NOT A NEW ISSUE - BOOK-ENTRY ONLY **Ratings: (See "Ratings" herein)**

In the opinion of Co-Bond Counsel, interest on the 2003C Bonds is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions, subject to the conditions described in "TAX MATTERS." Interest on the 2003C 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 2003C Bonds. Under the laws of the Commonwealth of Pennsylvania, the 2003C Bonds are exempt from personal property taxes in Pennsylvania, and the interest on the 2003C Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. For a more complete discussion, see "TAX MATTERS" and "APPENDIX E - OPINION OF CO-BOND COUNSEL".

$160,000,000
PENNSYLVANIA TURNPIKE COMMISSION
OIL FRANCHISE TAX SENIOR REVENUE BONDS, SERIES C OF 2003

Dated: Date of Delivery **Due:** As set forth on inside cover page
First Fixed Rate Interest Payment Date: December 1, 2008

The Oil Franchise Tax Senior Revenue Bonds aggregate principal amount of $160,000,000 Series C of 2003 (the "2003C Bonds") were issued as Senior Bonds (as herein defined) pursuant to a Second Supplemental Indenture dated as of August 1, 2003 (the "Second Supplemental Indenture") to the Trust Indenture dated as of August 1, 1998 (as heretofore amended and supplemented, the "Indenture") between the Pennsylvania Turnpike Commission (the "Commission") and National City Bank of Pennsylvania, which has been succeeded by U.S. Bank National Association, as trustee ("the Trustee"). Manufacturers & Traders Trust Company serves as Paying Agent for the 2003C Bonds (the "Paying Agent").

The 2003C Bonds were initially issued bearing interest at the Auction Rate. The Commission has exercised its option to convert the 2003C Bonds to bear interest at a Fixed Interest Rate, after which the 2003C Bonds will remain in a Fixed Rate Mode to maturity or earlier redemption.

The 2003C Bonds are in fully registered form and are registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the 2003C Bonds. Beneficial ownership interests in the 2003C Bonds will be recorded in book-entry only form in denominations of $5,000 or any integral multiple thereof. Purchasers of 2003C Bonds will not receive bonds representing their beneficial ownership in the 2003C Bonds but will receive a credit balance on the books of their respective DTC Participants or DTC Indirect Participants. So long as Cede & Co. is the registered owner of the 2003C Bonds, principal of, premium, if any, and interest on the 2003C 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. The 2003C Bonds will be transferable or exchangeable to another nominee of The Depository Trust Company or as otherwise described herein.

THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA (THE "COMMONWEALTH") HAS ALLOCATED A PORTION OF THE OIL FRANCHISE TAX IMPOSED BY THE COMMONWEALTH AND APPROPRIATED IT TO THE COMMISSION. THE 2003C BONDS ARE LIMITED OBLIGATIONS OF THE COMMISSION PAYABLE SOLELY FROM THE TRUST ESTATE INCLUDING, BUT NOT LIMITED TO, THAT PORTION OF THE OIL FRANCHISE TAX PAID TO THE COMMISSION OR THE TRUSTEE BY THE COMMONWEALTH AND CERTAIN FUNDS HELD UNDER THE INDENTURE AND THE EARNINGS THEREON. THE 2003C 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 THE TRUST ESTATE, INCLUDING BUT NOT LIMITED TO, THAT PORTION OF THE OIL FRANCHISE TAX PAID TO THE COMMISSION OR THE TRUSTEE BY THE COMMONWEALTH AND CERTAIN FUNDS HELD UNDER THE INDENTURE AND THE EARNINGS THEREON.

Interest on the 2003C Bonds is payable on June 1 and on December 1 of each year, commencing December 1, 2008, and principal of the 2003C Bonds is payable by the Trustee to Cede & Co., and such interest and principal payments are to be disbursed to the beneficial owners of 2003C Bonds through their respective DTC Participants or DTC Indirect Participants. **The 2003C Bonds are subject to optional redemption prior to maturity as described herein.**

Concurrently with the original issuance and delivery of the 2003C Bonds on August 14, 2003, payment of the principal of and interest on the 2003C Bonds when due was guaranteed under a financial guaranty insurance policy issued by MBIA Insurance Corporation simultaneously with the initial delivery of the 2003C Bonds. See "BOND INSURANCE".

MBIA

The maturity dates, principal amounts, interest rates, approximate yields or prices on the 2003C Bonds are set forth on the inside front cover page.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE REMARKETING CIRCULAR TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The 2003C Bonds are being reoffered when, as and if received and accepted by the Remarketing Agents, subject to certain legal matters being passed upon by Dilworth Paxson LLP, Philadelphia, Pennsylvania, and Stevens & Lee, a Professional Corporation, Reading, Pennsylvania, Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Remarketing Agents by Cohen & Grigsby, P.C., Pittsburgh, Pennsylvania, Counsel for the Remarketing Agents, and for the Commission by its Chief Counsel, Doreen A. McCall, Esquire. It is anticipated that the 2003C Bonds will be available for delivery in New York, New York on or about May 20, 2008.

JPMorgan

Banc of America Securities LLC | **Sovereign Securities Corporation LLC** | **UBS Securities LLC** | **Wachovia Bank, National Association**

Remarketing Circular dated April 23, 2008

$160,000,000
PENNSYLVANIA TURNPIKE COMMISSION
OIL FRANCHISE TAX SENIOR REVENUE BONDS, SERIES C OF 2003

Consisting of

$95,900,000 Serial Bonds

Maturity Date (December 1)	Principal Amount	Interest Rate	Yield	Price	Cusip
2024	$ 5,300,000	5.000%	4.440%	104.668%	709221QS7
2025	16,650,000	5.000	4.490	104.240	709221QT5
2026	17,350,000	5.000	4.530	103.900	709221QU2
2027	18,100,000	5.000	4.570	103.560	709221QV0
2028	18,850,000	5.000	4.610	103.223	709221QW8
2029	19,650,000	5.000	4.650	102.886	709221QX6

$64,100,000 5.000% Term Bonds due December 1, 2032 @ price of 102.300% to yield 4.720%.
Cusip: 709221QY4

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 Executive Officer

GEORGE M. HATALOWICH
Chief Operating Officer

J. BLAIR FISHBURN
Chief Financial Officer

FRANK J. KEMPF, JR.
Chief Engineer

DOREEN A. McCALL
Chief Counsel

NIKOLAUS H. GRIESHABER
Director of Treasury Management

U. S. BANK NATIONAL ASSOCIATION
Trustee and Authenticating Agent

MANUFACTURERS & TRADERS TRUST COMPANY
Paying Agent

HOPKINS & COMPANY
Financial Advisor

No dealer, broker, salesman or other person has been authorized by the Commission or the Remarketing Agents to give any information or to make any representations, other than those contained in this Remarketing Circular, and if given or made, such other information or representations must not be relied upon as having been authorized by any or either of the foregoing. This Remarketing Circular does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2003C Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Commission and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as representations by, the Remarketing Agents. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Remarketing Circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof.

The 2003C Bonds are not and will not be registered under the Securities Act of 1933, or under any state securities laws, and the Indenture has not been and will not be qualified under the Trust Indenture Act of 1939, as amended, because of available exemptions therefrom. Neither the Securities and Exchange Commission nor any federal, state, municipal, or other governmental agency will pass upon the accuracy, completeness, or adequacy of this Remarketing Circular.

The Remarketing Agents have provided the following sentence for inclusion in this Remarketing Circular. The Remarketing Agents have reviewed the information in this Remarketing Circular in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Remarketing Agents do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS REOFFERING, THE REMARKETING AGENTS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2003C BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS REMARKETING CIRCULAR, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY, OR IMPORTANCE, AND THIS REMARKETING CIRCULAR, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE 2003C BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE REMARKETING CIRCULAR.

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$160,000,000
PENNSYLVANIA TURNPIKE COMMISSION

OIL FRANCHISE TAX SENIOR REVENUE BONDS,
SERIES C OF 2003

REMARKETING CIRCULAR

INTRODUCTION

This Remarketing Circular, which includes the cover page, the inside cover page and the Appendices hereto, is furnished by the Pennsylvania Turnpike Commission (the ***"Commission"),*** an instrumentality of the Commonwealth of Pennsylvania (the "**Commonwealth**"), in connection with the remarketing of its Oil Franchise Tax Senior Revenue Bonds, Series C of 2003 (the "2003C Bonds") aggregate principal amount of $160,000,000.

The 2003C Bonds were initially issued bearing interest at the Auction Rate. The Commission has exercised its option to convert the 2003C Bonds to bear interest at a Fixed Interest Rate. The outstanding 1998 Bonds (as hereinafter defined), 2003 Fixed Rate Bonds (as hereinafter defined), the 2006 Bonds (as hereinafter defined), and any Additional Bonds issued under the provisions of the Indenture (as hereinafter defined) are herein called the "Bonds." All capitalized terms not otherwise defined herein shall have the same meanings ascribed to them in the definitions set forth in APPENDIX C, "SUMMARIES OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS; DEFINITIONS OF CERTAIN TERMS." All references herein to the Enabling Acts, Chapters 90 and 95 of Title 75 of the Pennsylvania Consolidated Statutes, the 1998 Bonds, the 2003 Fixed Rate Bonds, the 2003C Bonds, the 2006 Bonds, the Indenture, the Bond Insurance and the Disclosure Agreement (all as hereinafter defined) are qualified in their entirety by reference to the complete texts thereof. All statements in this Remarketing Circular 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 perform other functions authorized thereby. Its composition, powers, duties, functions, duration and all other attributes are derived from the Enabling Acts, as amended and supplemented from time to time. The Enabling Acts may be modified, suspended, extended or terminated at any time by further legislation. See "APPENDIX A - THE PENNSYLVANIA TURNPIKE." In particular, see "Pending and Future Legislation and Recent Development" in Appendix A for a discussion of recent reports that the Governor of the Commonwealth plans to seek legislation which could significantly affect the Commission.

INDENTURE AND ENABLING ACTS

The 2003C Bonds were issued pursuant to the Trust Indenture dated as of August 1, 1998 (the ***"Original Indenture"),*** between the Commission and U. S. Bank National Association, as successor to of National City Bank of Pennsylvania, as trustee (the "***Trustee***"***),*** as amended and supplemented by a First Supplemental Trust Indenture dated as of August 1, 2003 (the "***First Supplemental Indenture***"), a Second Supplemental Trust Indenture dated as of August 1, 2003 (the "***Second Supplemental Indenture"),*** a Third Supplemental Trust Indenture dated as of November 1, 2006 (the ***"Third Supplemental Indenture"),*** and a Fourth Supplemental Trust Indenture dated as of April 15, 2008 (the "***Fourth Supplemental Indenture***" and collectively with the Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture, the ***"Indenture"),*** and pursuant to an Act of the General Assembly of Pennsylvania approved July 18, 2007, P.L. 169, No.44 ("**Act 44**") and various Acts of the General Assembly approved on several dates, including the Act of May 21, 1937, P.L. 774, Act 211; the Act of May 24, 1945, P.L. 972; the Act of February 26, 1947, P.L. 17; the Act of May 23, 1951, P.L. 335; the Act of August 14, 1951, P.L. 1232: the Act of September 30,

DEBT SERVICE SCHEDULE[1]

The following table shows the debt service for the 1998 Bonds, the 2003 Fixed Rate Bonds, the 2003C Bonds and the 2006 Bonds outstanding:

	Senior					Subordinate				
Year	Series 1998A	Series 2003A	Series 2003C[2]	Series 2006A	Total Senior	Series 1998B	Series 2003B	Series 2006B	Total Subordinated	Total
2008	4,284,819	6,757,825	7,070,400	4,935,250	23,977,894	3,250,550	6,627,256	6,911,175	16,788,981	40,766,875
2009	4,286,019	6,754,825	8,000,000	4,935,250	23,976,094	3,261,575	6,628,894	6,899,175	16,789,644	40,765,738
2010	1,530,931	6,787,500	8,000,000	7,280,250	23,598,681	3,264,713	6,634,831	7,337,175	17,236,719	40,835,400
2011	1,536,294	6,793,250	8,000,000	7,593,000	23,922,544	1,657,600	6,643,656	8,637,175	16,938,431	40,860,975
2012	1,534,294	6,803,000	8,000,000	7,599,250	23,936,544	1,659,500	6,653,406	8,638,975	16,951,881	40,888,425
2013	1,535,194	6,809,150	8,000,000	7,603,250	23,947,594	1,660,088	6,657,806	8,637,788	16,955,681	40,903,275
2014	1,538,731	6,816,913	8,000,000	7,609,750	23,965,394	1,659,363	6,660,806	8,647,988	16,968,156	40,933,550
2015	1,539,644	1,275,500	8,000,000	13,158,250	23,973,394	1,662,325	6,666,938	8,644,188	16,973,450	40,946,844
2016	1,540,394	1,275,500	8,000,000	13,171,250	23,987,144	1,663,713	2,085,150	13,256,788	17,005,650	40,992,794
2017	1,542,350	1,275,500	8,000,000	13,186,250	24,004,100	1,663,525	2,085,150	13,263,125	17,011,800	41,015,900
2018	1,545,125	1,275,500	8,000,000	13,202,000	24,022,625	1,663,275	2,085,150	13,275,375	17,023,800	41,046,425
2019	1,544,750	1,275,500	8,000,000	13,212,250	24,032,500	1,661,525	2,085,150	13,288,375	17,035,050	41,067,550
2020	1,544,250	8,480,500	8,000,000	6,016,000	24,040,750	1,663,275	7,770,150	7,606,125	17,039,550	41,080,300
2021	1,545,750	8,490,250	8,000,000	6,022,250	24,058,250	1,668,275	7,770,900	7,607,125	17,046,300	41,104,550
2022	1,549,000	536,500	8,000,000	13,997,500	24,083,000	1,666,275	1,502,400	13,904,456	17,073,131	41,156,131
2023	1,548,750	536,500	8,000,000	14,022,750	24,108,000	1,667,525	1,502,400	13,913,456	17,083,381	41,191,381
2024	0	11,266,500	13,300,000	0	24,566,500	4,786,775	8,472,400	3,408,206	16,667,381	41,233,881
2025	0	0	24,360,000	0	24,360,000	4,787,963	8,613,900	3,408,206	16,810,069	41,170,069
2026	0	0	24,253,750	0	24,253,750	4,795,125	780,900	11,178,206	16,754,231	41,007,981
2027	0	0	24,111,250	0	24,111,250	4,797,550	780,900	11,189,706	16,768,156	40,879,406
2028	0	0	23,982,500	0	23,982,500	0	780,900	15,981,206	16,762,106	40,744,606
2029	0	0	23,840,000	0	23,840,000	0	780,900	15,981,269	16,762,169	40,602,169
2030	0	0	23,707,500	0	23,707,500	0	780,900	15,970,738	16,751,638	40,459,138
2031	0	0	23,557,500	0	23,557,500	0	780,900	15,974,375	16,755,275	40,312,775
2032	0	0	23,388,750	0	23,388,750	0	17,220,900	0	17,220,900	40,609,650
Total	30,146,294	83,210,213	331,571,650	153,544,500	598,472,656	50,560,513	119,052,644	253,560,375	423,173,531	1,021,646,188

[1] Figures rounded.

[2] An interest rate of 5% is assumed.

The MBIA Insurance Corporation Insurance Policy

The following information has been furnished by MBIA Insurance Corporation ("MBIA") for use in this Remarketing Circular. Reference is made to Appendix F for a specimen of MBIA's policy (the "Policy").

MBIA does not accept any responsibility for the accuracy or completeness of this Remarketing Circular or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Policy and MBIA set forth under this heading "Bond Insurance". Additionally, MBIA makes no representation regarding the 2003C Bonds or the advisability of investing in the 2003C Bonds.

The MBIA Policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the Commission to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the 2003C Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the MBIA Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless MBIA elects in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any Owner of the 2003C Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Owner within the meaning of any applicable bankruptcy law (a "Preference").

