing plans and specifications and supervising construction, as well as for the performance of all other duties of engineers set forth herein in relation to the construction of the Project or the issuance of Bonds therefore;

(e) expense of administration properly chargeable to the Project, legal expenses and fees, financing charges, cost of audits and all other items of expense not elsewhere in the Indenture specified incident to the construction and equipment of the Project, the financing thereof (but not in excess of any limits placed on the payment of costs of issuance under the Code), the placing of the same in operation and the acquisition of lands, property rights, rights-of-way, franchises, easements and interests therefore, including abstracts of title, title insurance, cost of surveys and other expenses in connection with such acquisition;

(f) the cost of any insurance that is required to be obtained during construction of any Project;

(g) an amount equal to the interest accruing on Bonds issued to finance the cost of any Project prior to completion of construction and for such period of time after construction as permitted by the laws of the Commonwealth, and in the case of tax-exempt Bonds, the Code (i.e., capitalized interest); and

(h) reimbursements of amounts of money advanced towards the costs of Projects by the Commission.

Payments from the Construction Fund shall be made in accordance with the provisions of the requisition procedure set forth in the Indenture.

Revenue Fund

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

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

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

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

Debt Service Fund

The Indenture creates a special fund known as the "Debt Service Fund", which shall be held in trust by the Trustee until applied as hereinafter provided for the payment of debt service on the 2005 Bonds and financing costs. The Trustee shall make transfers for debt service to the Debt Service Fund as required by the Indenture and by the Bonds. The Trustee shall make transfers for financing costs to the Debt Service Fund as directed by the Commission.

The Indenture creates a Liquidity Facility Account within the Debt Service Fund into which Drawings on the Liquidity Facility shall be deposited and from which the Purchase Price of the series of Bonds secured by such Liquidity Facility shall be paid.

The Indenture creates a Sinking Fund Account within the Debt Service Fund for mandatory sinking fund payments by the Commission for the 2005 Bonds.

The Indenture creates a Swap Account within the Debt Service Fund for any swap payments and receipts. The Trustee will transfer from the Revenue Fund, to the Swap Payment Account, upon direction by the Commission, such amounts, and at such time, as are necessary to make net payments required pursuant to the Swap Agreements together with required fees. The Trustee will make such net payments and payment of fees out of the Swap Payment Account to the Swap Counterparties.

Any swap, swap cap or other similar hedge payments shall be deposited upon receipt by the Trustee of such payments from the respective Counterparties. The Trustee will transfer such payments to the respective Debt Service Fund.

The Indenture creates the following Accounts, within the Debt Service Fund, for the purpose of providing funds for paying fees and other costs:

- (i) A Liquidity Facility Fee Payment Account, and
- (ii) A Remarketing Fee Payment Account.

The Trustee will transfer from the Revenue Fund, to the respective Funds and Accounts listed above, upon direction of the Commission, such amounts and at such times as are necessary to make payments of fees and other amounts due under the Liquidity Facility, Remarketing Agreements and the cash flow cap. The Trustee will make such fee and other cost payments to the respective recipients.

The Trustee shall pay out of the applicable account or sub-account of the Debt Service Fund, from time to time, without further authorization from the Commission, and as the same shall become due and payable, (i) the interest on the Bonds, (ii) the principal of the Bonds, whether at maturity or pursuant to mandatory redemption, but only upon the presentation and surrender of the Bonds, and (iii) the payments, other than termination fee payments, due under the other Parity Obligations.

If any 2005 Bond which is subject to mandatory redemption is at any time redeemed pursuant to an optional redemption, as described in the 2005 Bonds, the principal amount of 2005 Bonds of each maturity so redeemed may be applied as a credit against the principal amount of 2005 Bonds of such maturity which is subject to mandatory redemption at such time as the Commission shall direct.

On the dates specified in any Supplemental Indenture or indentures relating to Additional Bonds or Parity Obligations, the Trustee shall transfer from the Revenue Fund the amounts required to be deposited on such dates to the credit of the sinking, purchase or analogous fund, if any, established for such Additional Bonds and Parity Obligations as specified in such Supplemental Indenture.

The moneys at any time on deposit to the credit of the Debt Service Fund and the applicable accounts or sub-accounts or to be deposited thereto from the Revenue Fund may be applied by the Commission to the purchase of 2005 Bonds of the same maturity of 2005 Bonds to be called for mandatory redemption from the applicable account or sub-account of the Debt Service Fund and such moneys shall be withdrawn by the Trustee and applied to the payment of the purchase price of such 2005 Bonds which the Commission may agree to purchase or has paid, provided that such purchase price is not in excess of 100% of the principal amount thereof. At any time that the Trustee shall be requested to apply such moneys to the purchase of 2005 Bonds, the Commission shall furnish to the Trustee a Commission Official's certificate specifying the 2005 Bonds or portions thereof which it has agreed to purchase, the purchase price thereof, the names of the sellers (if not the Commission) and the expenses involved in connection with such purchase. At the time of any purchase of the 2005 Bonds, the Trustee shall withdraw from the Debt Service Fund any amounts deposited therein for the payment of interest on the 2005 Bonds so purchased. Any 2005 Bonds so purchased shall be promptly cancelled.

On or before June 15 of each year in which transfers are required to be made on the next succeeding July 15 to the Debt Service Fund with respect to a mandatory redemption, the Trustee shall select and call for redemption on the next succeeding July 15 such principal amount of 2005 Bonds as shall be sufficient, when added to the principal amount of 2005 Bonds which the Trustee has purchased or agreed to purchase on said next succeeding July 15, according to the provisions of the preceding paragraph, to satisfy the mandatory redemption schedule set forth in the respective forms of the 2005 Bonds on said July 15. The notice of redemption of any such principal amount of 2005 Bonds being redeemed pursuant to the Indenture shall be given by the Trustee in the name of the Commission in accordance with the provisions of the Indenture, and shall state that such principal amount of 2005 Bonds will be redeemed pursuant to the operation of the Debt Service Fund. If on June 15 of any year the moneys in the applicable account of the Debt Service Fund and the Revenue Fund shall be sufficient to effect the redemption of all 2005 Bonds outstanding on the next succeeding July 15, or at such time as there shall not be any 2005 Bonds outstanding, any moneys in the applicable account of the Debt Service Fund and the Revenue Fund in excess of the amount required for such redemption or all such moneys, as the case may be, shall be transferred to the Commission and thereafter no further transfers shall be required to be made from the Revenue Fund to the applicable account of the Debt Service Fund.