MBIA's Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any 2003C Bonds. MBIA's Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of 2003C Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. MBIA's Policy also does not insure against nonpayment of principal of or interest on the 2003C Bonds resulting from the insolvency, negligence or any other act or omission of the Paying Agent or any other paying agent for the 2003C Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by MBIA from the Paying Agent or any owner of a Bond the payment of an insured amount for which is then due, that such required payment has not been made, MBIA on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such 2003C Bonds or presentment of such other proof of ownership of the 2003C Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the 2003C Bonds as are paid by MBIA, and appropriate instruments to effect the appointment of MBIA as agent for such owners of the 2003C Bonds in any legal proceeding related to payment of insured amounts on the 2003C Bonds, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the insured amounts due on such 2003C Bonds, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.

MBIA Insurance Corporation

MBIA Insurance Corporation ("MBIA") is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "Company"). The Company is not obligated to pay the debts of or claims against MBIA. MBIA is domiciled in the State of New York and licensed to do business in and

subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. MBIA, either directly or through subsidiaries, is licensed to do business in the Republic of France, the United Kingdom, Mexico and the Kingdom of Spain and is subject to regulation under the laws of those jurisdictions.

The principal executive offices of MBIA are located at 113 King Street, Armonk, New York 10504 and the main telephone number at that address is (914) 273-4545.

Regulation

As a financial guaranty insurance company licensed to do business in the State of New York, MBIA is subject to the New York Insurance Law which, among other things, prescribes minimum capital requirements and contingency reserves against liabilities for MBIA, limits the classes and concentrations of investments that are made by MBIA and requires the approval of policy rates and forms that are employed by MBIA. State law also regulates the amount of both the aggregate and individual risks that may be insured by MBIA, the payment of dividends by MBIA, changes in control with respect to MBIA and transactions among MBIA and its affiliates.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

Financial Strength Ratings of MBIA

MBIA Inc.'s and MBIA Corp.'s current financial strength ratings from the major rating agencies are summarized below:

Agency	Ratings (MBIA Inc./MBIA Corp.)	Outlook
S&P	AA-/AAA	Negative outlook
Moody's	Aa3/Aaa	Negative outlook
Fitch	A/AA	Negative Outlook Rating withdrawal requested by MBIA

Each rating of MBIA should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of MBIA and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the 2003C Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the 2003C Bonds. MBIA does not guaranty the market price of the 2003C Bonds nor does it guaranty that the ratings on the 2003C Bonds will not be revised or withdrawn.

MBIA Financial Information

As of December 31, 2006, MBIA had admitted assets of $11.0 billion (audited), total liabilities of $6.9 billion (audited), and total capital and surplus of $4.1 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of December 31, 2007, MBIA had admitted assets of $11.4 billion (unaudited), total liabilities of $7.7 billion

(unaudited), and total capital and surplus of $3.7 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

For further information concerning MBIA, see the consolidated financial statements of MBIA and its subsidiaries as of December 31, 2007 and December 31, 2006 and for each of the three years in the period ended December 31, 2007, prepared in accordance with generally accepted accounting principles, included in the Annual Report on Form 10-K of the Company for the year ended December 31, 2007 and the consolidated financial statements of MBIA and its subsidiaries as of December 31, 2007 and for the twelve month periods ended December 31, 2007 and December 31, 2006 included in the Annual Report on Form 10-K of the Company for the quarter ended December 31, 2007, which are hereby incorporated by reference into this Remarketing Circular and shall be deemed to be a part hereof.

Copies of the statutory financial statements filed by MBIA with the State of New York Insurance Department are available over the Internet at the Company's web site at http://www.mbia.com and at no cost, upon request to MBIA at its principal executive offices.

Incorporation of Certain Documents by Reference

The following documents filed by the Company with the Securities and Exchange Commission (the "SEC") are incorporated by reference into this Remarketing Circular:

(1) The Company's Annual Report on Form 10-K for the year ended December 31, 2007.

Any documents, including any financial statements of MBIA and its subsidiaries that are included therein or attached as exhibits thereto, filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of the Company's most recent Quarterly Report on Form 10-Q or Annual Report on Form 10-K, and prior to the termination of the offering of the 2003C Bonds offered hereby shall be deemed to be incorporated by reference in this Remarketing Circular and to be a part hereof from the respective dates of filing such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Remarketing Circular, shall be deemed to be modified or superseded for purposes of this Remarketing Circular to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Remarketing Circular.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of the Company's SEC filings including the Company's Annual Report on Form 10-K for the year ended December 31, 2007 are available (i) over the Internet at the SEC's web site at http://www.sec.gov; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at the Company's web site at http://www.mbia.com; and (iv) at no cost, upon request to MBIA at its principal executive offices.

INTEREST RATE SWAP AGREEMENTS

INTEREST RATE SWAP POLICY

The Commission has adopted an Interest Rate Swap Policy ("Policy") to establish guidelines for the use and management of all interest rate management agreements, including, but not limited to, interest rate swaps, swaptions, caps, collars and floors (collectively "Swaps" or "Agreements") incurred in connection with the incurrence of debt. The Commission may change the Policy in its sole discretion.

The Policy authorizes the Commission to use Swaps to hedge interest rate movement, basis risk and other risks, to lock-in a fixed rate or, alternatively, to create synthetic variable rate debt. Swaps may also be used to produce interest rate savings, limit or hedge variable rate payments, alter the pattern of

debt service payments, manage exposure to changing market conditions in advance of anticipated bond issues (through the use of anticipatory hedging instruments) or for asset/liability matching purposes. Key elements of the Policy include the following:

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

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

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

Prohibited Agreements. The Commission will not use Agreements that:

(i) Are speculative or create extraordinary leverage as risk;

(ii) Lack adequate liquidity to terminate without incurring a significant bid/ask spread;

(iii) Provide insufficient price transparency to allow reasonable valuation.

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

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

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

SWAPS ASSOCIATED WITH OIL FRANCHISE TAX BONDS AND OTHER COMMISSION BONDS

The Commission has several interest rate exchange agreements with respect to other series of the Bonds, including the 2003C Bonds, as well as with respect to certain series of its Registration Fee Revenue Bonds and Turnpike Revenue Bonds. With respect to the 2003C Bonds, the Commission entered into a variable to fixed rate swap. This fixed rate swap is a Parity Swap Agreement which is of the same notional amount and for the same term as the 2003C Bonds. Certain payments required to be made by the Commission under this swap are insured by MBIA. See "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS - Security for Bonds; Remedies." In addition, the Commission entered into two constant maturity swaps with respect to the 2003C Bonds which, in the aggregate, are in the same notional amount as the 2003C Bonds (together, the "CMS Swap") and have the same term as the 2003C Bonds. The CMS Swap is a Parity Swap Agreement and payments required to be made by the Commission under the CMS Swap are not insured. Under the terms of the CMS Swap, the Commission pays a percentage of 30-day LIBOR and receives a percentage of 10-year LIBOR from the Counterparty. The CMS Swap forward starting date was November 15, 2007. The Commission currently intends to enter into an amendment to the fixed rate swap in connection with the conversion of the 2003C Bonds to a fixed rate of interest. The effect of this amendment would be to terminate the fixed rate swap and replace it with a basis swap under which the Commission would pay a tax-exempt variable rate index of SIFMA and receive 63% of one-month LIBOR plus 0.20%.

FINANCIAL STATEMENTS

The Commission maintains its financial records on the basis of a Fiscal Year ending May 31. Audited financial statements are prepared following the end of each fiscal year. These may be obtained upon request to the Chief Financial Officer of the Commission. Such financial statements relate to the financial affairs of the Commission. Because the 2003C Bonds are payable solely from the Oil Franchise Tax and the general credit and assets of the Commission are not available to pay the 2003C Bonds, the financial statements of the Commission have not been included in this Remarketing Circular.

No separate financial statements are prepared or currently expected to be available with respect to the Motor License Fund into which the 55 mills of the Oil Franchise Tax is deposited and from which the Commission Allocation is to be distributed.

TAX MATTERS

FEDERAL TAX MATTERS

In the opinion of Co-Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the 2003C Bonds will not be includable in the gross income of the holders thereof for federal income tax purposes and will not be a specific preference item for purposes of computing the alternative minimum tax imposed on individuals and corporations. However, interest on the 2003C Bonds paid or accrued during any period any 2003C Bonds are held by a corporation may be subject to alternative minimum tax imposed under the Internal Revenue Code of 1986, as amended (the "Code"), due to the adjustment for adjusted current earnings provided for in the Code. In addition, interest on the 2003C Bonds received or accrued in any taxable year by certain foreign corporations may be included in computing the "dividend equivalent amount" of such corporations subject to the branch profits tax imposed on such corporations under Section 884 of the Code. Further, interest on the 2003C Bonds may be subject to federal income taxation under Section 1375 of the Code for S corporations which have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the Gross Revenues of such S corporations is passive investment income.

Ownership of the 2003C Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals who otherwise qualify for the earned income credit and taxpayers, including banks, thrift institutions and other financial institutions subject to Section 265 of the Code, who may be deemed to have incurred or continued indebtedness to

purchase or to carry the 2003C Bonds. The Code denies the earned income credit to an individual who is otherwise eligible if the aggregate amount of disqualified income of the taxpayer for the taxable year exceeds certain limits set forth in Sections 32(i) and (j) of the Code. Interest on the 2003C Bonds will constitute disqualified income for this purpose. The Code also provides that for years beginning after December 31, 2010, the earned income credit is phased out if the modified adjusted gross income of the taxpayer exceeds certain amounts. Interest on the 2003C Bonds will be included in determining the modified gross income of the taxpayer. Co-Bond Counsel expresses no opinion as to any such consequences, and prospective purchasers of the 2003C Bonds who may be subject to such collateral consequences should consult their tax advisors. See "APPENDIX E. – OPINION OF CO-BOND COUNSEL".

The Commission will make certain representations and undertake certain agreements and covenants in the Indenture, and in a Tax Regulatory Agreement to be delivered concurrently with the remarketing of the 2003C Bonds, designed to ensure compliance with the applicable provisions of the Code. The inaccuracy of these representations or the failure on the part of the Commission to comply with such covenants and agreements could result in the interest on the 2003C Bonds being included in the gross income of the holder for federal income tax purposes, in certain cases retroactive to the date of this remarketing of the 2003C Bonds.

The opinion of Co-Bond Counsel assumes the accuracy of these representations and the future compliance by the Commission with its covenants and agreements. Moreover, Co-Bond Counsel has not undertaken to evaluate, determine or inform any person, including any holder of the 2003C Bonds, whether any actions taken or not taken, events, events occurring or not occurring, or other matters that might come to attention of Co-Bond Counsel, would adversely affect the value of, or tax status of the interest on, the 2003C Bonds.

The opinion of Co-Bond Counsel represents their legal judgment based upon their review of existing statutes, regulations, published rulings and court decisions and the facts that it deems relevant to render such opinions. However, such opinion is not a guarantee of any result and is not binding on the Internal Revenue Service or the courts. Neither the Remarketing Agents nor Co-Bond Counsel are obligated to defend the tax-exempt status of the 2003C Bonds. None of the Commission, the Remarketing Agents or Co-Bond Counsel is responsible to pay or reimburse the costs of any holder or beneficial owner with respect to any audit or litigation relating to the 2003C Bonds.

Under the provisions of the Code, the Treasury Department is authorized and empowered to promulgate regulations implementing the intent of Congress under the Code which could affect the tax exemption and/or tax consequences of holding tax-exempt obligations, such as the 2003C Bonds. In addition, legislation may be introduced and enacted in the future which could change the provisions of the Code relating to the tax exempt bonds of a state or local government unit, such as the Commission, or the taxability of interest in general.

No representation is made or can be made by the Commission or any other party associated with the remarketing of the 2003C Bonds as to whether or not any other legislation now or hereafter introduced and enacted will be applied retroactively so as to subject interest on the 2003C Bonds to federal income taxes or so as to otherwise affect the marketability or market value of the 2003C Bonds.

The Internal Revenue Service (the "IRS") has an ongoing program of examining tax-exempt obligations to determine whether, in the view of the IRS, interest on such obligations is properly excluded from gross income for federal income tax purposes, and it is possible that the 2003C Bonds may be selected for examination under such program. Under current procedures, parties other than the Commission, and their appointed counsel, including the holders of the 2003C Bonds, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bounds is difficult, obtaining an independent review of IRS positions with which the Commission may legitimately disagree, may not be practicable. Any action of the IRS, including but not limited to selection of the 2003C Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues, may affect the market price for,

the liquidity of or the marketability of, the 2003C Bonds, and any cause the Commission or the holders of the 2003C Bonds to incur significant expense.

There can be no assurance that currently existing or future legislative proposals by the United States Congress limiting or further qualifying the excludability of interest on tax-exempt bonds from gross income for federal tax purposes, or changes in federal tax policy generally, will not adversely affect the market for the 2003C Bonds.

Premium Bonds. 2003C Bonds purchased, whether at in this remarketing or otherwise, for an amount greater than their principal amount payable at maturity ("Premium Bonds"), will be treated as having amortizable premium. No deduction is allowable for the amortizable premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a purchaser's basis in a Premium Bond and the amount of tax exempt interest received will be reduced by the amount of amortizable premium properly allocable to such purchaser. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable premium in their particular circumstances.

THE FOREGOING SUMMARY AS TO 2003C BONDS IS NOT INTENDED AS AN EXHAUSTIVE RECITAL OF THE POTENTIAL TAX CONSEQUENCES OF HOLDING THE 2003C BONDS. PROSPECTIVE PURCHASERS OF THE 2003C BONDS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF THE OWNERSHIP OF THE 2003C BONDS. EXCEPT AS SET FORTH IN THE OPINION OF CO-BOND COUNSEL, THE FORM OF WHICH IS ATTACHED AS APPENDIX E, CO-BOND COUNSEL WILL NOT DELIVER ANY OPINION WITH RESPECT TO ANY FEDERAL TAX CONSEQUENCES OF OWNERSHIP OF THE 2003C BONDS AND WILL NOT DELIVER ANY OPINION AS TO STATE OR LOCAL TAX CONSEQUENCES.

STATE TAX MATTERS

Under the laws of the Commonwealth as presently enacted and construed, the 2003C Bonds are exempt from personal property taxes in the Commonwealth and the interest on the 2003C Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. However, under the laws of the Commonwealth as presently enacted and construed, any profits, gains or income derived from the sale, exchange or other disposition of obligations of the Commission, such as the 2003C Bonds, will be subject to Pennsylvania taxes within the Commonwealth.

The 2003C Bonds and the interest thereon may be subject to state or local taxes in jurisdictions other than the Commonwealth under applicable state or local tax laws.

On May 21, 2007, the United States Supreme Court agreed to review the decision of a Kentucky appellate court in the Case of Davis v. Kentucky Dept. of Revenue of the Finance and Administration Cabinet, 197 S.W. 3d 557 (2006). The Kentucky court held that under the Constitution of the United States, a state may not exempt interest on bonds issued by that state or political subdivisions thereof from state and local taxes unless the state also provides such exemption to interest on bonds issued by other states and political subdivisions. Each of New Jersey and Pennsylvania law is similar to the Kentucky law in question, in that it exempts from state and local taxes (as described above) interest on bonds issued by the state and its political subdivisions, but not interest on bonds issued by other states or political subdivisions. Oral argument in this case was held before the Supreme Court on November 5, 2007. The outcome of such review, and its impact, if any, on the exemption of the 2003C Bonds and interest thereon from state and local taxes in the Commonwealth, or on the market value of the 2003C Bonds, cannot be predicted.

THE ABOVE SUMMARY OF POSSIBLE TAX CONSEQUENCES IS NOT EXHAUSTIVE OR COMPLETE. ALL PURCHASERS OF THE 2003C BONDS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE POSSIBLE FEDERAL, STATE AND LOCAL INCOME TAX

CONSEQUENCES OF OWNERSHIP OF THE 2003C BONDS. ANY STATEMENT REGARDING TAX MATTERS HEREIN CANNOT BE RELIED UPON BY ANY PERSON TO AVOID TAX PENALTIES.

PROSPECTIVE PURCHASERS OF THE 2003C BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF OWNERSHIP OF THE 2003C BONDS AND ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED TAX LEGISLATION.