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

Debt Service Reserve Fund

No Debt Service Reserve Fund shall be created for the 2005 Bonds. In the event the sale of Additional Bonds requires a Debt Service Reserve Fund, a Debt Service Reserve Fund and a special account shall be established which shall be held in trust by the Trustee until applied as directed therein, but moneys in any special account may only be applied to the payment of the series of Additional Bonds to which it relates.

Special Sinking Fund

The Indenture also creates a Special Sinking Fund for the purpose of holding and investing funds which shall be deposited into the Special Sinking Fund by the Commission in such amounts and at such times as are determined by the Commission's Financial Advisor or other financial consultant for purposes of compliance with the requirements of Section 148 of the Code. The Trustee shall invest such funds in Permitted Investments as directed by the Commission. If moneys in other Funds hereunder are not sufficient to make principal, interest, and other required payments with respect to the 2005 Bonds, funds in the Special Sinking Fund may be disbursed by the Trustee for such purposes.

Series 2005 Rebate Fund

Upon written direction of the Commission, the Trustee shall establish a special fund to be known as the "Series 2005 Rebate Fund," separate and apart from the pledge of the Indenture. A similar Rebate Fund may be established for any Additional Bonds as set forth in the Supplemental Indenture pursuant to which such Bonds are issued. Deposits shall be made to the Series 2005 Rebate Fund in accordance with, and moneys and investments in the Series 2005 Rebate Fund shall be applied as set forth in, the Tax Regulatory Certificate for the 2005 Bonds. The Tax Regulatory Certificate may be superseded or amended by a new Tax Regulatory Certificate delivered by the Commission and accompanied by an Opinion of Bond Counsel addressed to the Trustee to the effect that the use of such new Tax Regulatory Certificate will cause the interest on the 2005 Bonds to not be excluded from the gross income of the owner thereof for federal income tax purposes. The Series 2005 Rebate Fund, and the moneys and investments therein, shall not secure the 2005 Bonds.

Surplus Trust Receipts

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

Security for Deposits; Investment of Moneys

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

Moneys held in any of the funds or accounts hereunder may be retained uninvested, if deemed necessary by the Commission, as trust funds and secured as provided in the preceding paragraph, or may be invested in Permitted Investments. All such investments shall be made by the Trustee only upon the oral request of the Commission confirmed in writing by a Commission Official specifying the account or fund from which moneys are to be invested and designating the specific investments to be acquired. Absent investment directions from the Commission, the Trustee may invest such balances in investments pursuant to paragraph (j) of the definition of Permitted Investments.

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

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

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

Covenants as to Act 3 Revenues and Trust Receipts

The Commission covenants in the Indenture that:

(a) It will seek to enforce the pledge and appropriation of the Commonwealth with respect to the Commission Allocation set forth in Section 20 of Act 3 and described in this Official Statement. By way of example and not of limitation, in the event (i) the monthly payment of the Commission allocation is not received by the Trustee in any month and the Trustee so notifies the Commission or (ii) the General Assembly of the Commonwealth has not adopted its budget by July 1 of any year, the Commission promptly will make inquiry as to the reasons for such missed payment or failure to adopt the budget and will report its findings to the Trustee. If the Trustee, upon receiving such report, has reason to believe that such payments will not be resumed or that the failure to adopt the budget could jeopardize any payments of the Commission Allocation, then the Trustee shall request the Commission to seek to enforce the pledge and appropriation.

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

Events of Default

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

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

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

(c) Any proceeding shall be instituted, with the consent or acquiescence of the Commission, for the purpose of effecting a compromise between the Commission and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the Trust Receipts; or

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

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

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

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

Acceleration of Maturities

Upon the happening and continuance of any Event of Default but subject to the conditions set forth under the heading "Directions, Requests, Consents or Voting" set forth below, then and in every such case the Trustee may, and upon the written request of the owners of not less than twenty-five percent (25%) in principal amount of the Parity Obligations then Outstanding shall, by a notice in writing to the Commission, declare the principal of all of the Parity Obligations then outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Parity Obligations or in the Indenture to the contrary notwithstanding; provided, however, that if at any time after the principal of the Parity Obligations shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Indenture, the Trustee shall hold moneys sufficient to pay the principal of all matured Parity Obligations and all arrears of interest, if any, upon all the Parity Obligations then outstanding (except the principal of any Parity Obligations not then due by their terms and the interest accrued on such Parity Obligations since the last interest payment date), and the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee, and all other amounts then payable by the Commission hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the appropriate trustee, and every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Parity Obligations or in the Indenture (other than a default in the payment of the principal of such Parity Obligations then due only because of a declaration under the Indenture) shall have been remedied to the satisfaction of the Trustee, then and in every such case the Trustee may, and upon the written request of the owners of not less than twenty-five percent (25%) in principal amount of the Parity Obligations not then due by their terms and then outstanding shall, by written notice to the Commission, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

Notwithstanding anything to the contrary contained in the Indenture, the maturity of 2005 Bonds insured by the 2005 Bond Insurer shall not be accelerated without the consent of the 2005 Bond Insurer and in the event the maturity of the 2005 Bonds is accelerated, the 2005 Bond Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued that, on such principal to the date of acceleration (to the extent unpaid by the Commission) and the Trustee shall be required to accept such amounts. Upon payment of such accelerated principal and interest accrued to the acceleration date as provided above, the 2005 Bond Insurer's obligations under the 2005 Bond Insurance Policy with respect to such 2005 Bonds shall be fully discharged.

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

Enforcement of Remedies

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

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

Pro Rata Application of Funds

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

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

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

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

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

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

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

Whenever moneys are to be applied by the Trustee pursuant to the foregoing provisions, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future; the deposit of such moneys with the Paying Agents, or otherwise setting aside such moneys, in trust for the proper purpose shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the Commission, to any holder of the Parity Obligations or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of the Indenture as may be applicable at the time of application by the Trustee.

Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date, and shall not be required to make payment to the holder of any Parity Obligations until such Parity Obligations shall be surrendered to the Trustee for appropriate endorsement, or for cancellation if fully paid.

Effect of Discontinuance of Proceedings

In case any proceeding taken by the Trustee on account of any default shall have been discontinued or abandoned for any reason, then and in every such case the Commission, the Trustee and the holders of the Parity Obligations shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

Majority of Holders of the Parity Obligations may Control Proceedings

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

parties to such direction. The Trustee may exercise any right or take any other action deemed proper by the Trustee which is not inconsistent with such direction.

Restrictions upon Action by Individual Holder of the Parity Obligations.

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

Directions, Requests, Consents or Voting

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

Resignation or Removal of Trustee

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

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

Supplemental Indentures Without Consent of Holders of Parity Obligations

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

(a) to cure any ambiguity or formal defect or omission in the Indenture or in any Supplemental Indenture, including without limitation defects which would, if not cured, cause (i) the 2005 Bonds, or transactions therein, to fail to meet an exemption under federal or state securities laws customarily relied upon in the offering, sale, purchase tender or remarketing of bonds of the same general character as the 2005 Bonds or (ii) the interest on any series of Bonds to be included in gross income for federal income tax purposes when such interest is not to be so includable,

(b) to grant to or confer upon the Trustee for the benefit of the holders of the Parity Obligations any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the holders of the Parity Obligations or the Trustee,

(c) to issue Additional Bonds or other Parity Obligations pursuant to the Indenture,

(d) to issue Subordinated Indebtedness, provided that such changes would not in the determination of the Trustee materially adversely affect the rights of the Trustee or of the holders of the Parity Obligations provided that the Trustee may solely and conclusively rely upon the opinion of its counsel, the Commission's financial advisor or a nationally recognized bond counsel, financial advisor or investment banking firm in making such determination, or

(e) to make any necessary provisions for a Conversion or an Alternate Liquidity Facility pursuant to the provisions hereof, or

(f) to make any other amendment which does not, in the determination of the Trustee, materially adversely affect the rights of the Trustee or of the holders of the Bondholders, provided that the Trustee may solely and conclusively rely upon the opinion of its counsel, the Commission's financial advisor or a nationally recognized bond counsel, financial advisor or investment banking firm in making such determination.

Modification of Indenture with Consent of Owners of a Majority of Holders of the Parity Obligations

Subject to the terms and provisions set forth below, and not otherwise, and also subject to approval of the Liquidity Provider, so long as it is not in default of its obligations under the applicable Liquidity Facility and subject to the approval of the 2005 Bond Insurer so long as it is not in default under its bond insurance policy, the owners of not less than a majority (more than fifty

percent (50%) in aggregate principal amount of the Parity Obligations then outstanding shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the Commission and the Trustee of such Supplemental Indenture or Indentures hereto as shall be deemed necessary or desirable by the Commission for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided, however, that nothing herein contained shall permit, or be construed as permitting, without the consent of each owner of a Parity Obligation whose rights are affected thereby, (a) an extension of the maturity of the principal of or the interest on any Parity Obligations issued hereunder, or (b) a reduction in the principal amount of any Parity Obligations or the redemption premium or the rate of interest thereon, or (c) the creation of a lien ranking prior to or (except as to Additional Bonds and other Parity Obligations to the extent otherwise provided in the Indenture) on a parity with the lien on the Trust Estate created by the Indenture, or (d) a preference or priority of any Parity Obligation over any other Parity Obligation, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture. Nothing contained in the Indenture, however, shall be construed as making necessary the approval by holders of the Parity Obligations of the execution of any Supplemental Indenture as authorized by the provision described above under "Supplemental Indenture Without Consent of Holders of Parity Obligations."

If at any time the Commission shall request the Trustee to enter into any Supplemental Indenture for any of the purposes of the Indenture, the Trustee shall, at the expense of the Commission, cause notice of the proposed execution of such Supplemental Indenture to be mailed, postage prepaid, to all registered owners of the Parity Obligations then outstanding at their addresses as they appear on the registration books and to all other holders of the Parity Obligations who shall have filed their names and addresses with the Trustee for such purpose. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the designated corporate trust office of the Trustee for inspection by all holders of the Parity Obligations. The Trustee shall not, however, be subject to any liability to any holder of the Parity Obligations by reason of its failure to mail the notice required by the Indenture, and any such failure shall not affect the validity of such Supplemental Indenture when consented to and approved as provided in the Indenture.

Whenever, at any time within one year after the date of the first dissemination of such notice, the Commission shall deliver to the Trustee an instrument or instruments purporting to be executed by the owners of not less than a majority in aggregate principal amount of the Parity Obligations then outstanding, which instrument or instruments shall refer to the proposed Supplemental Indenture described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice as on file with the Trustee, thereupon, but not otherwise, the Trustee may execute such Supplemental Indenture in substantially such form, without liability or responsibility to any holder of any Parity Obligations, whether or not such holder shall have consented thereto. Anything herein to the contrary notwithstanding, the owners of any Parity Obligations may consent to the provisions of a Supplemental Indenture (or what are referred to as "springing" provisions) in connection with the issuance of such Parity Obligations, in which event such consent shall be effective for any period of time and not limited by the one-year period described above.

If the owners of not less than a majority in aggregate principal amount of the Parity Obligations outstanding at the time of the execution of such Supplemental Indenture shall have consented to and approved the execution thereof as herein provided, no holder of any Parity Obligations shall have any right to object to the execution of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Commission from executing the same or from taking any action pursuant to the provisions thereof.

Upon the execution of any Supplemental Indenture pursuant to the provisions of the Indenture, the Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Commission, the Trustee and all owners of the Parity Obligations then outstanding shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments.

Consents of Bond Insurer and Counterparties

Any amendment, supplement, modification to, or waiver of, the Indenture or any other transaction document including any underlying security agreement (each a "Related Document"), that requires the consent of Bondholders or materially or adversely affects the rights and interests of the Commission, the 2005 Bond Insurer, the applicable Liquidity Provider or the applicable Counterparty shall be subject to the prior written consent of the 2005 Bond Insurer, such Liquidity Provider and such Counterparty.

Defeasance

If, when the Bonds secured hereby shall have become due and payable in accordance with their terms or otherwise as provided in the Indenture or otherwise or shall have been duly called for redemption or irrevocable instructions to call the Bonds for redemption shall have been given by the Commission to the Trustee, the whole amount of the principal and interest and the premium, if any, so due and payable upon all of the Bonds then outstanding shall be paid or there shall have been deposited with the Trustee or the Paying Agents an amount, evidenced by moneys or Government Obligations (that are either noncallable prior to the date needed to satisfy the requirements hereof or with respect to which the holder has the rights to demand the purchase of such obligations on the date needed to satisfy the requirements hereof), certified by an independent public accounting firm or verification agent of national reputation to be of such maturities and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (likewise to be held in trust and committed, except as hereinafter provided), to be sufficient for the payment, at their maturities or redemption dates, of all principal, premium, if any, and interest on the Bonds to the date of maturity or redemption, as the case may be, and provision shall also be made for paying all other sums payable hereunder by the Commission, then and in that case the right, title and interest of the Trustee shall thereupon cease, determine and become void, and the Trustee in such case, on demand of the Commission, and upon receipt of an Opinion of Counsel stating in substance that all conditions precedent provided for in the Indenture relating to defeasance have been satisfied, shall release the Indenture and shall execute such documents to evidence such release as may be reasonably required by the Commission, and shall turn over to the Commission or to such officer, board or body as may then be entitled by law to

receive the same any surplus in any account in any sinking fund and all balances remaining in any other funds or accounts other than moneys held in the Series 2005 Rebate Fund or any other Rebate Fund created under the Indenture or any Supplemental Indenture and other moneys held for redemption or payment of Bonds; otherwise the Indenture shall be, continue and remain in full force and effect.