CONTINUING DISCLOSURE

In order to enable the Remarketing Agents to comply with the requirements of Securities and Exchange Commission Rule 15c2-12 (the ***"Rule"),*** the Commission is entering into a Continuing Disclosure Undertaking for the benefit of the registered owners from time to time of the 2003C Bonds, to be dated as of April 15, 2008, 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, 2008, annual unaudited financial information, consisting of the annual amounts of Oil Franchise Tax revenues collected by the Commonwealth and the annual amounts of the Commission Allocation.

The Disclosure Agreement will also provide that the Commission will file in a timely manner, with 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 2003C 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 2003C Bonds; (vii) modifications to rights of holders of the 2003C Bonds; (viii) 2003C Bond calls; (ix) defeasances; (x) release, substitution, or sale of properly securing repayment of the 2003C Bonds; and (xi) rating changes. The foregoing events are quoted from Rule 15c2-12.

In addition, the Commission shall give notice in a timely manner to the MSRB and a SID, if any, of any failure to provide the Annual Financial Information on or before the date specified for such filing.

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 2003C 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 2003C 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 2003C Bonds.

The Disclosure Agreement will recite that it is entered into for the benefit of the registered owners from time to time of the 2003C Bonds. For the purposes of the Disclosure Agreement, for so long as the 2003C 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 2003C 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 2003C Bonds, 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 Disclosure Agreement will terminate (1) upon payment or provision for payment in full of the 2003C 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 designated corporate trust office of the Trustee.

The Commission has complied with its previous continuing disclosure undertakings.

REMARKETING

J.P. Morgan Securities Inc., as representative (the "Representative") of the remarketing agents listed on the cover of this Remarketing Circular (the "Remarketing Agents") of the 2003C Bonds, has agreed, subject to certain terms and conditions, to remarket the 2003C Bonds to the public on the terms and at the prices specified on the inside cover page of this Remarketing Circular. The Remarketing Agents have agreed to purchase and remarket the 2003C Bonds at an aggregate price of $163,860,924.50, being the principal amount of the 2003C Bonds of $160,000,000.00, less an underwriter's discount of $1,062,384.00, plus net original premium of $4,923,308.50.

The Commission has agreed to be liable to the Remarketing Agents to the extent of all losses, claims, damages and liabilities arising out of incorrect statements or information contained in this Remarketing Circular or material omissions therein, except for information furnished by the Remarketing Agents, and with respect to certain other matters, in connection with the offering of the 2003C Bonds pursuant to this Remarketing Circular.

In the ordinary course of its respective business, the Remarketing Agents and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with the Commission.

RELATIONSHIPS OF CERTAIN PARTIES

Dilworth Paxson LLP, and Stevens & Lee, a Professional Corporation, Co-Bond Counsel, and Cohen & Grigsby, P.C., Counsel to the Remarketing Agents, have provided legal services to the Commission in various matters. Financial S&Lutions LLC, an affiliate of Stevens & Lee, a Professional Corporation, is serving as co-swap advisor to the Commission in connection with the amendment of the fixed rate Parity Swap as described under the section captioned "SWAPS ASSOCIATED WITH OIL FRANCHISE TAX BONDS AND OTHER COMMISSION BONDS."

RATINGS

Standard & Poor’s Public Financing Ratings and Moody's Investors Service are expected to assign their municipal bond ratings of "AAA" and “Aaa,” respectively, to the 2003C Bonds, based upon the Bond Insurer’s Policy insuring the payment when due of the principal of and interest on the 2003C Bonds at the time of initial issuance of the 2003C Bonds, and their respective underlying long-term ratings of "AA" and "A1" to the 2003C 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 Public Finance Ratings, 55 Water Street, New York, NY 10041 and Moody's Investors Service, 99 Church Street, New York, NY 10007. 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 either of them, may have an adverse effect on the market price of the 2003C Bonds.

LITIGATION

There is no litigation pending or threatened restraining or enjoining the conversion, remarketing, sale, execution or delivery of the 2003C Bonds, or in any way contesting or affecting the validity of the 2003C 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 2003C Bonds, or the existence or powers of the Commission.

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

There are currently approximately 99 open claims for personal injury and/or property damage pending against the Commission, none of which individually or in the aggregate are deemed to expose the Commission to a material risk of loss.

LEGAL MATTERS

Certain legal matters will be passed upon by Dilworth Paxson LLP, Philadelphia, Pennsylvania, and Stevens & Lee, a Professional Corporation, Reading, Pennsylvania, Co-Bond Counsel. A copy of the form of opinion of Co-Bond Counsel which will be delivered with the 2003C Bonds is set forth in "APPENDIX E - FORM OF OPINION OF BOND COUNSEL." Certain other legal matters will be passed upon for the Remarketing Agents by their Counsel, Cohen & Grigsby, P.C., Pittsburgh, Pennsylvania, and for the Commission by its Chief Counsel, Doreen A. McCall, Esquire.

TRUSTEE

U. S. Bank National Association is the Trustee and Authenticating Agent under the Indenture. The obligations and duties of the Trustee are described in the Indenture, and the Trustee has undertaken only those obligations and duties which are expressly set out in the Indenture. The Trustee has not independently passed upon the validity of the 2003C Bonds, the security therefor, the adequacy of the provisions for payment thereof or the tax-exempt status of the interest on the 2003C Bonds. The Trustee has relied upon the opinion of Co-Bond Counsel for the validity and tax-exempt status of the interest on the 2003C Bonds as well as other matters set out in that opinion. The Indenture expressly provides that 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.

Under the terms of the Indenture, 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.

FINANCIAL ADVISOR

The Commission has retained Hopkins & Company, Philadelphia, Pennsylvania, as Financial Advisor with respect to the conversion and remarketing of the 2003C Bonds. The Financial Advisor is not obligated to undertake or assume responsibility for, nor has it undertaken or assumed responsibility for, an independent verification of the accuracy, completeness or fairness of the information contained in this Remarketing Circular. Hopkins & Company is an independent advisory firm and is not engaged in the business of underwriting, holding or distributing municipal or other public securities.

LEGALITY FOR INVESTMENT

Under the laws of the Commonwealth, the 2003C Bonds are authorized investments for fiduciaries and may be legally deposited as security for public funds in the Commonwealth.

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 44, the Indenture, the Bond Insurance Policy, the Disclosure Agreement, the 1998 Bonds, the 2003 Fixed Rate Bonds, the 2003C Bonds and the 2006 Bonds are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and, accordingly, are qualified by reference to such acts, the Indenture, the Bond Insurance Policy, the Disclosure Agreement, the 1998 Bonds, the 2003 Fixed Rate Bonds, the 2003C Bonds and the 2006 Bonds are subject to the full texts thereof.

Neither this Remarketing Circular nor any advertisement of the 2003C Bonds is to be construed as a contract with the holders of the 2003C Bonds. Any statements made in this Remarketing Circular involving matters of opinion or estimates, whether or not expressly so identified, are intended merely as such and not as representations of fact.

PENNSYLVANIA TURNPIKE COMMISSION

By: *__/s/ Mitchell Rubin__*
Chairman

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APPENDIX A

THE 2003C BONDS ARE LIMITED OBLIGATIONS OF THE COMMISSION AND SHALL NOT BE DEEMED TO BE A DEBT OF THE COMMONWEALTH OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH, BUT THE 2003C BONDS SHALL BE PAYABLE SOLELY FROM THE TRUST ESTATE (AS DEFINED IN THE REMARKETING CIRCULAR FOR THE 2003C BONDS) WHICH CONSISTS PRIMARILY OF THE COMMISSION ALLOCATION PAID TO THE COMMISSION OR THE TRUSTEE BY THE COMMONWEALTH AND CERTAIN FUNDS HELD UNDER THE INDENTURE AND THE EARNINGS THEREON. HOLDERS OF THE 2003C BONDS WILL HAVE NO CLAIM TO REVENUES OF THE SYSTEM.

THE PENNSYLVANIA TURNPIKE

THE COMMISSION

General

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

The Commission is 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:

Name	Position	Expiration of Term*
Mitchell Rubin	Chairman	June 30, 2010
Timothy J. Carson	Vice Chairman	February 8, 2009
J. William Lincoln	Secretary/Treasurer	May 18, 2008
Pasquale T. Deon, Sr.	Commissioner	June 30, 2010
Allen D. Biehler	Commissioner	Ex-Officio

Act 44 extensively revised and modified earlier legislation, added new authorities and responsibilities and required adoption of a code of conduct for executive-level employees, as well as members of the Commission. The Commission, in consultation with PennDot, is authorized by Act 44 to apply to the U.S. Department of Transportation to convert Interstate 80 to a toll road, as hereinafter described. Such an application was filed jointly by the Commission and PennDot on October 13, 2007, and is still pending, see "THE PENNSYLVANIA TURNPIKE - General" for further description of the application process.

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

Executive Personnel

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

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

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.

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

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

Nikolaus H. Grieshaber is the Director of Treasury Management and has been with the Commission since 2000. Prior to joining the Commission he was a finance manager and portfolio manager for ADP Capital Management, assistant treasurer for BTR Dunlop Finance, cash manager for Silo Inc. and investment analyst for American Life Insurance Company.

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* Or until their successors are appointed and qualified.

THE PENNSYLVANIA TURNPIKE

General

The present Pennsylvania Turnpike System is composed of a 359 mile Turnpike Mainline traversing the southern portion of Pennsylvania from east to west 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 23-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 approximately 65 miles from Interstate Route 68 in West Virginia to Interstate Route 376 near Pittsburgh. In 2006, the six mile Southern Beltway project from PA 60 to US 22 was opened to traffic to bring the system mileage to 535 miles.

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

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

Interstate 80 currently is part of the National Interstate Highway System, traversing northern Pennsylvania for approximately 311 miles from the Delaware Water Gap Bridge over the Delaware River to the Ohio-Pennsylvania state line. Interstate 80, including the portion located in Pennsylvania, is the second longest Interstate Highway in the United States, connecting downtown San Francisco, California with Teaneck, New Jersey. Pursuant to Act 44, the Commission, in consultation with PennDot, is authorized to apply to the U.S. Department of Transportation to convert Interstate 80 to a toll road under the Interstate System Reconstruction and Rehabilitation Pilot Program ("the Pilot Program"), which application the Commission and PennDot jointly filed on October 13, 2007. On October 15, 2007, Governor Rendell sent a letter supporting the application to United States Department of Transportation Secretary Mary Peters. The FHWA responded to the application with a request for additional information on December 12, 2007. Among FHWA's requests are a clearer identification of the rehabilitation, reconstruction and improvement projects currently being planned for Interstate 80 by the Commission after the Conversion Date, and further information of PennDot's historic funding strategy for Interstate 80. The Commission and PennDot jointly acknowledged this request for additional information, and confirmed their intent to continue seeking Federal approval for the Conversion, on December 20, 2007, and are in the process of preparing an additional submission responsive to the FHWA's request. Representatives of the Commission and PennDot met on January 9, 2008 in Harrisburg with FHWA representatives to discuss the additional information to be included in the updated application. As a result of these discussions, it is anticipated that an amended application will be submitted during 2008. There can be no assurance that the application will be approved by FHWA, or that a slot in the Pilot Program will be available for the Commonwealth. In addition, Act 44 requires the Commission to enter into the Lease with PennDot with respect to Interstate 80, pursuant to which the Commission shall make base payments to PennDot of $750,000,000 in Fiscal Year 2007-2008, $850,000,000 in Fiscal Year 2008-2009, $900,000,000 in Fiscal Year 2009-2010. In each Fiscal Year after Fiscal Year 2009-2010 for the

remainder of the 50 year term of the Lease, the Commission payment to PennDot is required to increase by 2.5% annually. Upon and after the conversion of Interstate 80 to a toll road, the Commission will receive a credit towards such payment obligation for the Interstate 80 operational cost savings of $116,985,856 per fiscal year, which amount shall be increased by 4% annually. If Interstate 80 is not converted to a toll road, the Commission's base payments under Act 44 to the Pennsylvania Department of Transportation are reduced to $450,000,000 annually. Pursuant to Act 44, the Commission is also committed to make annual surplus payments of the General Reserve Fund Surplus at the end of each fiscal year, unless such conversion does not occur.

Interchanges and Service Areas

The Pennsylvania Turnpike System has a total of 57 interchanges which connect it with major arteries and population centers in its 531 mile traffic corridor. Thirty of the interchanges are located on the Turnpike Mainline, including Turnpike Mainline barriers at the New Jersey and Ohio state lines, and 10 interchanges are situated on the Northeast Extension. The additional 17 interchanges are located on the 3 extensions previously noted. There are currently 19 service plazas along the Pennsylvania Turnpike System providing gasoline and diesel fuel, other automotive supplies and services and restaurant services. The Pennsylvania Turnpike Commission recently negotiated long-term leases with HMSHost Restaurants, LLC and Sunoco, Inc. to design, reconstruct, finance, operate and maintain the Commission's Service Plazas. The two companies are expected to invest approximately $190 million in the project over a five-year period, at no cost to the Commission. If Interstate 80 is converted to a toll road, Act 44 prohibits service plazas on the right of way and mandates adoption of an open tolling system of no more than 10 toll collection points.

Toll Schedule and Rates

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

Since 1957, the Commission has implemented only 5 revisions in its toll schedule, effective on September 1, 1969, August 1, 1978, January 2, 1987, June 1, 1991 and August 1, 2004. On August 1, 2004, Turnpike tolls increased by 1.8 cents per mile for passenger vehicles from 4.1 to 5.9 cents per mile. Commercial vehicles had an average increase of 5.3 cents per mile. This toll increase is consistent with the rate of inflation over the 13 years since the Commission's prior toll increase in 1991. All revenue generated by this toll increase have been used to fund capital improvements to the Turnpike's roads, tunnels and other system upgrades. This toll increase and any future toll increases will also be used to provide funds for Lease Rental Payments and other Act 44 purposes.

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

TABLE I
Current Tolls and Per Mile Rates for a Mainline
Roadway East - West Complete Trip
(Delaware River Bridge - Gateway Barrier/Ohio Border)

Vehicle Toll Class	Gross Vehicle Weight (Thousand Pound)	Current Toll	Per Mile Rate
1	1-7	$21.25	$0.0590
2	7-15	31.25	0.0870
3	15-19	39.00	0.1080
4	19-30	45.25	0.1260
5	30-45	63.75	0.1770
6	45-62	80.75	0.2240
7	62-80	115.25	0.3200
8	80-100	150.75	0.4190
9	Over 100	861.00	2.3920

Note: A complete roadway East/West "complete trip" toll cost is the sum of the ticket system toll rate between Warrendale (#30) and the Delaware River Bridge (#359) interchanges plus the Gateway Barrier toll rate.

Act 44 requires the Commission to fix toll rates such that revenues from tolls and other sources to the Commission are sufficient to pay the cost of the System's operation, construction, expansion and maintenance, all Commission obligations and interest thereon, sinking fund requirements of the Commission, other requirements in any trust indentures, notes or resolutions, payments to the Pennsylvania Department of Transportation under the Lease and any repayment to the Federal Government with respect to the conversion of Interstate 80 to a toll road. It is expected that tolls on the Turnpike Mainline will have to be increased to enable the Commission to make payments under the Lease with PennDot described above. See “Pending and Future Legislation and Recent Developments.”

If the Commission applies to and receives approval from the U.S. Department of Transportation to convert Interstate 80 to a toll road, additional toll revenues could be generated from Interstate 80, although it has not been determined whether Interstate 80 will become a part of the System or operated separately from the System. If an application for conversation is approved, PennDot and the Commission will enter into an agreement with the federal government concerning the operation of Interstate 80, including the use of the proceeds of toll revenue from Interstate 80. There can be no assurance that such agreement will authorize or permit the use of the proceeds of toll revenue from Interstate 80 to pay some or any portion of the future Lease Rental Payments due to PennDot under the Lease.

Holders of the 2003C Bonds will have no claim to revenues of the System.

Five-Year Financial History

The following tables II and III summarize the financial history of the System for the five fiscal years from 2003 to 2007. The financial statements are a combination of cash basis financial statements with certain accruals included. Tables II and III should be read in conjunction with the financial statements prepared in accordance with generally accepted accounting principles and related notes included in "APPENDIX B -- AUDITED 2007 AND 2006 FINANCIAL STATEMENTS".