Notwithstanding anything in the Indenture to the contrary, the Indenture shall not be defeased or terminated unless all Parity Obligations and Subordinated Indebtedness have been satisfied and all amounts due thereunder have been paid in full or provision for payment has otherwise been made.

Notwithstanding anything in the Indenture to the contrary, in the event that the principal and/or interest due on the 2005 Bonds shall be paid by the 2005 Bond Insurer pursuant to the 2005 Bond Insurance Policy, the 2005 Bonds shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Commission, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the Commission to the registered owners of the 2005 Bonds shall continue to exist and shall run to the benefit of the 2005 Bond Insurer, and the 2005 Bond Insurer shall be subrogated to the rights of such registered owners.

Provision for Payment of Bonds

If the Commission deposits with the Trustee moneys or Government Obligations, sufficient to pay the principal or redemption price of any particular Bond or Bonds becoming due, either at maturity or by call for redemption or otherwise, together with all interest accruing thereon to the date of maturity or redemption, but in the case of Variable Rate Bonds, all interest thereon to the date of maturity or redemption at the maximum rate as set forth in the Indenture, then in such event, interest on such Bond or Bonds shall cease to accrue on the date of maturity or redemption and all liability of the Commission with respect to such Bond or Bonds shall cease. Thereafter, such Bond or Bonds shall be deemed not to be outstanding hereunder and the holder or owners of such Bond or Bonds shall be restricted exclusively to the funds and securities so deposited and the proceeds thereof for any claim of whatever nature with respect to such Bond or Bonds, and the Trustee shall hold such funds in trust for such holder or owners.

Termination of Other Parity Obligations

The termination of any Parity Obligation, other than the Bonds, shall be governed by the provisions of the separate agreements relating to Parity Obligations and, following termination of any such Parity Obligation in accordance with the provisions thereof, the holders of such Parity Obligation, under such agreement being terminated, shall have no rights under the Indenture.

Provisions Relating to the Bond Insurer

Defeasance Securities and Bond Insurer Matters. Only cash or Government Obligations shall be used to effect defeasance of the Bonds unless the Insurer otherwise approves. Notwithstanding anything to the contrary contained in the Indenture, to accomplish defeasance, the Commission shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public

accountants or such other accountant as shall be acceptable to the 2005 Bond Insurer ("Accountant") verifying the sufficiency of the escrow established to pay the 2005 Bonds in full on the maturity or redemption date ("Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Bond Insurer), (iii) an opinion of nationally recognized bond counsel to the effect that the 2005 Bonds are no longer outstanding under the Indenture and (iv) a certificate of discharge of the Trustee with respect to the 2005 Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Commission, Trustee and the 2005 Bond Insurer. The 2005 Bond Insurer shall be provided with final drafts of the above-referenced documentation not less than five business days prior to the funding of the escrow.

Bonds shall be deemed outstanding under this Indenture unless and until they are in fact paid and retired or the above criteria are met.

Sole Holder. The 2005 Bond Insurer shall be deemed to be the sole holder of the 2005 Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the 2005 Bonds insured by it are entitled to take pursuant to of the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee.

Rights of Bond Insurer. The rights granted to the 2005 Bond Insurer under the Indenture or any other Related Document to request, consent to or direct any action are rights granted to the 2005 Bond Insurer in consideration of its issuance of the 2005 Bond Insurance Policy. Any exercise by the 2005 Bond Insurer of such rights is merely an exercise of the 2005 Bond Insurer's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Bondholders and such action does not evidence any position of the 2005 Bond Insurer, affirmative or negative, as to whether the consent of the Bondholders or any other person is required in addition to the consent of the 2005 Bond Insurer.

Payments by Bond Insurer. Amounts paid by the 2005 Bond Insurer under the 2005 Bond Insurance Policy shall not be deemed paid for purposes of the Indenture and the 2005 Bonds relating to such payments shall remain outstanding and continue to be due and owing until paid by the Commission in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to the 2005 Bond Insurer have been paid in full or duly provided for.

Agreed Action. Each of the Commission and Trustee covenant and agree to take such action (including, as applicable, filing of UCC financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Trust Estate under applicable law.

Claims Upon the Insurance Policy and Payments by and to the Bond Insurer. If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the 2005 Bonds due on such Payment Date, the Trustee shall give notice to the 2005 Bond Insurer and to its designated agent (if any) (the "Bond Insurers Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount

available to pay the principal of and interest on the 2005 Bonds due on such Payment Date, the Trustee shall make a claim under the 2005 Bond Insurance Policy and give notice to the 2005 Bond Insurer and the Bond Insurers Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the 2005 Bonds and the amount required to pay principal of the 2005 Bonds, confirmed in writing to the 2005 Bond Insurer and the Bond Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the 2005 Bond Insurance Policy.

The Trustee shall designate any portion of payment of principal on 2005 Bonds paid by the 2005 Bond Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of 2005 Bonds registered to the then current Bondholder, whether DTC or its nominee or otherwise, and shall issue a replacement Bond to the 2005 Bond Insurer, registered in the name of Financial Security Assurance Inc., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Bond shall have no effect on the amount of principal or interest payable by the Commission on any Bond or the subrogation rights of the 2005 Bond Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the 2005 Bond Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Bond. The 2005 Bond Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the 2005 Bond Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Bondholders referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the 2005 Bond Insurance Policy in trust on behalf of Bondholders and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Bondholders in the same manner as principal and interest payments are to be made with respect to the 2005 Bonds under the sections in the Indenture regarding payment of 2005 Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the Commission agrees to pay to the 2005 Bond Insurer (I) a sum equal to the total of all amounts paid by the 2005 Bond Insurer under the 2005 Bond Insurance Policy (the "Bond Insurer Advances"); and (ii) interest on such Bond Insurer Advances from the date paid by the 2005 Bond Insurer until payment thereof in full, payable to the 2005 Bond Insurer at the Late Payment Rate per annum. "Late Payment Rate" means the lesser of (a) the greater of (I) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the 2005 Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a Bond payment date shall promptly be remitted to the 2005 Bond Insurer.

The 2005 Bond Insurer shall, to the extent it makes any payment of principal of or interest on the 2005 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the 2005 Bond Insurance Policy. Each obligation of the Commission to the 2005 Bond Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

The Commission shall pay or reimburse the 2005 Bond Insurer any and all charges, fees, costs and expenses that the 2005 Bond Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Indenture or any other Related Document or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture or any other Related Document whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the 2005 Bond Insurer to honor its obligations under the 2005 Bond Insurance Policy. The 2005 Bond Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any other Related Document.

Default. After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Commission or rebate only after the payment of past due and current debt service on the 2005 Bonds.

Nonpayment by Commission. The 2005 Bond Insurer shall be entitled to pay principal or interest on the 2005 Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Commission (as such terms are defined in the 2005 Bond Insurance Policy) and any amounts due on the 2005 Bonds as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not the 2005 Bond Insurer has received a Notice of Nonpayment (as such terms are defined in the 2005 Bond Insurance Policy) or a claim upon the 2005 Bond Insurance Policy.

Information to Bond Insurer. The 2005 Bond Insurer shall be provided with the following information by the Commission or Trustee, as the case may be:

- (i) Annual audited financial statements within 150 days after the end of the Commission's fiscal year (together with a certification of the Commission that it is not aware of any default or Event of Default under the Indenture), and the Commission's annual budget within 30 days after the approval thereof together with such other information, data or reports as the 2005 Bond Insurer shall reasonably request from time to time;

- (ii) Notice of any default known to the Trustee or Commission within five Business Days after knowledge thereof;
- (iii) Prior notice of the advance refunding or redemption of any of the 2005 Bonds, including the principal amount, maturities and CUSIP numbers thereof;
- (iv) Notice of the resignation or removal of the Trustee and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto;
- (v) Notice of the commencement of any proceeding by or against the Commission or Obligor commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an “Insolvency Proceeding”);
- (vi) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the 2005 Bonds;
- (vii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents; and
- (viii) All reports, notices and correspondence to be delivered to Bondholders under the terms of the Related Documents.

Additional 2005 Bonds. Notwithstanding satisfaction of the other conditions to the issuance of Additional 2005 Bonds set forth in the Indenture, no such issuance may occur if an Event of Default (or any event which, once all notice or grace periods have passed, would constitute an Event of Default) exists unless such default shall be cured upon such issuance unless otherwise permitted by the 2005 Bond Insurer.

Effect of Amendment. In determining whether any amendment, consent or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the 2005 Bonds or the rights of the Bondholders, the Trustee shall consider the effect of any such amendment, consent, action or inaction as if there were no 2005 Bond Insurance Policy.

Rights of Bond Insurer. No contract shall be entered into or any action taken by which the rights of the 2005 Bond Insurer or security for or sources of payment of the 2005 Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the 2005 Bond Insurer.

Reimbursement. The Commission shall reimburse the Bond Insurer for amounts paid under each 2005 Bond Insurance Policy and all costs of collection thereof and enforcement of the Swap Agreements at the Insurer Payment Rate.

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APPENDIX C

FORM OF OPINION OF BOND COUNSEL

To the Purchasers of the
Below-Referenced 2005 Bonds:

Re: \$465,560,000 Pennsylvania Turnpike Commission
Registration Fee Revenue Refunding Bonds, Series A of 2005,
Series B of 2005, Series C of 2005 and Series D of 2005

Ladies and Gentlemen:

We have served as Bond Counsel in connection with the issuance by the Pennsylvania Turnpike Commission (the "Commission") of its Registration Fee Revenue Refunding Bonds, Series A of 2005, Series B of 2005, Series C of 2005 and Series D of 2005, in the aggregate principal amount of \$465,560,000 (the "2005 Bonds") pursuant to a resolution adopted by the Commission on June 21, 2005 (the "Resolution") and pursuant to and secured by a Trust Indenture (the "2005 Indenture") dated as of August 1, 2005 from the Commission to Wachovia Bank, National Association, as trustee (the "Trustee").

The 2005 Bonds are issued under and secured by the 2005 Indenture for the purpose of providing funds to pay, together with other available funds, the costs of a project consisting of: (i) the refunding of the Commission's Registration Fee Revenue Bonds, Series of 2001 (the "2001 Bonds") and the defeasance of the Trust Indenture dated as of July 1, 2001 from the Commission to U.S. Bank, National Association, as successor trustee, in connection with the 2001 Bonds; (ii) the costs of a liquidity facility and bond insurance to be obtained in connection with the issuance of the 2005 Bonds; (iii) a portion of the funding requirement for the Commission Reserve Fund held outside the Indenture; and (iv) the costs of issuing the 2005 Bonds. (collectively, the "Project"). Pursuant to the 2005 Indenture, the 2005 Bonds are limited obligations of the Commission, payable solely from the revenues received by the Commission pursuant to the Commission Allocation (hereinafter defined), certain funds held by the Trustee under the 2005 Indenture and any other funds, if any, of the Commission hereinafter specifically pledged to pay the principal of and interest on the 2005 Bonds.

The Commission was created under and by authority of the Act of the General Assembly of Pennsylvania approved May 21, 1937, P.L. 774 No. 211, as amended and supplemented by several Acts of the General Assembly, including *inter alia*, the Act of May 24, 1945, P.L. 972; the Act of February 26, 1947, P.L. 17; the Act of May 23, 1951, P.L. 335; the Act of August 14, 1951, P.L. 1232; the Act of September 30, 1985, P.L. 240, No. 61; the Act of August 5, 1991, P.L. 238; the Act of April 16, 1992, P.L. 169; and the Act of November 24, 1992, P.L. 725. All such acts are sometimes hereinafter referred to as the "Enabling Acts". Such Enabling Acts constitute the Commission as an instrumentality of the Commonwealth of Pennsylvania (the "Commonwealth"). The Commonwealth imposes annual registration fees on owners or lessees of passenger cars, recreational motor vehicles, trucks, farm vehicles and other vehicles pursuant to Sections 1912, 1913, 1914, 1915, 1916, 1917, 1920, 1921, 1922, 1923, 1924, 1925, 1926, 1926.1,

1927, 1929, 1932, 1933, 1952 and 9606 of Title 75 of the Pennsylvania Consolidated Statutes (collectively, the "Registration Fee Act") (such registration fees, together with certain related charges, are referred to herein as the "Registration Fees").