TABLE II
Number of Vehicles and Fare Revenues - Summarized by Fare Classification
(000's Omitted)

	Number of Vehicles			Fare Revenues				
Year Ended May 31:	Passenger	Commercial	Total	Passenger	Commercial	Total	Discount	Net Fare Revenues
2003	156,220	23,179	179,399	$219,201	$180,300	$399,501	$12,279	$387,222
2004	163,612	24,407	188,019	$228,515	$191,801	$420,316	$11,572	$408,744
2005	163,316	25,109	188,425	$309,032	$252,097	$561,129	$15,971	$545,158
2006	160,421	25,403	185,824	$321,268	$286,140	$607,408	$18,771	$588,637
2007	161,420	25,655	187,075	$322,781	$290,562	$613,343	$20,701	$592,642

TABLE III
Summary of System Revenues and Operating Expenditures Before Interest and Other Charges [1])
(000's Omitted)
Years Ended May 31

	2003	2004	2005	2006	2007
Revenues					
Net Toll Revenues	$387,222	$408,744	$545,158	$588,637	$592,642
Concession Revenues	10,343	10,793	10,923	8,486	3,877
Interest Income (non bond proceeds)	6,162	5,667	7,139	8,400	13,142
Miscellaneous	10,626	8 241	15,393	12,484	11,925
Total Revenues	$414,353	$433,445	$578,613	$618,007	$621,586
Operating Expenditures					
Turnpike Patrol	$22,952	$24,648	$25,278	$28,965	$30,735
General & Administrative	15,473	14,677	15,247	15,438	16,670
Normal Maintenance	52,820	52,368	51,226	53,095	57,110
Fare Collection	57,188	55,266	54,681	55,149	55,007
Traffic Services, Safety & Communications	51,096	62,688	72,336	79,172	83,984
Total Operating Expenditures	$199,529	$209,647	$218,768	$231,819	$243,506
Revenues less Operating Expenditures	$214,824	$223,798	$359,845	$386,188	$378,080
Annual Debt Service Requirement	$87,369	$83,350	$88,112	$97,654	$111,543
Coverage Ratio	2.46	2.69	4.08	3.95	3.39
Transfer to the Reserve Maintenance Fund	$115,000	$132,000	$245,000	$249,220	$256,000

(1) This summary of revenues and operating expenditures is not intended to present results of operations in conformity with generally accepted accounting principles.

Budget Process

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

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

Holders of the 2003C Bonds will have no claim to revenues of the System.

Financial Policies and Guidelines

The Commission originally adopted its first Investment Policy and Guideline for the investment of cash assets on June 6, 1997. The Commission approved an amendment to the Investment Policy effective November 7, 2002 that permitted the use of additional types of eligible securities consistent with the Amended and Restated Trust Indenture entered into in 2001. The policy statements set forth the purpose, objectives, and guidelines for eligible securities, performance benchmarks, periodic reviews and amendments with respect to investments.

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

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

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

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

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

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

Prohibited Agreements. The Commission will not use Agreements that:

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

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

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

The Commission has a number of interest rate exchange agreements with respect to certain series of the Bonds as well as with respect to certain series of its Registration Fee Revenue Bonds and Oil Franchise Tax Revenue Bonds. See "SWAPS ASSOCIATED WITH OIL FRANCHISE TAX BONDS AND OTHER COMMISSION BONDS".

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

E-ZPass Lanes

The Commission has installed E-ZPass, a form of electronic toll collection throughout the mainline portion of the System for passenger and commercial vehicles that allows drivers to pay tolls utilizing an electronic transponder (tag) on their vehicles. Not only has E-ZPass enhanced safety and convenience for users of the System, the technology has improved traffic flow and reduced congestion at the System's busiest interchanges, especially in southeastern Pennsylvania. Express E-ZPass lanes have been constructed at three interchanges and permit E-ZPass customers to travel through the toll plaza at highway speeds. In addition, E-ZPass customers traveling or commuting to at least twelve other states that have implemented E-ZPass technology are able to use E-ZPass. The installation by the Commission of the E-ZPass system is being done in phases that continue to be completed on schedule. Currently, E-ZPass is available on the entire Turnpike system, including the western extensions, with the exception of the Mon-Fayette Expressway. Installation of E-ZPass on the open sections of the Mon-Fayette Expressway is scheduled for early 2008. The Commission has not experienced material problems in connection with the installation or operation of the E-ZPass system.

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

standards for determining if a violation occurred and civil liability amounts of the vehicle owner for violations.

The Commission's annual revenues from E-ZPass drivers increased to $345,951,040 during the fiscal year ended May 31, 2007 from $310,814,910 during the fiscal year ended May 31, 2006. The Commission's annual revenues from ticketed drivers (i.e. those not using E-ZPass) decreased to $246,690,467 from $277,821,789 during the same period. The Commission expects that E-ZPass usage will continue to grow.

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

New highway construction projects, such as the Mon/Fayette Expressway and Southern Beltway, are being designed and built to be compatible with the introduction of the E-ZPass system. The installation of the E-ZPass system has required the incorporation of innovative technologies into a single toll system that uses hardware and software adaptable to future technologies. The Commission has a contract, extending through 2009, with TransCore Company for the design, installation and maintenance of the E-ZPass system software and hardware and the operation of the E-ZPass Customer Service and Violations Processing Centers. The E-ZPass system implementation is a major component of the Commission's Ten-Year Capital Plan. In addition to completing the installation of E-ZPass on the Mon-Fayette Expressway, plans call for enhancements to E-ZPass lane signage and design of additional Express E-ZPass lanes.

Holders of the 2003C Bonds will have no claim to revenues of the System.

Slip Ramps

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

Personnel and Labor Relations

As of March 7, 2008, the Commission employed 2,257 persons, consisting of 470 management employees, 1,640 union members, and 147 temporary employees. Seventy-seven (77%) of all employees are engaged in maintenance operations and fare collection. The civil service requirements applicable to the state government do not apply to employees of the Commission.

The Commission is a party to three collective bargaining agreements and one memorandum of understanding with Teamsters' Local Unions covering central office, field, and first level supervisory personnel. The three collective bargaining agreements expired on September 30, 2007. The Commission and the unions agreed to extend these collective bargaining agreements on the basis of certain agreed upon changes (which have already been implemented) while the parties continue

negotiation of permanent successor collective bargaining agreements. The memorandum of understanding has no termination date. Since union representation began, the Commission has experienced one work stoppage which occurred on November 24, 2004 and lasted for 7 days.

Retirement Plan

Substantially all employees of the Commission are covered by the State Employee's Retirement System of the Commonwealth. The costs of the contributory plan are paid by the Commission quarterly based upon a stipulated contribution rate. Participating agency contributions, including those for the Commission, are mandated by statute and are based upon an actuarially determined percentage of gross pay that is necessary to provide the State Employee's Retirement System with assets sufficient to meet the benefits to be paid to the State Employee's Retirement System members. Retirement plan contributions, which are treated as an operating expense of the System, total $3,494.926 for Fiscal Year 2007 with a contribution rate of 3.23% for Class "AA" and 2.59% for Class "A" employees from June 2006, to July 2007. The rate for June 2006 was 2.37% for Class "AA" and 1.9% for Class "A" employees. The Commission's contribution rate for Fiscal Year ending May 31, 2008 is 3.28% for Class "AA" employees and 2.63% for Class "A" employees. The current rate was effective July 2007.

Other Post Employment Benefit Liabilities

Historically, the Commission has funded its post-employment benefit liabilities on a pay-as-you-go basis. In accordance with the pronouncements of the Governmental Accounting Standards Board applicable to the Commission, the Commission will begin reporting its unfunded actuarial accrued liabilities for health care and other non-pension post-employment benefits ("OPEB") and its annual OPEB cost each year commencing with its audited financial statements for the fiscal year ending May 31, 2008. The Commission's unfunded actuarial accrued OPEB liability as of February 28, 2006 was $167.8 million using an 8% discount rate and assuming that the annual required contribution would be invested in an irrevocable separate trust account. The Commission's annual required contribution for fiscal year 2008 is $19.5 million. The Commission is required to have biennial actuarial valuations of its OPEB obligations.

Pending and Future Legislation and Recent Developments

Expressing concern for the future tolling of Interstate 80, on September 5, 2007, Governor Rendell announced the issuance of a "Request for Pennsylvania Turnpike Concessionaire Qualifications" (the "RFQ") soliciting certain detailed technical and financial information from interested potential bidders on a potential long-term lease and concession agreement to operate the Pennsylvania Turnpike. On April 16, 2008, Governor Rendell's office released proposed terms, conditions and bidding information for a 75 year lease of the Mainline and Northeast Extension Sections of the Turnpike. Binding bids will be due on or about the end of April 2008. Bids will remain valid until June 10, 2008, unless extended by the Commonwealth and the bidder. There currently is no statutory authority for the Commonwealth to enter into this lease for the Turnpike. Legislation authorizing the lease and the acceptance of the bid is expected to be introduced into the General Assembly when the winning bid is announced. It is not known what impact future legislation would have on the existence of the Commission.

From time to time, legislation is introduced in the Pennsylvania General Assembly which may affect the Commission or Act 44. The staff of the Commission cannot predict whether any of such bills or other legislation which may be proposed will ultimately be enacted into law.

At the federal level, United States Representatives whose districts are traversed by Interstate 80 have urged the U.S. Secretary of Transportation not to approve any application from the Commission and PennDot to convert Interstate 80 to a toll road. Legislation also has been introduced in the U.S. Congress that could affect efforts to convert Interstate 80 to a toll road, including without limitation, the Fiscal Year 2008 appropriations bill for the U.S. Department of Transportation, which has passed the U.S. House of Representatives, and includes an amendment offered by two of Pennsylvania's U.S. Representatives that would prohibit the use of federal funds to effect the tolling of Interstate 80. Accordingly, there can be no assurance that the application filed by the Commission in consultation with

PennDot to convert Interstate 80 to a toll road will be approved by the U.S. Department of Transportation, nor can there be any assurance that federal legislation removing the economic incentives for conversion of Interstate 80 to a toll road will not be enacted.

CAPITAL IMPROVEMENT

Act 61 Projects

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

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 Penn DOT 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 other is a 17 mile section of the Mon/Fayette Expressway from Interstate Route 70 in Washington County to Pennsylvania Route 51 in Allegheny County. These are now part of the System.

Two other projects will complete the entire Mon/Fayette Expressway. A 15 mile section, extending from Uniontown to Brownsville, is now under construction. Approximately 8 miles of the expressway will open to traffic in 2008. The remaining 7 miles, Phase 2 of the project, will begin construction in 2008 and is scheduled to open in 2012. A 24 mile section, extending from Pennsylvania Route 51 to Interstate Route 376 in Pittsburgh, received environmental clearance in December 2004. Final design is currently underway. Right-of-Way acquisition and construction cannot be started until additional funding is identified.

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

The proposed Southern Beltway is to be constructed from the Mon/Fayette Expressway, near Finleyville, extending as part of a beltway south of Pittsburgh to Pennsylvania Route 60 at the Pittsburgh International Airport. It is composed of three distinct projects. The project from PA 60 to U.S. 22 opened to traffic in late 2006. The project from US 22 to 1-79 is in final design; right-of-way acquisition will begin in late 2008. The remaining Southern Beltway project, from 1-79 to the Mon/Fayette Expressway, is in the environmental study phase.

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

Ten Year Capital Plan

The Commission has a Ten Year Capital Plan, consisting of Highway, Information Technology and Infrastructure support programs, which it updates each year. The current Ten Year Capital Plan for Fiscal Year 2007-2008 is included below. The Highway program consists of roadway, bridge, tunnel, and toll plaza/interchange projects. The Information Technology program consists of toll collection, communication, Intelligent Transportation Systems (ITS) and other electronic information management

projects. The Infrastructure Support Program consists of facilities and large, heavy or high-value equipment needs.

The highest priority highway project is the ongoing full depth roadway total reconstruction of the east/west Mainline and Northeast Extension. This work includes the reconstruction of the roadway, the widening of the median, and the replacement of both mainline and overhead bridges. To date, approximately 48 miles of this project have been completed and approximately 15 miles are currently in construction. The Reconstruction from Gateway Interchange (Milepost 1.5) to New Castle Interchange (Milepost 10.0) and Valley Forge Interchange (Milepost 326.0) to Norristown Interchange (Milepost 333.0) are currently underway. The Commission currently plans to spend approximately $2.0 billion on total reconstruction projects and about $887 million on various bridge projects over the next ten years.

Other highway projects include the construction of the Susquehanna River Bridge replacement which was completed in 2007 followed by the replacement of the Allegheny River Bridge which was initiated in 2007. The replacement of the Lehigh River and Pohopoco River Bridges on the North East Extension will start construction in 2008. Work is underway for the replacement of the Gettysburg Toll Plaza and will be completed in 2008. These interchange replacement projects will be completed in 2007.

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

The Infrastructure Support Program includes funding of $90 million over the next ten years to ensure that the Commission is able to replace equipment in a cost effective manner and funding of $362 million has been programmed to repair and place the aging facilities of the Commission. This commitment will ensure that adequate equipment and facilities are in good repair to support the maintenance of the Turnpike.

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PENNSYLVANIA TURNPIKE COMMISSION
FISCAL YEAR 2007-2008 TEN YEAR CAPITAL PLAN - ANNUAL PROGRAM DETAIL
(IN MILLIONS OF $)

CAPITAL PLAN CATEGORY	# OF PROJECTS	% OF PROJECTS	Current FY 2007-2008	Priority A Year 2-4 FY 2008-2009	FY 2009-2010	FY 2010-2011	Priority B Year 5-7 FY 2011-2012	FY 2012-2013	FY 2013-2014	Priority C Year 8-10 FY 2014-2015	FY 2015-2016	FY 2016-2017	TOTAL	% OF TOTAL
HIGHWAY PROGRAM														
Roadway	71	30%	273.5	261.0	241.8	255.0	252.9	254.5	252.2	255.1	274.1	280.2	$2,600	56%
Structures	51	22%	107.6	104.6	110.2	107.6	112.2	98.1	77.9	54.4	60.4	71.4	$904	19%
Tunnels	16	7%	1.8	2.4	4.0	7.9	8.3	4.5	10.4	31.0	24.5	24.5	$119	3%
Toll Plazas	10	4%	12.2	8.1	20.1	33.6	40.1	55.5	55.5	50.5	43.0	25.0	$343	7%
TOTAL	148	63%	395.0	376.0	376.0	404.0	413.4	412.6	396.0	391.0	402.0	401.0	$3,967	85%
INFORMATION TECHNOLOGY PROGRAM														
Toll Collection	8	3%	8.4	2.8	0.0	3.1	3.8	3.3	1.8	1.0	0.0	0.0	$24	1%
Communications	9	4%	5.1	4.3	2.7	5.3	5.2	2.0	1.8	1.8	1.6	1.5	$31	1%
Application Development	4	2%	28.1	26.6	20.1	16.4	7.6	10.5	20.2	18.0	8.2	8.3	$164	4%
Technical Operations	2	1%	0.0	0.0	0.0	2.3	1.1	1.3	10.3	2.3	2.3	2.3	$22	0%
SUB TOTAL	23	10%	41.5	33.6	22.9	27.0	17.6	16.9	34.0	23.1	12.0	12.0	$241	5%
FEDERAL REIMBURSEMENTS			2.1	2.1	1.4									
TOTAL			39.0	31.5	21.5	27.0	17.6	16.9	34.0	23.1	12.0	12.0	$235	
INFRASTRUCTURE SUPPORT PROGRAM														
Service Plazas	1	0%	0.5	0.3	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	$1	0%
Facilities	61	26%	30.5	38.7	41.2	33.7	34.7	34.7	33.1	38.0	38.6	39.0	$362	8%
Equipment (Rolling Stock)	3	1%	10.0	8.5	6.0	10.0	9.3	10.8	11.9	8.0	7.4	8.0	$90	2%
TOTAL	65	28%	41.0	47.5	47.5	44.0	44.0	45.5	45.0	46.0	46.0	47.0	$454	10%
TOTAL TURNPIKE NEEDS by YEAR	236	100%	$475.0	$455.0	$445.0	$475.0	$475.0	$475.0	$475.0	$460.1	$460.0	$460.0	$4,655	100%

Capacity Needs Study

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

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APPENDIX B

SELECTED DATA ON THE COMMONWEALTH OF PENNSYLVANIA

THE 2003C BONDS ARE LIMITED OBLIGATIONS OF THE COMMISSION AND SHALL NOT BE DEEMED TO BE A DEBT OF THE COMMONWEALTH OR A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH, BUT THE 2003C BONDS SHALL BE PAYABLE SOLELY FROM THE TRUST ESTATE (AS DEFINED IN THE REMARKETING CIRCULAR FOR THE 2003C BONDS) WHICH CONSISTS PRIMARILY OF THE COMMISSION ALLOCATION PAID TO THE COMMISSION OR THE TRUSTEE BY THE COMMONWEALTH AND CERTAIN FUNDS HELD UNDER THE INDENTURE AND THE EARNINGS THEREON.

SELECTED DATA ON THE COMMONWEALTH OF PENNSYLVANIA

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 $5.2 billion in crop and livestock products annually. In 2007, agribusiness and food related industries had export sales surpassing $1.3 billion in economic activity. Over 58,000 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 5.3% since 2003.

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 account for 1.5% of employment with economic activity of nearly $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 77 million tons of anthracite and bituminous coal, 168 billion cubic feet of natural gas, and about 3.6 million barrels of oil are extracted from Pennsylvania.

Pennsylvania is a Mid-Atlantic state within easy reach of the populous eastern seaboard as well as a gateway 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. Whether by air, rail, water, or road, Pennsylvania is easily accessible for both inter and intra state trade and commerce.

Population

The Commonwealth is highly urbanized. Of the Commonwealth's 2007 mid-year population estimate, 79 percent resided in the 15 Metropolitan Statistical Areas ("MSAs") of the Commonwealth. The largest MSAs 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 2007, 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 1998 to 2007 and the age distribution of the population for 2006.

Population Trends
Pennsylvania, Middle Atlantic Region and the United States
1998-2007

	Total Population In Thousands			Total Population as a % of 1996 base		
As of July 1	PA	Middle Atlantic Region[a]	U.S.	PA	Middle Atlantic Region[a]	U.S.
1998	12,002	38,257	270,248	100%	100%	100%
1999	11,994	38,334	272,690	99	100	100
2000	12,286	39,714	282,194	102	104	104
2001	12,288	39,860	285,112	102	104	106
2002	12,306	39,997	287,888	102	104	107
2003	12,327	40,140	290,448	102	104	107
2004	12,349	40,248	293,192	103	105	108
2005	12,368	40,287	295,895	103	105	109
2006	12,403	40,351	298,755	103	105	110
2007	12,433	40,416	301,621	104	106	112

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

Population By Age Group — 2006
Pennsylvania, Middle Atlantic Region and the United States

Age	Pennsylvania	Middle Atlantic Region[a]	United States
Under 5 years	5.8%	6.2%	6.8%
5-24 years	26.3	26.8	27.7
25-44 years	25.9	27.4	28.1
45-64 years	26.7	25.9	25.0
65 years and over	15.3	13.7	12.4

[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 2006 increased at an average annual rate of 0.7 percent compared with a 0.8 percent rate for the Middle Atlantic region and 1.2 percent rate for the U.S. The following table shows employment trends from 1997 through 2006.

Non-Agricultural Establishment Employment Trends
Pennsylvania, Middle Atlantic Region and the United States
1997-2006

Calendar	Total Establishment Employment In Thousands			Total Establishment Employment as a % of 1997 base		
		Middle Atlantic			Middle Atlantic	
Year	PA	Region[a]	U.S.	PA	Region[a]	U.S.
1997	5,406	17,198	122,776	100 %	100 %	100 %
1998	5,495	17,532	125,930	102	102	103
1999	5,586	17,943	128,993	103	104	105
2000	5,691	18,321	131,785	105	107	107
2001	5,682	18,271	131,826	105	106	117
2002	5,640	18,083	130,341	104	105	116
2003	5,611	17,997	129,999	104	105	106
2004	5,644	18,105	131,435	104	115	107
2005	5,702	18,275	133,703	105	106	109
2006	5,753	18,440	136,174	106	107	111

[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 88.3 percent of total employment by 2006. Consequently, manufacturing employment constitutes a diminished share of total employment within the Commonwealth. Manufacturing, contributing 11.7 percent of 2006 non-agricultural employment, has fallen behind both the services sector and the trade sector as the largest single source of non-governmental employment within the Commonwealth. In 2006, the services sector accounted for 40.6 percent of all non-agricultural employment while the trade sector accounted for 19.6 percent. The following table shows trends in employment by sector for Pennsylvania from 2002 through 2006.

Non-Agricultural Establishment Employment by Sector
Pennsylvania
2002-2006
(In Thousands)

	CALENDAR YEAR									
	2002		2003		2004		2005		2006	
	Employees	%	Employees	%	Employees	%	Employees	%	Employees	%
Manufacturing:										
Durable	449.2	8.0	418.6	7.5	412.2	7.3	412.9	7.2	415.5	7.2
Non-Durable	310.6	5.5	293.8	5.2	278.5	4.9	266.5	4.7	256.4	4.5
Total Manufacturing[(d)]	759.8	13.5	712.4	12.7	690.7	12.2	679.4	11.9	671.9	11.7
Non-Manufacturing:										
Trade[(a)]	1,112.9	19.7	1,108.2	19.7	1,113.6	19.7	1,120.3	19.6	1,126.3	19.6
Finance[(b)]	336.8	6.0	338.5	6.0	336.2	6.0	335.7	5.9	335.5	5.8
Services	2,181.1	38.7	2,201.8	39.2	2,248.7	39.8	2,300.8	40.3	2,338.5	40.6
Government	738.9	13.1	745.6	13.3	744.4	13.2	745.1	13.1	746.4	13.0
Utilities[(c)]	244.8	4.3	241.6	4.3	242.4	4.3	246.2	4.3	253.0	4.4
Construction	248.5	4.4	246.0	4.4	250.2	4.4	255.7	4.5	261.8	4.6
Mining	18.0	0.3	17.2	0.3	18.0	0.3	19.0	0.3	19.8	0.3
Total Non-Manufacturing[(d)]	4,881.0	86.5	4,898.9	87.1	4,953.5	87.8	5,022.8	88.1	5,081.3	88.3
Total Employees[(d)(e)]	5,640.8	100.0	5,611.3	99.8	5,644.2	100.0	5,702.2	100.0	5,753.2	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 percentages of non-agricultural employment in various sectors in Pennsylvania and the United States in 2006.

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

	2006 Calendar Year	
	Pennsylvania	United States
Manufacturing	11.7 %	10.8 %
Trade[(a)]	19.6	16.0
Finance[(b)]	5.8	5.4
Services	40.6	41.6
Government	13.0	15.9
Utilities[(c)]	4.4	3.5
Construction	4.6	5.5
Mining	0.3	1.3
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.

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 the fabricated metals industries was 13.5 percent of Pennsylvania manufacturing employment but only 0.1 percent of total Pennsylvania non-agricultural employment in 2006. The following table shows trends in manufacturing employment by industry for Pennsylvania from 2002 through 2006.

Manufacturing Establishment Employment by Industry
Pennsylvania
2002-2006
(In Thousands)

	CALENDAR YEAR									
	2002		**2003**		**2004**		**2005**		**2006**	
	Employees	**%**	**Employees**	**%**	**Employees**	**%**	**Employees**	**%**	**Employees**	**%**
Durable Goods:										
Primary Metals……..	48.3	7.8	44.6	6.4	43.1	6.3	43.0	6.2	43.3	6.4
Fabricated Metals……..	95.1	9.2	89.1	12.5	88.7	12.5	90.1	12.7	90.9	13.5
Machinery (excluding electrical)….	60.6	11.4	56.1	8.0	54.8	7.9	55.6	8.0	57.0	8.5
Electrical Equipment……..	26.6	8.1	25.4	3.5	25.6	3.6	25.8	3.7	26.7	4.0
Transportation Equipment….	44.4	5.5	41.5	5.9	42.7	5.8	43.7	6.1	44.3	6.6
Furniture Related Products……	25.5	4.1	24.4	3.4	24.4	3.4	24.0	4.4	23.8	3.5
Other Durable Goods……	148.7	11.5	137.5	19.5	132.9	19.4	130.7	18.4	129.5	19.3
Total Durable Goods[(a)]…..	449.2	57.7	418.6	59.2	412.2	58.8	412.9	60.8	415.5	61.8
Non-Durable Goods:										
Pharmaceutical/Medicine…	27.2	4.3	25.6	3.6	22.6	2.6	21.9	2.4	22.3	3.3
Food Products……..	75.1	9.0	74.5	9.8	72.6	10.6	70.9	10.5	68.8	10.2
Chemical Products……	61.4	7.3	57.8	8.1	52.7	8.2	49.2	7.7	47.1	7.0
Printing and Publishing……	41.1	8.7	39.3	5.4	37.7	5.6	37.1	5.5	36.3	5.4
Plastics/Rubber Products……	44.5	2.3	42.0	5.9	40.9	2.1	40.2	2.0	40.2	6.0
Paper Products……..	30.5	3.9	28.8	4.0	27.5	4.1	26.9	4.0	26.3	3.9
Other Non-Durable Goods…	30.8	6.8	25.8	4.0	24.5	8.5	20.3	8.3	15.4	2.3
Total Non-Durable Goods[(a)]	310.6	42.3	293.8	40.8	278.5	40.3	266.5	39.2	256.4	38.2
Total Manufacturing Employees[(a)]……..	759.8	100.0	712.4	100.0	690.7	99.2	679.4	100.0	671.9	100.0

[(a)] Discrepancies occur due to rounding

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

Unemployment

Pennsylvania's annual average unemployment rate was equivalent to the national average throughout the 2000's. Slower economic growth caused the unemployment rate in the Commonwealth to rise to 5.7 percent in 2003. The resumption of faster economic growth resulted in a decrease in the Commonwealth's annual unemployment rate to 4.7 percent in 2006. As of November 2007, the most recent month for which figures are available, Pennsylvania had a seasonally adjusted annual unemployment rate of 4.2 percent. The following table represents the annual non-adjusted unemployment rate in Pennsylvania, the Middle Atlantic Region, and the United States from 1997 through 2006.

Annual Average Unemployment Rate
Pennsylvania, Middle Atlantic Region and the United States
1997-2006

Calendar Year	Pennsylvania	Middle Atlantic Region[a]	United States
1997	5.1 %	5.8 %	4.9 %
1998	4.6	5.1	4.5
1999	4.4	4.8	4.2
2000	4.2	4.2	4.0
2001	4.8	4.7	4.7
2002	5.6	5.9	5.8
2003	5.7	6.1	6.0
2004	5.4	5.5	5.5
2005	5.0	4.9	5.1
2006	4.7	4.6	4.6

[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
September 2006

Company	Rank	Company	Rank
Wal-Mart Associates	1	US Airways...	16
University of Pennsylvania	2	Pennsylvania Blue Shield	17
Pennsylvania State University	3	KMART of Pennsylvania LP	18
Giant Food Stores	4	Target Division of Target Corp	19
United Parcel Service	5	Verizon Pennsylvania	20
University of Pittsburgh	6	GMR Restaurants of Pennsylvania	21
UPMC Presbyterian	7	May Department Stores	22
Weis Markets	8	The Children's Hospital of PA	23
Merck & Co Inc.	9	Sears Roebuck & Co	24
The Home Depot USA Inc	10	Temple University	25
Giant Eagle Inc.	11	Thomas Jefferson Hospital	26
Lowe's Home Centers Inc	12	Eat'n Park Restaurants	27
PNC Bank NA	13	ACME Markets Inc	28
Heartland Employment Services	14	Wachovia Bank	29
Vanguard Group Inc.	15	Boscov's Department Stores	30

Source: Pennsylvania Department of Labor, Office of Employment Security.

Personal Income

Personal income in the Commonwealth for 2006 was $456.3 billion, an increase of 5.2 percent over the previous year. During the same period, national personal income increased at a rate of 6.2 percent. Based on the 2006 personal income estimates, per capita income for 2006 was $36,680 in the Commonwealth compared to per capita income in the United States of $36,276. The following tables represent annual personal income data and per capita income from 1997 through 2006.

Personal Income
Pennsylvania, Mideast Region and the United States
1997-2006

Year	Total Personal Income Dollars in Millions			Total Personal Income As a % of 1996 base		
	PA	Mideast Region[a]	U.S.[b]	PA	Mideast Region[a]	U.S.
1997.....	$ 311,508	$1,319,270	$6,907,332	100 %	100 %	100 %
1998.....	330,160	1,404,640	7,415,709	105	106	106
1999.....	342,610	1,467,261	7,796,137	109	111	112
2000.....	364,837	1,580,733	8,422,074	117	119	119
2001.....	372,339	1,627,894	8,716,992	119	123	121
2002.....	382,251	1,648,004	8,872,871	122	124	128
2003.....	393,908	1,690,345	9,150,320	126	128	132
2004.....	413,589	1,797,984	9,716,351	132	136	140
2005.....	433,400	1,883,422	10,220,942	139	142	147
2006.....	456,315	1,992,326	10,860,916	146	151	157

[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

1997-2006

Calendar Year	Per Capita Income			As a % of U.S.	
	PA	Mideast Region[a]	U.S.	PA	Mideast Region[a]
1997.....	$ 25,475	$ 28,944	$ 25,334	101 %	114 %
1998.....	26,961	30,654	26,883	100	114
1999.....	27,937	31,824	27,939	100	114
2000.....	29,693	34,074	29,843	99	114
2001.....	30,281	34,895	30,562	99	114
2002.....	31,023	35,144	30,795	100	114
2003.....	31,892	35,871	31,466	101	114
2004.....	33,415	38,007	33,090	101	114
2005.....	34,937	39,703	34,471	101	115
2006.....	36,680	41,924	36,276	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 2002 through 2006.

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			
2002	2.6%	1.2 %	1.7%
2003	3.0	2.5	3.1
2004	4.9	6.3	6.1
2005	4.7	4.7	5.1
2006	5.2	5.8	6.2
Manufacturing			
2002	0.3%	-0.7%	-0.3%
2003	-2.6	0.1	1.8
2004	4.5	3.9	3.3
2005	3.4	2.5	3.7
2006	3.2	2.8	4.6
Trade[b]			
2002	1.9%	1.8%	1.7%
2003	4.5	3.5	2.7
2004	4.7	4.3	5.1
2005	4.3	3.9	5.0
2006	4.6	4.9	6.3
Finance[c]			
2002	3.3%	-4.0%	0.1%
2003	5.7	0.8	4.5
2004	5.8	9.0	7.9
2005	4.6	6.7	7.1
2006	5.0	8.2	5.8
Services			
2002	0.1%	-1.6%	-1.7%
2003	1.7	2.0	0.8
2004	9.6	8.6	8.9
2005	7.8	7.9	8.4
2006	7.6	7.9	9.0
Utilities			
2002	8.5%	10.0%	1.6%
2003	-2.8	3.4	4.2
2004	0.8	0.5	2.1
2005	-0.4	1.3	2.1
2006	-8.8	-0.9	2.1
Construction			
2002	2.4%	3.0%	1.8%
2003	4.8	2.9	3.2
2004	5.2	6.5	8.4
2005	8.8	7.1	9.8
2006	7.8	7.0	8.9
Mining			
2002	-10.9%	0.1%	-5.8%
2003	9.1	-4.6	14.2
2004	14.3	22.6	19.7
2005	14.5	16.9	18.5
2006	11.4	13.3	18.3

[a] Mideast Region: Delaware, District of Columbia, Maryland, Pennsylvania, New York, and New Jersey.
[b] Wholesale and retail trade.
[c] Finance and insurance
Source: U.S. Department of Commerce, Bureau of Economic Analysis

The Commonwealth's average hourly wage rate of $15.37 for manufacturing and production workers compares to the national average of $16.80 for 2006. The following table presents the average hourly wage rates for 2002 through 2006.