Pursuant to Act No. 1997-3, H.B. No. 67, approved April 17, 1997 ("Act 3"), the Registration Fee Act was amended to, among other things, increase certain annual Registration Fees effective July 1, 1997 (the portion of the Registration Fees received as a result of the increases imposed by Act 3 are referred to as the "Act 3 Revenues"). Under the Registration Fee Act, as amended, the Act 3 Revenues are collected by the Department of Transportation of the Commonwealth, deposited in the Motor License Fund of the Commonwealth for which the State Treasurer acts as custodian and, except to the extent provided in the following paragraph, appropriated for the use of the Department of Transportation of the Commonwealth for new highway capital projects,

Pursuant to Section 20 of Act 3, \$28,000,000 of the Act 3 Revenues deposited in the Motor License Fund are appropriated to the Commission annually (the portion of the Act 3 Revenues appropriated to the Commission, as the same may be increased from time and time, is referred to herein as the "Commission Allocation") and are to be distributed monthly to the Commission in the amount of \$2,333,333.33. Act 3 provides that the Commission Allocation "is hereby appropriated to the Pennsylvania Turnpike Commission annually, to be distributed in a monthly amount of \$2,333,333.33." Section 20 of Act 3 also provides that "[t]his Section shall operate as a pledge, by the Commonwealth to an individual or entity that acquires a bond issued by the Commission to: (1) secure the portion of the money set forth in this Section and distributed under this Section and (2) not limit or alter the rights vested in the Commission to the appropriation and distribution of the money set forth in this Section."

In our capacity as Bond Counsel, we have examined the Constitution and such statutes of the Commonwealth and such resolutions of the Commission and proceedings related thereto as we have deemed necessary to enable us to render the opinion set forth below. We also have examined and relied upon the proceedings authorizing the issuance of the 2005 Bonds and certain certifications and agreements (including a Tax Regulatory Agreement intended to satisfy certain provisions of the Internal Revenue Code of 1986, as amended and applicable Treasury Regulations (the "Code")) and other documents, including the 2005 Indenture and specimen 2005 Bond, which we have considered relevant. We have also relied on the Trustee's Certificate as to its authentication of the 2005 Bonds. We have also relied upon the verification by Drucker & Scaccetti, P.C., a firm of independent certified public accountants, of the mathematical accuracy of the calculations of the yield on the 2005 Bonds and the escrow securities used for the refunding of the 2001 Bonds contained in schedules provided to us.

In rendering the opinion set forth below, we have relied upon the genuineness, authenticity, truthfulness and completeness of all documents, records and other instruments which we have examined, other than those of documents prepared by us. We have not undertaken to verify the factual matters set forth therein by independent investigation. Except as set forth in paragraph 8 below, our opinion is given only with respect to the laws of the Commonwealth as enacted and construed on the date hereof

As to questions of fact material to our opinion, we have relied upon the representations of the Commission contained in the proceedings relating to the issuance of the 2005 Bonds and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the 2005 Bonds, and we express no opinion herein related thereto.

Based upon the foregoing, we are of the opinion, as of the date hereof under existing law and subject to the qualifications herein set forth, that:

1. The Commission is a validly existing instrumentality of the Commonwealth with full power and authority to undertake the Project, to execute and deliver the 2005 Indenture, to issue the 2005 Bonds, to pledge the Commission Allocation to secure and to pay the principal of and interest on the 2005 Bonds and to use the proceeds of the 2005 Bonds to finance the Project.

2. The Commission has duly adopted the Resolution authorizing, among other things, the execution and delivery of the 2005 Indenture.

3. The 2005 Indenture has been duly authorized, executed and delivered by the Commission and constitutes a legal, valid and binding obligation of the Commission enforceable in accordance with its terms.

4. The 2005 Bonds have been duly authorized, executed, issued and delivered by the Commission and are legal, valid and binding limited obligations of the Commission enforceable in accordance with their terms.

5. The 2005 Bonds are secured by the 2005 Indenture on an equal and ratable basis with all other Parity Obligations to be issued under the 2005 Indenture and any indenture supplemental thereto, and the 2005 Indenture creates a valid pledge of, and a valid and binding security interest in, the Trust Receipts, the Commission's right to receive the Commission Allocation from the Act 3 Revenues and any portion of the Commission Allocation actually received by the Commission.

6. Pursuant to Act 3, the Commission Allocation has been appropriated by the Commonwealth annually, to be distributed to the Commission monthly in the amount of \$2,333,333.33. The payment of the Commission Allocation by the Commonwealth, which the Commonwealth is required to distribute monthly, does not require further legislative appropriation.

7. Under existing law, the 2005 Bonds are exempt from personal property taxes in the Commonwealth, and interest thereon is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax.

8. Under existing law, interest is excluded from gross income for federal income tax

purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinion set forth in the preceding sentence is subject to the condition that the Commission comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2005 Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of these requirements could cause interest on the 2005 Bonds to be includable in gross income retroactive to the date of issue. The Commission has covenanted to comply with each requirement. We express no opinion regarding other federal tax consequences arising with respect to the 2005 Bonds.

It is to be understood that the rights of the owners of the 2005 Bonds and the enforceability of the 2005 Bonds and the 2005 Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally from time to time in effect and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof and we assume no obligation 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.