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

2002-2006

Calendar Year	PA	U.S.
2002	$ 14.75	$ 15.29
2003	14.99	15.74
2004	15.16	16.15
2005	15.26	16.56
2006	15.37	16.80

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. 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
1997-2006
Ratio of Assessed

Year	Market Value[(a)]	Assessed Valuation	Valuation to Market Value[(a)]
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
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
2004	523,595,339,800	352,014,550,601	67.2
2005	533,700,991,300	378,014,057,174	70.8
2006	605,769,012,300	393,871,997,992	65.0

[(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 2005.

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APPENDIX C

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

DEFINITIONS OF CERTAIN TERMS

The following words and terms as used in the Indenture as amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture and the Fourth Supplemental Indenture and in this Remarketing Circular and which are not defined elsewhere in this Remarketing Circular shall have the following meanings:

"Additional Bonds" shall mean Bonds of any series including Additional Senior Bonds and Additional Subordinated Bonds authorized under the Indenture, other than the Series 1998 Bonds, duly executed, authenticated, issued and delivered pursuant to the provisions hereof Such term shall include, without limitation, notes, commercial paper, mandatory tender bonds, bond and grant anticipation notes, variable rate bonds, capital appreciation bonds, obligations secured only as to regularly scheduled interest payments by the Tax Revenues and the Trust Estate and any other evidence of indebtedness which the Commission is legally authorized to issue under the Indenture.

"Additional Projects" shall mean the improvements, extensions and replacements to the Pennsylvania Turnpike System, other than the portions of the improvements, extensions and replacements which are financed or refinanced with the proceeds of the Series 2003C Bonds, Series 2003 Bonds and the 1998 Bonds, referred to in the Indenture and in the First Supplemental Indenture, Second Supplemental Indenture, Third Supplemental Indenture and Fourth Supplemental Indenture.

"Authenticating Agent" shall mean the Person or Persons designated and authorized to authenticate any series of Bonds or such Person designated by the Authenticating Agent to serve such function, and shall at t his time be the Trustee with respect to the Series 2003C Bonds.

"Authorized Denominations" shall mean, with respect to the Series 2003C Bonds, Five Thousand Dollars ($5,000) or any multiple thereof, and with respect to any Additional Bonds issued under a Supplemental Indenture, those denominations specified in such Supplemental Indenture.

"Average Principal and Interest Requirements" shall mean, as to any Bonds under consideration, the sum of the Principal and Interest Requirements for the Fiscal Years contained in the period under consideration with respect to such Bonds divided by the number of fiscal years contained in such period. Any determination of the Average Principal and Interest Requirements with respect to a number of series of Bonds outstanding shall be made based on the combined Principal and Interest Requirements of all such Bonds at the time outstanding. The "period under consideration" shall mean the period beginning with the date of calculation and ending with the final maturity of Bonds under consideration.

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

"Bank Fee" shall mean any commission, fee or expense payable to a Bank pursuant to a Reimbursement Agreement (but not amounts payable as reimbursement for amounts drawn under a Credit Facility or interest on such amounts).

"Bond" shall mean any Series 2006 Bond, any Series 2003 Bond, any Series 1998 Bond or any Additional Bond issued under the provisions of 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 Insurer" shall mean, as to any Series of Bonds, the bond insurer undertaking to insure such Bonds. The Bond Insurer for the Series 2003 Bonds is MBIA Insurance Corporation.

"Bond Owner", "holder", "owner" or "registered owner" shall mean the person in whose name a Bond is registered on the books maintained by the Bond Registrar except as otherwise provided in the Indenture.

"Bond Registrar" shall mean, with respect to the Series 2003C Bonds, that Person which maintains the bond register or such other entity designated by the Bond Registrar to serve such function, and shall initially be the Trustee with respect to the Series 2003C Bonds.

"Business Day" shall mean any day other than a Saturday or a Sunday or a day on which banking institutions are required or authorized by law or executive order to remain closed in the Commonwealth of Pennsylvania. With respect to the Series 2003C Bonds, Business Day means any day other than (i) a Saturday or Sunday, (ii) a day on which banking institutions in Pittsburgh, Pennsylvania or in any other city in which the Office of the Trustee or the Paying Agent is located are required or authorized by law (including executive order) to close or on which the Office of the Trustee or the Paying Agent is closed for reasons not related to financial condition or (iii) a day on which the New York Stock Exchange is closed.

"Certificates of Deposit" shall mean negotiable or nonnegotiable certificates of deposit, time deposits or other similar banking arrangements issued by the Trustee or by any bank or trust company, including any depositary hereunder, which 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.

"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.

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

"Code" shall mean the Internal Revenue Code of 1986, as the same may be amended.

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

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

"Cost" as applied to any Project financed under the provisions of the 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.

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

"Defeasance Securities" shall mean:

1. Cash,

2. U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series "SLGs"),

3. Direct obligations of the U.S. Treasury which have been stripped by the U.S. Treasury and CATS, TIGRS and similar securities,

4. Resolution Funding Corp. strips which have been stripped by the Federal Reserve Bank of New York,

5. Pre-refunded obligations of a state or municipality rated in the highest rating category by the Rating Agency, and

6. Obligations issued by the following agencies which are backed by the full faith and credit of the

   a. U.S. Export-Import Bank

   b. Farmers Home Administration
   Certificates of beneficial ownership

   c. Federal Financing Bank

   d. General Services Administration
   Participation certificates

   e. U.S. Maritime Administration
   Guaranteed Title XI financing

   f. U.S. Department of Housing and Urban Development
   Project Notes
   Local Authority Bonds
   New Communities Debentures - U.S. government guaranteed debentures
   U.S. Housing Notes and Bonds - U.S. government guaranteed public housing notes and

   g. U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

"Defeased Tax-Exempt Securities" shall mean Municipal Obligations provided that (i) such obligations have been advance refunded with and are secured by Government Obligations held by an escrow agent, (ii) prior to the purchase thereof, (A) an opinion of Bond Counsel is obtained that the interest on the Bonds to be paid or refunded with such obligations will continue to be tax exempt, and (B) an Opinion of Counsel is obtained to the effect that such Government Obligations are protected from the bankruptcy of the escrow agent and the Commission, (iii) such obligations are rated in the highest rating category by the Rating Agency, and (iv) such obligations are noncallable prior to the date needed to meet the requirements of defeasance.

"DTC" means The Depository Trust Company (a limited purpose trust company), New York, New York.

"Enabling Acts" shall have the meaning set forth in the recitals hereto.

"Event of Default" shall mean those events specified in the Indenture.

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

"Fixed Rate Bond" shall mean a Bond that constitutes fixed rate indebtedness and a Bond proposed to be issued that will constitute Fixed Rate Indebtedness.

"Historic Tax Revenues" shall mean Tax Revenues for any 12 consecutive calendar months within the preceding 24 months, with such adjustments as may be required by the Indenture.

"Indenture" shall mean the Indenture as amended and supplemented.

"Interest Payment Date" shall mean, with respect to the Series 1998 Bonds, June 1 and December 1 of each year. 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. With respect to the Series 2003C Bonds, Interest Payment Date shall mean June 1 and December 1 of each year.

"Insurance Agreement" shall mean the Insurance and Reimbursement Agreement between the Series 2003C Bond Insurer and the Commission.

"Maximum Principal and Interest Requirements" shall mean, as to any Bonds under consideration, the Maximum Principal and Interest Requirements for any succeeding Fiscal Year on account of the Bonds in question.

"Municipal Obligations" shall mean obligations of any state of the United States or any agency or political subdivision thereof, including industrial development bonds, which are (i) noncallable prior to the date needed to meet the requirements of defeasance and (ii) rated at the time of purchase in one of the two highest rating categories by the Rating Agency.

"Oil Franchise Tax" shall have the meaning set forth in the recitals hereto.

"Oil Franchise Tax General Fund" shall mean the special fund created by the provisions of Section 508 of the Indenture.

"Opinion of Counsel" shall mean an opinion or opinions at 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 Swap Agreement" shall mean an interest rate swap agreement or other agreement of a type described in Section 214 of the Indenture which satisfies (a) the requirements established in Section 214 of the Indenture and (b) which qualifies as a "qualified derivative agreement" under the Insurance Agreement, in order that some or all of the amounts payable by the Commission or the Trustee pursuant to such agreement may be secured by the Tax Revenues on parity with the Bonds to which such agreement relates.

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

"Paying Agent" shall mean, with respect to the Series 2003C Bonds, initially the Manufacturers and Traders Trust Company, a New York state banking association.

"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" (to the extent permitted by law) shall mean:

A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations .the principal of and interest on which are unconditionally guaranteed by the United States of America.

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. U.S. Export-Import Bank (Eximbank)
   Direct obligations or fully guaranteed certificates of beneficial ownership

2. Farmers Home Administration (FmHA)

   Certificates of beneficial ownership

3. Federal Financing Bank

4. Federal Housing Administration Debentures (FHA)

5. General Services Administration
   Participation certificates

6. Government National Mortgage Association (GNMA or "Ginnie Mae")
   GNMA - guaranteed mortgage-backed bonds
   GNMA - guaranteed pass-through obligations
   (not acceptable for certain cash-flow sensitive issues.)

7. U.S. Maritime Administration
   Guaranteed Title XI financing

8. U.S. Department of Housing and Urban Development (HUD)

Project Notes
Local Authority Bonds
New Communities Debentures - U.S. government guaranteed debentures
U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System
Senior debt obligations

2. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")
Participation Certificates
Senior debt obligations

3. Federal National Mortgage Association (FNMA or "Fannie Mae")
Mortgage-backed securities and senior debt obligations

4. Student Loan Marketing Association (SLMA or "Sallie Mae")
Senior debt obligations

5. Resolution Funding Corp. (REFCORP) obligations

6. Farm Credit System
Consolidated systemwide bonds and notes

D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAA-m; or AA-m and if rated by Moody's rated Ann, Aal or Aa2.

E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.

G. Investment Agreements, including GIC's, Forward Purchase Agreements and Reserve Fund Put Agreements acceptable to MBIA (Investment Agreement criteria is available upon request).

H. Commercial paper rated, at the time of purchase, "Prime - 1" by Moody's and "A-I" or better by S&P.

I. Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies.

J. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's and "A-I" or "A" or better by S&P.

K. Repurchase Agreements for 30 days or less must follow the criteria set forth in the Indenture. Repurchase Agreements which exceed 30 days must be acceptable to the Series 2003C Bond Insurer.

L. Any other investments as approved by the applicable Bond Insurer.

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

"Principal and Interest Requirements" shall mean (i) the amount of principal and interest becoming due with respect to Bonds in a Fiscal Year, calculated by the Commission or by a Consultant, plus (ii) Reimbursement Obligations payable or estimated by the Commission to be payable in such Fiscal Year (but only to the extent they are not duplicative of such principal and interest), plus (iii) the excess, if any, of amounts payable or estimated by the Commission to be payable by the Commission in such Fiscal Year with respect to interest rate swap agreements (but only to the extent that such excess would not be recognized as a result of the application of the assumptions set forth below) over amounts payable to the Commission in such Fiscal Year pursuant to interest rate swap agreements. The following assumptions shall be used to determine the Principal and Interest Requirements becoming due in any Fiscal Year:

(a) there shall be excluded from Principal and Interest Requirements for all purposes hereof any amounts which are payable (other than upon acceleration) exclusively from a fund or account other than the Senior Bonds Debt Service Fund or the Subordinated Bonds Debt Service Fund or a Series Credit Facility fund created by a supplemental indenture on parity with either such fund;

(b) payments of principal or interest which are due on the first day of a Fiscal Year shall be assumed to be due on the last day of the immediately preceding Fiscal Year;

(c) in determining the principal amount due with respect to Bonds in each Fiscal Year (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) payment shall be assumed to be made in accordance with any amortization schedule established for such debt, including any scheduled redemption of Bonds on the basis of Accreted Amount, and for such purpose the redemption payment shall be deemed a principal payment;

(d) if any of the Outstanding Series of Bonds constitutes Balloon Indebtedness or Balloon Indebtedness and Variable Rate Indebtedness or if Bonds then proposed to be issued would constitute Balloon Indebtedness or Balloon Indebtedness and Variable Rate Indebtedness, then such amounts as constitute Balloon Indebtedness shall be treated as if such Bonds were to be amortized in substantially equal annual installments of principal and interest over a term equal to the number of years then remaining to the final maturity of such Bonds; the interest rate used for such computation shall be : (i) in the case of Fixed Rate Indebtedness, the interest rate of such Bonds; and (ii) in the case of Variable Rate Indebtedness, the Assumed Variable Rate, provided that if the maximum interest rate payable by the Commission with respect to any or all Variable Rate Indebtedness has been limited pursuant to an interest rate swap agreement, then the interest rate to be used for the aforesaid computation with respect to the Variable Rate Indebtedness covered by such interest rate swap agreement shall not exceed the sum of(A) the maximum interest rate as so limited, and (B) the annual charges payable by the Commission pursuant to said Parity Swap Agreement, expressed as a percentage of the principal amount of the Variable Rate Indebtedness which is covered thereby, provided that if any or all of such Variable Rate Indebtedness then constitutes a Pledged Bond, the interest rate to be used for the aforesaid computation with respect to the principal amount of such Pledged Bond shall be 125% of the rate then applicable to the Commission's Reimbursement Obligation under its Reimbursement Agreement with the Bank in question;

(e) if any Outstanding Bond constitutes Tender Indebtedness or if any Bond then proposed to be issued would constitute Tender Indebtedness, then for purposes of determining the amounts of principal and interest due in any Fiscal Year on such Bond, the options or obligations of the owners of such Bonds to tender the same for purchase or payment prior to their stated maturity or maturities shall be treated as a principal maturity (but any such amount treated as a maturity shall not be eligible for treatment as Balloon Indebtedness) occurring on the first date on which owners of such Bonds may or are required to tender such Bonds, except that any such option or obligation to tender Bonds shall be ignored and not treated as a principal maturity if both (a) such Bonds are rated in one of the two highest long-term rating categories (without reference to gradations such as "plus" or "minus") by each Rating Agency which has assigned a rating to any such Outstanding Bond at the request of the Commission or such Bonds are rated in the highest short-term note or commercial paper rating category by each Rating Agency which has assigned a rating to any such Outstanding Bond at the request of the Commission, and (b) any obligation the Commission may have, other than its obligation on such Bonds, to reimburse any person for having extended a credit or liquidity facility or a bond insurance policy, or similar arrangement, shall be a Reimbursement Obligation with respect to an obligation incurred under and meeting the tests and conditions set forth in the Indenture;

(f) if any Bond proposed to be issued will be a Variable Rate Bond, the interest rate on such Bond shall be assumed to be the Assumed Variable Rate, provided that if the maximum interest rate payable by the Commission with respect to any or all of such Bonds has been limited pursuant to an interest rate swap agreement, then the interest rate to be used for the aforesaid computation with respect to the Variable Rate Bonds covered by such interest rate swap agreement shall not exceed the sum of (A) the maximum interest rate as so limited, and (B) the annual charges payable by the Commission pursuant to said interest rate swap agreement, expressed as a percentage of the principal amount of the Variable Rate Bonds which is covered

thereby, and provided further that if any or all of such Variable Rate Bonds then constitute a Pledged Bond, the interest rate to be used for the aforesaid computation with respect to the principal amount of such Pledged Bond shall be 125% of the rate then applicable to the Commission's Reimbursement Obligation under its Reimbursement Agreement with the Bank in question;

(g) if moneys or Government Obligations (or, if one or more Credit Facilities are in effect which assure the timely payment of the principal of and interest on all Outstanding Bonds and if the Banks providing such Credit Facilities so agree in a written instrument filed with the Trustee, other Permitted Investments) have been irrevocably deposited with and are held by the Trustee or another fiduciary to be used to pay principal and/or interest on any specified Bond or bonds or the fees and expenses of a Bank or a remarketing agent, then the principal and/or interest to be paid from such moneys, from Government Obligations (or other Permitted Investments, if permitted as described above) or from the earnings thereon shall be disregarded and not included in calculating Principal and Interest Requirements.