APPENDIX D
DEBT SERVICE SCHEDULE FOR THE REGISTRATION FEE REVENUE BONDS

Pennsylvania Turnpike Commission					
Registration Fee Revenue Bonds, Series of 2005					
Series 2005 Revenue Bonds, Fixed Rate Debt Service					
Date		Principal	Interest	Debt Service	Annual Debt Service
1/15/2006			5,325,854.44	5,325,854.44	
7/15/2006	*	7,025,000.00	5,845,450.00	12,870,450.00	18,196,304.44
1/15/2007			5,713,731.25	5,713,731.25	
7/15/2007	*	5,330,000.00	5,713,731.25	11,043,731.25	16,757,462.50
1/15/2008			5,627,118.75	5,627,118.75	
7/15/2008	*	5,500,000.00	5,627,118.75	11,127,118.75	16,754,237.50
1/15/2009			5,537,743.75	5,537,743.75	
7/15/2009	*	5,685,000.00	5,537,743.75	11,222,743.75	16,760,487.50
1/15/2010			5,438,256.25	5,438,256.25	
7/15/2010	*	5,880,000.00	5,438,256.25	11,318,256.25	16,756,512.50
1/15/2011			5,331,681.25	5,331,681.25	
7/15/2011	*	6,095,000.00	5,331,681.25	11,426,681.25	16,758,362.50
1/15/2012			5,179,306.25	5,179,306.25	
7/15/2012	*	6,395,000.00	5,179,306.25	11,574,306.25	16,753,612.50
1/15/2013			5,019,431.25	5,019,431.25	
7/15/2013	*	6,720,000.00	5,019,431.25	11,739,431.25	16,758,862.50
1/15/2014			4,851,431.25	4,851,431.25	
7/15/2014	*	7,050,000.00	4,851,431.25	11,901,431.25	16,752,862.50
1/15/2015			4,675,181.25	4,675,181.25	
7/15/2015	*	7,410,000.00	4,675,181.25	12,085,181.25	16,760,362.50
1/15/2016			4,489,931.25	4,489,931.25	
7/15/2016	*	7,775,000.00	4,489,931.25	12,264,931.25	16,754,862.50
1/15/2017			4,285,837.50	4,285,837.50	
7/15/2017	*	8,185,000.00	4,285,837.50	12,470,837.50	16,756,675.00
1/15/2018			4,070,981.25	4,070,981.25	
7/15/2018	*	8,615,000.00	4,070,981.25	12,685,981.25	16,756,962.50
1/15/2019			3,844,837.50	3,844,837.50	
7/15/2019	*	9,070,000.00	3,844,837.50	12,914,837.50	16,759,675.00
1/15/2020			3,606,750.00	3,606,750.00	
7/15/2020	*	9,545,000.00	3,606,750.00	13,151,750.00	16,758,500.00
1/15/2021			3,356,193.75	3,356,193.75	
7/15/2021	*	10,045,000.00	3,356,193.75	13,401,193.75	16,757,387.50
1/15/2022			3,092,512.50	3,092,512.50	
7/15/2022	*	10,575,000.00	3,092,512.50	13,667,512.50	16,760,025.00
1/15/2023			2,814,918.75	2,814,918.75	
7/15/2023	*	11,125,000.00	2,814,918.75	13,939,918.75	16,754,837.50
1/15/2024			2,522,887.50	2,522,887.50	
7/15/2024	*	11,715,000.00	2,522,887.50	14,237,887.50	16,760,775.00
1/15/2025			2,215,368.75	2,215,368.75	
7/15/2025	*	12,330,000.00	2,215,368.75	14,545,368.75	16,760,737.50
1/15/2026			1,891,706.25	1,891,706.25	
7/15/2026	*	12,975,000.00	1,891,706.25	14,866,706.25	16,758,412.50
1/15/2027			1,551,112.50	1,551,112.50	
7/15/2027	*	13,660,000.00	1,551,112.50	15,211,112.50	16,762,225.00
1/15/2028			1,192,537.50	1,192,537.50	
7/15/2028	*	14,375,000.00	1,192,537.50	15,567,537.50	16,760,075.00

Date		Principal	Interest	Debt Service	Annual Debt Service
1/15/2029			815,193.75	815,193.75	
7/15/2029	*	15,130,000.00	815,193.75	15,945,193.75	16,760,387.50
1/15/2030			418,031.25	418,031.25	
7/15/2030	*	15,925,000.00	418,031.25	16,343,031.25	16,761,062.50
1/15/2031			0.00	0.00	
7/15/2031			0.00	0.00	0.00
1/15/2032			0.00	0.00	
7/15/2032			0.00	0.00	0.00
1/15/2033			0.00	0.00	
7/15/2033			0.00	0.00	0.00
1/15/2034			0.00	0.00	
7/15/2034			0.00	0.00	0.00
1/15/2035			0.00	0.00	
7/15/2035			0.00	0.00	0.00
1/15/2036			0.00	0.00	
7/15/2036			0.00	0.00	0.00
1/15/2037			0.00	0.00	
7/15/2037			0.00	0.00	0.00
1/15/2038			0.00	0.00	
7/15/2038			0.00	0.00	0.00
1/15/2039			0.00	0.00	
7/15/2039			0.00	0.00	0.00
1/15/2040			0.00	0.00	
7/15/2040			0.00	0.00	0.00
1/15/2041			0.00	0.00	
7/15/2041		0.00	0.00	0.00	0.00
Total		234,135,000.00	186,256,666.94	420,391,666.94	420,391,666.94
		*Various Maturities			

Pennsylvania Turnpike Commission
Registration Fee Revenue Bonds, Series of 2005
Series 2005 Revenue Bonds, VRDB-Swap to Fixed Rate Debt Service

	Series B	Series C	Series D	Total	Swap	Fixed		Annual
Date	Principal	Principal	Principal	Principal	Rate	Interest	Debt Service*	Debt Service
1/15/2006						3,997,365.45	4,237,026.87	
7/15/2006	0.00	0.00	0.00	0.00	4.2015%	4,861,660.69	5,153,140.79	9,390,167.67
1/15/2007						4,861,660.69	5,153,140.79	
7/15/2007	0.00	0.00	0.00	0.00	4.2015%	4,861,660.69	5,153,140.79	10,306,281.58
1/15/2008						4,861,660.69	5,153,140.79	
7/15/2008	0.00	0.00	0.00	0.00	4.2015%	4,861,660.69	5,153,140.79	10,306,281.58
1/15/2009						4,861,660.69	5,153,140.79	
7/15/2009	0.00	0.00	0.00	0.00	4.2015%	4,861,660.69	5,153,140.79	10,306,281.58
1/15/2010						4,861,660.69	5,153,140.79	
7/15/2010	0.00	0.00	0.00	0.00	4.2015%	4,861,660.69	5,153,140.79	10,306,281.58
1/15/2011						4,861,660.69	5,153,140.79	
7/15/2011	0.00	0.00	0.00	0.00	4.2015%	4,861,660.69	5,153,140.79	10,306,281.58
1/15/2012						4,861,660.69	5,153,140.79	
7/15/2012	0.00	0.00	0.00	0.00	4.2015%	4,861,660.69	5,153,140.79	10,306,281.58
1/15/2013						4,861,660.69	5,153,140.79	
7/15/2013	0.00	0.00	0.00	0.00	4.2015%	4,861,660.69	5,153,140.79	10,306,281.58
1/15/2014						4,861,660.69	5,153,140.79	
7/15/2014	0.00	0.00	0.00	0.00	4.2015%	4,861,660.69	5,153,140.79	10,306,281.58
1/15/2015						4,861,660.69	5,153,140.79	
7/15/2015	0.00	0.00	0.00	0.00	4.2015%	4,861,660.69	5,153,140.79	10,306,281.58
1/15/2016						4,861,660.69	5,153,140.79	
7/15/2016	0.00	0.00	0.00	0.00	4.2015%	4,861,660.69	5,153,140.79	10,306,281.58
1/15/2017						4,861,660.69	5,153,140.79	
7/15/2017	0.00	0.00	0.00	0.00	4.2015%	4,861,660.69	5,153,140.79	10,306,281.58
1/15/2018						4,861,660.69	5,153,140.79	
7/15/2018	0.00	0.00	0.00	0.00	4.2015%	4,861,660.69	5,153,140.79	10,306,281.58
1/15/2019						4,861,660.69	5,153,140.79	
7/15/2019	0.00	0.00	0.00	0.00	4.2015%	4,861,660.69	5,153,140.79	10,306,281.58
1/15/2020						4,861,660.69	5,153,140.79	
7/15/2020	0.00	0.00	0.00	0.00	4.2015%	4,861,660.69	5,153,140.79	10,306,281.58
1/15/2021						4,861,660.69	5,153,140.79	
7/15/2021	0.00	0.00	0.00	0.00	4.2015%	4,861,660.69	5,153,140.79	10,306,281.58
1/15/2022						4,861,660.69	5,153,140.79	
7/15/2022	0.00	0.00	0.00	0.00	4.2015%	4,861,660.69	5,153,140.79	10,306,281.58
1/15/2023						4,861,660.69	5,153,140.79	
7/15/2023	0.00	0.00	0.00	0.00	4.2015%	4,861,660.69	5,153,140.79	10,306,281.58
1/15/2024						4,861,660.69	5,153,140.79	
7/15/2024	0.00	0.00	0.00	0.00	4.2015%	4,861,660.69	5,153,140.79	10,306,281.58
1/15/2025						4,861,660.69	5,153,140.79	
7/15/2025	0.00	0.00	0.00	0.00	4.2015%	4,861,660.69	5,153,140.79	10,306,281.58
1/15/2026						4,861,660.69	5,153,140.79	
7/15/2026	0.00	0.00	0.00	0.00	4.2015%	4,861,660.69	5,153,140.79	10,306,281.58
1/15/2027						4,861,660.69	5,153,140.79	
7/15/2027	0.00	0.00	0.00	0.00	4.2015%	4,861,660.69	5,153,140.79	10,306,281.58
1/15/2028						4,861,660.69	5,153,140.79	
7/15/2028	0.00	0.00	0.00	0.00	4.2015%	4,861,660.69	5,153,140.79	10,306,281.58
1/15/2029						4,861,660.69	5,153,140.79	
7/15/2029	0.00	0.00	0.00	0.00	4.2015%	4,861,660.69	5,153,140.79	10,306,281.58

	Series B	Series C	Series D	Total	Swap	Fixed		Annual
Date	Principal	Principal	Principal	Principal	Rate	Interest	Debt Service*	Debt Service
1/15/2030						4,861,660.69	5,153,140.79	
7/15/2030	0.00	0.00	0.00	0.00	4.2015%	4,861,660.69	5,153,140.79	10,306,281.58
1/15/2031						4,861,660.69	5,153,140.79	
7/15/2031	5,585,000.00	5,585,000.00	5,590,000.00	16,760,000.00	4.2015%	4,861,660.69	21,913,140.79	27,066,281.58
1/15/2032						4,509,574.99	4,779,945.85	
7/15/2032	5,835,000.00	5,835,000.00	5,835,000.00	17,505,000.00	4.2015%	4,509,574.99	22,284,945.85	27,064,891.70
1/15/2033						4,141,838.70	4,390,161.99	
7/15/2033	6,095,000.00	6,095,000.00	6,095,000.00	18,285,000.00	4.2015%	4,141,838.70	22,675,161.99	27,065,323.98
1/15/2034						3,757,716.56	3,983,009.87	
7/15/2034	6,365,000.00	6,365,000.00	6,370,000.00	19,100,000.00	4.2015%	3,757,716.56	23,083,009.87	27,066,019.74
1/15/2035						3,356,473.31	3,557,710.14	
7/15/2035	6,650,000.00	6,650,000.00	6,650,000.00	19,950,000.00	4.2015%	3,356,473.31	23,507,710.14	27,065,420.29
1/15/2036						2,937,373.69	3,113,483.47	
7/15/2036	6,945,000.00	6,945,000.00	6,950,000.00	20,840,000.00	4.2015%	2,937,373.69	23,953,483.47	27,066,966.93
1/15/2037						2,499,577.39	2,649,439.16	
7/15/2037	7,255,000.00	7,255,000.00	7,255,000.00	21,765,000.00	4.2015%	2,499,577.39	24,414,439.16	27,063,878.32
1/15/2038						2,042,349.15	2,164,797.87	
7/15/2038	7,580,000.00	7,580,000.00	7,580,000.00	22,740,000.00	4.2015%	2,042,349.15	24,904,797.87	27,069,595.75
1/15/2039						1,564,638.60	1,658,446.26	
7/15/2039	7,920,000.00	7,920,000.00	7,915,000.00	23,755,000.00	4.2015%	1,564,638.60	25,413,446.26	27,071,892.52
1/15/2040						1,065,605.44	1,129,493.64	
7/15/2040	8,270,000.00	8,270,000.00	8,270,000.00	24,810,000.00	4.2015%	1,065,605.44	25,939,493.64	27,068,987.29
1/15/2041						544,409.36	577,049.34	
7/15/2041	8,640,000.00	8,640,000.00	8,635,000.00	25,915,000.00	4.2015%	544,409.36	26,492,049.34	27,069,098.68
Total	77,140,000.00	77,140,000.00	77,145,000.00	231,425,000.00		304,781,174.89	554,479,282.46	554,479,282.46

* Debt Service includes ongoing remarketing and liquidity fees.

**APPENDIX E
FORM OF MUNICIPAL BOND INSURANCE POLICY**



**MUNICIPAL BOND
INSURANCE POLICY**

ISSUER:

BONDS:

Policy No.: -N

Effective Date:

Premium:

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud, whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

[Countersignature]

FINANCIAL SECURITY ASSURANCE INC.

By _____

By _____
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
350 Park Avenue, New York, N.Y. 10022-6022

(212) 826-0100

Form 500NY (5/90)