"Project" shall mean the project for the 2003C Bonds and any additional projects or refundings which are authorized by the Enabling Acts.

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

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

"Reimbursement Agreement" shall mean an agreement between the Commission and one or more Banks pursuant to which, among other things, such Bank or Banks issue a Credit Facility with respect to Bonds of one or more Series and the Commission agrees to reimburse such Bank or Banks for any drawings made thereunder, including any security or pledge

agreement entered into in connection therewith pursuant to which the Commission grants the Bank or Banks a security interest in any collateral to secure it obligations to the Bank or Banks.

"Reimbursement Obligation" shall mean an obligation of the Commission pursuant to a Reimbursement Agreement to repay any amounts drawn under a Credit Facility, to pay any interest on such drawn amounts pursuant to such Reimbursement Agreement and to pay any Bank Fee owed pursuant thereto.

"Regular Record Date" shall mean, unless otherwise provided with respect to any series of Bonds in a Supplemental Indenture: (a) for Bonds on which interest is payable on the first day of a month, the fifteenth day of the immediately preceding month; or (b) for Bonds on which interest is payable the fifteenth day of a month, the last day of the immediately preceding month; or (c) for Bonds on which interest is payable a date other than the first or fifteenth day of a month, the fifteenth calendar day before the Interest Payment Date. However, in each case, if the date specified above is not a Business Day, then the Regular Record Date shall be the Business Day next preceding the date specified above.

"Representation Letter" means the representation letter from the Commission, the Trustee and the Paying Agent to DTC dated the Series Issue Date or, if the Commission has executed and delivered a Blanket Letter of Representations in favor of DTC, such Blanket Letter of Representations.

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

"Senior Bonds" shall mean the Series A of the Series 2006 Senior Bonds, the Series A and Series C of the Series 2003 Senior Bonds, the Series A of the Series 1998 Senior Bonds and any Additional Senior Bonds issued under the Indenture which shall provide that such Senior Bonds are senior in right of payment and security to the Subordinated Bonds.

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

"Senior Bonds Sinking Fund" shall mean the special fund created by the Indenture.

"Series 1998 Bonds" shall mean collectively the $310,475,000 Oil Franchise Tax Senior Revenue Bonds, Series A of 1998, and the $228,405,000 Oil Franchise Tax Subordinated Revenue Bonds, Series B of 1998.

"Series 2003 Bonds" shall mean collectively the $124,730,000 Oil Franchise Tax Senior Revenue Bonds, Series A of 2003, the $197,955,000 Oil Franchise Tax Subordinated Revenue Bonds, Series B of 2003, and the Series 2003C Bonds.

"Series 2003C Bonds" shall mean the Oil Franchise Tax Senior Revenue Bonds aggregate principal amount of $160,000,000 Series C of 2003.

"Series 2006 Bonds" shall mean collectively the $98,705,000 Oil Franchise Tax Senior Revenue Refunding Bonds, Series A of 2006, and the $141,970,000 Oil Franchise Tax Subordinated Revenue Refunding Bonds, Series B of 2006.

"Series 2003C Bond Insurance Policy" shall mean the financial guaranty insurance policy issued by the Series 2003C Bond Insurer insuring the payment when due of the principal of and interest on the Series 2003C Bonds as provided therein.

"Series 2003C Bond Insurer" shall mean MBIA Insurance Corporation.

"Series 2003C Rebate Fund" shall mean the fund so established pursuant to the Second Supplemental Indenture.

"Sinking Fund" shall mean the Senior Bonds Sinking Fund and the Subordinated Bonds Sinking Fund.

"Special Record Date" shall mean that date eight days immediately preceding the date established by the Trustee for the payment of interest on the Series 2003C Bonds not paid on a regularly scheduled Interest Payment Date.

"State" means the Commonwealth of Pennsylvania.

"Subordinated Bonds" shall mean the Series B of the Series 2006 Subordinated Bonds, the Series B of the Series 2003 Subordinated Bonds, the Series B of the Series 1998 Subordinated Bonds and any Additional Subordinated Bonds which may be issued under this Indenture which shall provide that such Subordinated Bonds are junior in right of payment and security to the Senior Bonds.

"Subordinated Bonds Debt Service Fund" shall mean the Special Fund created by the Indenture.

"Subordinated Bonds Debt Service Reserve Fund" shall mean the special fund created by the Indenture.

"Subordinated Bonds Debt Service Reserve Requirement" shall mean that amount equal to one-half of the maximum Principal and Interest Requirements for any succeeding Fiscal Year on account of the Subordinated Bonds in question.

"Subordinated Bonds Sinking Fund" shall mean the special fund created by Section 506 of the Indenture.

"Swap Receipts" shall mean any payments payable by a Parity Swap Agreement Counterparty; provided that termination payments payable by such Parity Swap Agreement Counterparty shall be considered a Swap Receipt only to the extent, and at such time as, the Commission has determined that such payment (or portion thereof) will not be expended by the Commission to obtain a replacement Parity Swap Agreement.

"Tax Receipts" shall mean the amounts received by the Trustee from the Commonwealth and paid from the Oil Franchise Tax.

"Tax Regulatory Agreement" shall mean the Tax Regulatory Agreement and Non-Arbitrage Certificate with respect to the Series 2003C Bonds dated as of May ___, 2008 between the Commission and the Trustee.

"Tax Revenues" shall mean the Tax Receipts or any receipts; revenues and other money received by the Trustee on or after the date of this Indenture from any tax or other source of funds from the Commonwealth in substitution and/or replacement of the Tax Receipts and the interest and income earned on any fund or account where said interest or income is required to be credited to the Revenue Fund pursuant to this Indenture, but excluding any moneys received by way of grant or contribution from any governmental agency or other entity specifically designated by the grantor or contributor for a particular purpose.

"Treasurer's Certificate" shall mean a certificate signed by the Treasurer, Assistant Treasurer or Deputy Executive Director/Finance and Administration of the Commission containing the data specified in the Indenture.

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

THE INDENTURE AS AMENDED AND SUPLEMENTED

The 2003C Bonds were issued under the Original Indenture and the Second Supplemental 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 has granted a security interest in and pledge and assign unto the Trustee (i) all Tax Revenues, (ii) the right of the Commission to receive the Commission Allocation from the Commonwealth and any amounts of the Commission Allocation actually received by the Commission, (iii) all monies deposited into accounts or funds created by the Indenture (other than the Rebate Fund), (iv) Swap Receipts, and (v) all investment earnings on all monies held in accounts and funds established by the Indenture (other than the Rebate Fund) as security for the payment of the Bonds and the interest thereon and as security for the satisfaction of any other obligation assumed by it in connection with such Bonds, including any Parity Swap Agreements, the Insurance Agreements and Reimbursement Obligations.

Limitations on Issuance of Indebtedness.

The Commission covenants in the Indenture that it will not incur any indebtedness which is secured by the Tax Revenues while the Indenture is in effect except in accordance with the provisions of the Indenture.

Issuance of Additional Bonds.

Additional Senior Bonds and Additional Subordinated Bonds may be issued under and secured by the Indenture 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 the following:

(a) the documents required by the Indenture for issuance of Additional Bonds generally and for the particular type of Additional Bonds being issued;

(b) a Supplemental Indenture executed by the Commission in an appropriate number of counterparts setting forth, subject to the provisions of the Indenture, the terms and provisions of such Additional Bonds; and

(c) An opinion of Bond Counsel that the issuance of the Additional Bonds will not adversely affect the tax-exempt status of all outstanding Bonds;

Additional Bonds may be issued for the following purposes and subject to the following additional conditions:

Issuance of Additional Bonds for any Additional Projects. Additional Senior Bonds and Additional Subordinated Bonds may be issued under and secured by the Indenture, to the extent from time to time permitted by law, at any time or times for the purpose of paying the cost of any Additional Project and for paying costs incurred in issuing such Additional Bonds and for necessary contributions to the Subordinated Bonds Debt Service Reserve Fund if Additional Subordinated Bonds are being issued.

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 documents required by the Indenture for issuance of Additional Bonds generally and unless there shall be filed with the Trustee a Treasurer's Certificate demonstrating and concluding that the Historic Tax Revenues were not less than 200% of the Maximum Principal and Interest Requirements on account of all Senior Bonds to be outstanding under the Indenture after the issuance of proposed Additional Senior Bonds and not less than 115% of the Maximum Principal and Interest Requirements on account of all Bonds to be outstanding under the Indenture after the issuance of Additional Subordinated Bonds.

In any computation of Historic Tax Revenues for purposes of the Indenture, if the rate or rates at which the Oil Franchise Tax was imposed or the percentage of Tax Receipts received by the Commission during all or any part of the period for which any such calculation is made shall be different from the rate or rates at which the Oil Franchise Tax is imposed or the percentage of Tax Receipts received by the Commission in effect at the time such calculation is made, there shall be added to or deducted from said Tax Revenues so calculated, any increase or decrease in the Tax Revenues for such period which would result from such different rate or rates or percentage.

With respect to any Additional Bonds, and in the event that there has been or is pending a substitution and/or replacement of Tax Receipts by the Commission, there shall be filed with the Trustee a confirmation from the Rating Agency that the rating on the Series 2006 Bonds, the Series 2003C Bonds and the Series 1998 Bonds will not be lower than the rating on such Series 2006 Bonds, Series 2003C Bonds and Series 1998 Bonds, respectively, then in effect immediately prior to the issuance of such Additional Bonds.

Issuance of Additional Bonds for Refunding. Additional Senior Bonds and Additional Subordinated Bonds may be issued under and secured by the Indenture, at any time or times, for the purpose of providing funds for refunding or advance refunding all of the outstanding Senior Bonds or Subordinated Bonds, respectively, 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 required by the Indenture for issuance of Additional Bonds generally;

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

(c) a certificate of an independent public accountant 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 or Assistant Treasurer of the Commission demonstrating, with respect to Additional Senior Bonds, that the percentage derived by dividing the amount of the Historic Tax Revenues by the Maximum Principal and Interest Requirements on Senior Bonds outstanding after delivery of such Additional Bonds shall be either (i) at least 150% or (ii) not less than the percentage obtained by dividing such amounts prior to delivery of such Additional Senior Bonds and with respect to Additional Subordinated Bonds, that the percentage derived by the amount of the Historic Tax Revenues by the Maximum Principal and Interest Requirements on Bonds outstanding after delivery of such Additional Subordinated Bonds shall be either (i) at least 115% or (ii) not less than the percentage obtained by dividing such amounts prior to delivery of such Additional Subordinated Bonds.

With respect to any Additional Bonds, and in the event that there has been or is pending a substitution and/or replacement of Tax Receipts by the Commission, there shall be filed with the Trustee a confirmation from the Rating Agency that the rating on the Series 2003C Bonds will not be lower than the rating on such Series 2003C Bonds then in effect immediately prior to the issuance of such Additional Bonds.

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 Act or hereafter permitted by law) from issuing Subordinated Indebtedness.

Clearing Fund

The Indenture creates a special fund, called 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 2003C Bonds, including accrued interest payable

thereon, and the net proceeds of any other Bonds to the extent provided in any Supplemental Indenture. The amounts so deposited in the Clearing Fund shall be disbursed or transferred by the Trustee upon the furnishing of an order of the Chairman of the Commission as is provided by the Indenture. Upon the sooner of such payments and transfers finally being accomplished and that date six (6) months after the date of issuance of the 2003C Bonds (or such other date established in a Supplemental Indenture), any remaining balance shall be transferred to the Construction Fund.

Construction Fund

The Indenture creates a special fund called the "Oil Franchise Tax Construction Fund" (herein sometimes called the "Construction Fund"), to the credit of which such deposits shall be made as are required by the provisions of the Indenture. Any moneys received from any other source for the construction portion of the Project shall be deposited to the credit of the Construction Fund or to the credit of such other fund (which may or may not be held by the Trustee under the Indenture) as the Commission shall direct.

The moneys in the Construction Fund shall be held by the Trustee in trust and, subject to the provisions of the Indentured described below, shall be applied to the payment of the Costs of the construction portion of any Project.

Payment of the Costs of the construction portion of any Project shall be made from the Construction Fund. A special account shall be created and identified for each such construction Project although funds may, at the written direction of the Commission, be transferred from one such account in the Construction Fund to another account in such fund.

Revenue Fund

The Indenture creates a special fund called 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 Tax Receipts which the Commission is entitled to receive from the Commonwealth to the Trustee for deposit into the Revenue Fund. Notwithstanding the foregoing, the Commission covenants that any and all Tax Receipts or other Tax Revenues which it receives initially will be deposited into a segregated account of the Commission and will be transferred therefrom within one (1) Business Day following receipt, as far as practicable, with the Trustee or in the name of the Trustee with a depository or depositories designated by the Commission and approved by the Trustee, to the credit of the Revenue Fund.

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.

Senior Bonds Debt Service Fund

The Indenture creates a special fund called the "Senior Bonds Debt Service Fund' which shall be held in trust by the Trustee until applied as provided in the Indenture. The Indenture also creates two separate accounts in the Senior Bonds Debt Service Fund to be known as the "Interest Account" and the "Principal Account." The Indenture creates special accounts within the "Senior Bonds Debt Service Fund" designated the "Interest Account," the "Principal Account" and the "Insured Swap Payment Account." All moneys held by the Trustee in the Senior Bonds Debt Service Fund shall be applied in accordance with the Indenture.

The Trustee shall withdraw from the Revenue Fund and deposit to the applicable Account in the Senior Bonds Debt Service Fund the amounts hereinafter specified which shall be applied by the Trustee for the purposes for which the same shall be deposited:

(1) On or before the last Business Day of each calendar month, an amount which equals the amount necessary to pay, and for the purpose of paying, (i) one-sixth (1/6) of the interest due on the Senior Bonds on the next succeeding Interest Payment Date (or, in the case of the period from the date of issuance of the any Senior Bonds to the first Interest Payment Date for the applicable Senior Bond, a monthly amount equal to the product of the interest amount owed on such first Interest Payment Date divided by the number of months from the date of issuance of such Senior Bond to such first Interest Payment Date), which amount shall be deposited in the Interest Account and (ii) any amount due to the Series 2003C Bond Insurer with respect thereto under the terms of the Insurance Agreement which amounts shall be paid by the Trustee on behalf of the Commission in accordance with the Insurance Agreement.

(2) On or before the last Business Day of each calendar month, an amount which equals one-twelfth (1/12) of the amount necessary to pay (or, in the case of the period from the date of issuance of the any Senior Bonds to the first date on which principal is due on such Senior Bonds a monthly amount equal to the product of the principal amount owed on such first principal maturity date divided by the number of months from the date of issuance of such Senior Bond to such first principal maturity date), and for the purpose of paying, the principal amount of any Senior Bonds maturing on the next succeeding maturity date occurring on or before the second Interest Payment Date following such deposit, which amount shall be deposited in the Principal Account; provided, however, that no deposit shall be made pursuant to this clause (2) on any date which would duplicate deposits are required to be made to the Senior Bonds Sinking Fund pursuant to Section 504 hereof and any Supplemental Indenture relating to Additional Senior Bonds.

(3) On the day due pursuant to a Parity Swap Agreement, an amount necessary to pay the Insured Swap Payment, which amount shall be deposited in the Insured Swap Payment Account of the Senior Bonds Debt Service Fund.

(4) On the dates specified in any Supplemental Indenture relating to Additional Senior Bonds, the amounts required to be deposited on said dates to

the credit of the Interest Account or Principal Account pursuant to the provisions of such Supplemental Indenture for the purpose of paying the interest and the principal of such Additional Senior Bonds.

All of such withdrawals, deposits and applications shall be on the same order of priority.

In the event there is a deficiency in the amount required to be deposited into any account in the Senior Bonds Debt Service Fund in any month, the amount of such deficiency shall be added to the amount required to be deposited in to the appropriate account in the Senior Bonds Debt Service Fund in the following month.

The Trustee shall pay out of the interest Account, from time to time, without further authorization from the Commission, and as the same shall become due and payable, the interest on the Bonds. The Trustee shall likewise pay out of the Principal Account, from time to time, without further authorization from the Commission, and as the same shall become due and payable, the principal of the Senior Bonds, but only upon the presentation and surrender of the Senior Bonds. The Trustee shall pay out of the Insured Swap Payment Account, from time to time, without further authorization from the Commission, and, as the same shall become due and payable, the Insured Swap Payment under the Parity Swap Agreement.

If at the time the Trustee is to make a withdrawal from the Senior Bonds Debt Service Fund the moneys therein shall not be sufficient for such purpose, the Trustee shall withdraw the amount of such deficiency from the moneys to the credit of the following funds or accounts in the following order: the Oil Franchise Tax General Fund and the Senior Bonds Sinking Fund.

Senior Bonds Sinking Fund

The Indenture creates a special fund called the "Senior Bonds Sinking Fund" which shall be held in trust by the Trustee until applied as directed in the Indenture. Contemporaneously with, and on the same order of priority as, making deposits provided for in the Indenture, and while any Senior Bonds are outstanding, the Trustee shall transfer on or before the last Business Day of each calendar month from the Revenue Fund to the Senior Bonds Sinking Fund one-twelfth of the principal amount required on the next succeeding mandatory redemption date as specified in the Senior Bonds occurring on or before the first Interest Payment Date following such deposit (or such lesser amount which, when added to the principal amount of Senior Bonds purchased by the Trustee during the Fiscal Year pursuant to the second succeeding paragraph, shall equal the above amount); and provided that if any Senior Bond which is subject to mandatory redemption is at any time redeemed pursuant to an Optional Redemption, as described in the Senior Bonds, the principal amount of Senior Bonds of each maturity so redeemed may be applied as a credit against the principal amount of Senior 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 Senior Bonds, 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 Senior Bonds.

The moneys at any time on deposit to the credit of the Senior Bonds Sinking Fund or to be deposited thereto from the Revenue Fund may be applied by the Commission to the purchase of Senior Bonds of the same maturity of Senior Bonds to be called for mandatory redemption from the Senior Bonds Sinking Fund, and such moneys shall be withdrawn by the Trustee and applied to the payment of the purchase price of Senior 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 the time of any purchase of the Senior Bonds, the Trustee shall withdraw from the Interest Account of the Senior Bonds Debt Service Fund any amounts deposited therein for the payment of interest on the Senior Bonds so purchased. Any Bonds so purchased in lieu of redemption by the Commission shall be cancelled by the Trustee and no longer remain outstanding.

Subordinated Bonds Debt Service Fund

The Indenture creates a special fund called the "Subordinated Bonds Debt Service Fund" which shall be held in trust by the Trustee until applied as provided in the Indenture. The Indenture also creates two separate accounts in the Subordinated Bonds Debt Service Fund to be known as the "Interest Account" and the "Principal Account."

After the withdrawals described above, the Trustee shall withdraw from the Revenue Fund and deposit to the applicable Account in the Subordinated Bonds Debt Service Fund the amounts hereinafter specified which shall be applied by the Trustee for the purposes for which the same shall be deposited:

> (1) On or before the last Business Day of each calendar month, an amount which equals the amount necessary to pay, and for the purpose of paying, (i) one-sixth (1/6) of the interest due on the Subordinated Bonds on the next succeeding Interest Payment Date (or, in the case of the period from the date of issuance of the any Subordinated Bonds to the first Interest Payment Date for the applicable Subordinated Bond, a monthly amount equal to the product of the interest amount owed on such first Interest Payment Date divided by the number of months from the date of issuance of such Subordinated Bond to such first Interest Payment Date), which amount shall be deposited in the Interest Account and (ii) any amount due to the Series 2003C Bond Insurer with respect thereto.
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> (2) On or before the last Business Day of each calendar month an amount which equals one-twelfth (1/12) of the amount necessary to pay, and for the purpose of paying, the principal amount of any Subordinated Bonds maturing on the next succeeding maturity date (or, in the case of the period from the date of issuance of the any Subordinated Bonds to the first maturity date for the applicable Subordinated Bond, a monthly amount equal to the product of the principal amount owed on such first maturity date divided by the number of months from the date of issuance of such Subordinated Bond to such first

maturity date), including any amounts due the Series 2003C Bond Insurer with respect thereto, which amount shall be deposited in the Principal Account; provided, however, that no deposit shall be made pursuant to this clause (2) on any date on which deposits are required to be made to the Subordinated Bonds; and

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

In the event there is a deficiency in the amount required to be deposited into any account in the Subordinated Bonds Debt Service Fund in any month, the amount of such deficiency shall be added to the amount required to be deposited in to the appropriate account in the Subordinated Bonds Debt Service Fund in the following

The Trustee shall pay out of the Interest Account, from time to time, without further authorization from the Commission, and as the same shall become due and payable, the interest on the Bonds. The Trustee shall likewise pay out of the Principal Account, from time to time, without further authorization from the Commission, and as the same shall become due and payable, the principal of the Subordinated Bonds, but only upon the presentation and surrender of the Subordinated Bonds.

If at the time the Trustee is to make a withdrawal from the Subordinated Bonds Debt Service Fund the moneys therein shall not be sufficient for such purpose, the Trustee shall withdraw the amount of such deficiency from the moneys to the credit of the following funds or accounts in the following order: the Subordinated Bonds Debt Service Reserve Fund, the Oil Franchise Tax General Fund and the Subordinated Bonds Sinking Fund.

Subordinated Bonds Sinking Fund

The Indenture creates a special fund called the "Subordinated Bonds Sinking Fund which shall be held in trust by the Trustee until applied as directed in the Indenture. After first having made the deposits into the Senior Bonds Debt Service Fund, the Senior Bonds Sinking Fund and contemporaneously with, and on the same order of the priority as, making the deposits provided for in the Indenture, while any Subordinated Bonds are outstanding, the Trustee shall transfer on or before the last Business Day of each calendar month from the Revenue Fund to the Subordinated Bonds Sinking Fund one-twelfth of the principal amount required on the next succeeding mandatory redemption date as specified in the Subordinated Bonds occurring on or before the first Interest Payment Date following such deposit (or such lesser amount which, when added to the principal amount of Subordinated Bonds purchased by the Trustee during the Fiscal Year pursuant to the second succeeding paragraph, shall equal the above amount); and provided that if any Subordinated Bond which is subject to mandatory redemption is at any time redeemed pursuant to an Optional Redemption, as described in the Subordinated Bonds, the principal amount of Subordinated Bonds of each maturity so redeemed may be applied as a

credit against the principal amount of Subordinated 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 Subordinated Bonds, 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 Subordinated Bonds.

The moneys at any time on deposit to the credit of the Subordinated Bonds Sinking Fund or to be deposited thereto from the Revenue Fund may be applied by the Commission to the purchase of Subordinated Bonds of the same maturity of Subordinated Bonds to be called for mandatory redemption from the Subordinated Bonds Sinking Fund, and such moneys shall be withdrawn by the Trustee and applied to the payment of the purchase price of Subordinated 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 the time of any purchase of the Subordinated Bonds, the Trustee shall withdraw from the Interest Account of the Subordinated Bonds Debt Service Fund any amounts deposited therein for the payment of interest on the Subordinated Bonds so purchased. Any Bonds so purchased in lieu of redemption by the Commission shall be cancelled by the Trustee and no longer remain outstanding.

Subordinated Bonds Debt Service Reserve Fund

The Indenture creates a special fund called the "Subordinated Bonds Debt Service Reserve Fund" which is a common debt service reserve fund for all Subordinated Bonds under the Indenture. In each Fiscal Year after first having made the deposits into the Subordinated Bonds Debt Service Fund and the Subordinated Bonds Sinking Fund descended above and while any Subordinated Bonds are outstanding the Trustee shall transfer from the Revenue Fund on or before the Business Day immediately preceding an Interest Payment Date to the credit of the Subordinated Bonds Debt Service Reserve Fund out of the balance if any remaining in the Revenue Fund the amount if any required to make the funds deposited in the Subordinated Bonds Debt Service Reserve Fund equal the Subordinated Bonds Debt Service Reserve Requirement The Trustee shall also transfer the amount set forth in any Supplemental Indenture under which Subordinated Bonds are issued.

In the event the Trustee shall be required to withdraw funds from the Subordinated Bonds Debt Service Reserve Fund to restore a deficiency in the Subordinated Bonds Debt Service Fund or the Subordinated Bonds Sinking Fund, the amount of such deficiency shall be allocated pro rata among the accounts, any surety bond or policy and unallocated funds in the Subordinated Bonds Debt Service Reserve Fund that relate to the series of Subordinated Bonds for which payment is coming due on the next succeeding payment date on the basis of the ratio that the Subordinated Bonds Debt Service Reserve Requirement for each particular series of Bonds for which payment is coming due bears to the Subordinated Bonds Debt Service Reserve Requirement for all series of Bonds for which payment is coming due on the next succeeding payment date.

In lieu of the deposit of money into or the maintenance of required amounts in the Subordinated Bonds Debt Service Reserve Fund, the Commission may cause to be provided a surety bond or surety bonds or an insurance policy or policies payable to the Trustee for the benefit of the holders of the Bonds or a letter of credit in an amount equal to the difference between the Subordinated Bonds Debt Service Reserve Requirement and the amounts then on deposit in the Subordinated Bonds Debt Service Reserve Fund. The surety bond, insurance policy or letter of credit shall be payable (upon the giving of one (1) Business Day's notice) on any Interest Payment Date on which moneys will be required to be withdrawn from the Subordinated Bonds Debt Service Reserve Fund and applied to the payment of the principal of or interest on any Subordinated Bonds to the extent that such withdrawals cannot be made by amounts credited to the Subordinated Bonds Debt Service Reserve Fund. The insurer providing such surety bond or insurance policy shall be an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in the highest rating category by the Rating Agency. The letter of credit issuer shall be a bank or trust company which is rated not lower than the second-highest rating category by the Rating Agency, and the letter of credit itself shall be rated in the highest category of such Rating Agency. If a disbursement is made pursuant to a surety bond, an insurance policy or a letter of credit provided pursuant to this paragraph, the Commission shall be obligated either (i) to reinstate the maximum limits of such surety bonds, insurance policy or letter of credit or (ii) to deposit into the

Subordinated Bonds Debt Service Reserve Fund, funds pursuant to the operation of the first paragraph of this Section in the amount of the disbursement made under such surety bond, insurance policy or letter of credit, or a combination of such alternatives, as shall provide that the amount credited to the Subordinated Debt Service Reserve Fund equals the Subordinated Bonds Debt Service Reserve Requirement.

If the issuer of a surety bond, insurance policy or letter of credit on deposit in the Subordinated Bonds Debt Service Reserve Fund shall cease to have a rating described in the immediately preceding paragraph, the issuer of such surety bond, insurance policy or letter of credit shall immediately notify the Commission, the Series 2003C Bond Insurer and the Trustee in writing, and the Commission shall use reasonable efforts to replace such surety bond, insurance policy or letter of credit with one issued by an issuer having a rating so described that is approved in writing by the Series 2003C Bond Insurer, but shall not be obligated to pay, or commit to pay, increased fees, expenses or interest in connection with such replacement or to deposit Tax Revenues in the Subordinated Bonds Debt Service Reserve Fund in lieu of replacing such surety bond insurance policy or letter of credit with another.

Except as provided in the Indenture with respect to refunding Subordinated Bonds, moneys held for the credit of the Subordinated Bonds Debt Service Reserve Fund shall be used for the purpose of paying interest on, maturing principal and mandatory sinking fund redemption price of Subordinated Bonds whenever and to the extent that the moneys held for the credit of the Subordinated Bonds Debt Service Fund or any Subordinated Bonds Sinking Fund shall be insufficient for such purpose. If at any time the moneys and principal amount of any surety bond, insurance policy or letter of credit held for the credit of the Subordinated Bonds Debt Service Reserve Fund shall exceed the Subordinated Bonds Debt Service Reserve Requirement, such

excess shall be transferred by the Trustee to the credit of the Revenue Fund or used to reduce the principal amount of any surety bond, insurance policy or letter of credit

Oil Franchise Tax General Fund

The Indenture creates a special ~fund called the "Oil Franchise Tax General Fund" which shall be held in trust by the Trustee until applied as described-below. After first having made the deposits provided in the Indenture and described above and while any Bonds are Outstanding, the Trustee shall transfer from the Revenue Fund on or before the Business Day immediately preceding an Interest Payment Date to the credit of the Oil Franchise Tax General Fund the balance, if any, after making the required deposits described above.

Except as otherwise provided in the Indenture, moneys held for the credit of the Oil Franchise Tax General Fund shall be withdrawn by the Trustee, without further authorization from the Commission, to make up deficiencies in any funds or accounts created under the Indenture, and absent any such deficiency, may be expended by the Commission, upon requisition to the Trustee, for any of the following purposes, with no one item having priority over any of the others, as long as such application of Oil Franchise Tax Receipts is permitted by law:

(a) To purchase or redeem Bonds or any other bonds of the Commission;

(b) To secure and pay the principal or redemption price of and interest on any subordinated indebtedness.

(c) To make payments into the Construction Fund;

(d) To fund improvements, extensions and replacements of the Pennsylvania Turnpike System;

(e) To further any lawful corporate purpose; or

(f) To fund amounts payable by the Commission under a Parity Swap Agreement which are not Insured Swap Payments, such amounts shall be payable from the Oil Franchise Tax General Fund only if and to the extent that after such payment the Commission will have moneys available to pay debt service on the Senior Bonds for the next twelve (12) months.

Depositaries of Moneys, Security for Deposits and Investments of Moneys

All moneys received by the Commission under the provisions of the Indenture shall be deposited with the Trustee or with one or more other bank or trust companies to be designated by the Commission with the approval of the Trustee (any such depositary, including the Trustee, being herein called a "Depositary"). All moneys deposited under the provisions of the Indenture with the Trustee or any other Depositary shall be held in trust and applied only in accordance with the provisions of the Indenture, and shall not be subject to lien or attachment by any creditor of the Commission.

No moneys shall be deposited with any Depositary, other than the Trustee, in an amount exceeding fifty percent (50%) of the amount which an officer of such Depositary shall certify to the Commission as the combined capital and surplus of such Depositary

All moneys deposited with the Trustee or any other Depositary under the Indenture shall be continuously and fully secured unless or until invested as provided in the Indenture for the benefit of the Commission and the holders of the Bonds, by Government Obligations $_9$r direct and general obligations of the Commonwealth of Pennsylvania or otherwise in accordance with the laws of the Commonwealth of Pennsylvania 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.

Moneys held in any of the funds or accounts under the Indenture may be retained uninvested, if deemed necessary by the Commission, as trust funds and secured as provided above or may be invested in Permitted Investments. All such investments shall be made by the Trustee only upon the oral request of the Commission immediately 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 balance in investments described in paragraph 0) 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.

Covenants as to Tax Revenues

The Commission covenants in the Indenture that it will seek to enforce the pledge and appropriation of the Commonwealth with respect to the Oil Franchise Tax which is described in the recitals hereto, and it will petition the General Assembly for additional funds in the event that the Tax Revenues are inadequate to pay the amounts due hereunder.

The Trustee may and, upon receipt of written direction from the holders of not less than twenty-five percent (25%) in principal amount of the Bonds then outstanding and upon being indemnified to its satisfaction, shall institute and prosecute in a court of competent jurisdiction any appropriate action to enforce the pledge and appropriation of the Commonwealth with respect to the Oil Franchise Tax which is described in the recitals hereto.

Other Covenants of Commission

Pursuant to the Indenture, the Commission has made the following additional covenants, among others, to the Trustee:

(a) To promptly pay the principal of and the interest on every Bond issued under the provisions of the Indenture at the places, on the dates and in the manner provided in the Indenture and in said Bonds and any premium required for the retirement of said Bonds by purchase or redemption, according to the true intent and meaning thereof, but only from the Tax Revenues, which Tax Revenues are pledged by the Commission to the payment thereof in the manner and to the extent hereinabove particularly specified, and from the remainder of the Trust Estate.

(b) In the event that Bonds shall be issued under the provisions of the Indenture to

(1) proceed in conformity with law and all requirements of all governmental authorities having jurisdiction thereover; and

(2) before entering into any- construction contract, secure the approval of the Pennsylvania Department of Transportation, if required by law, of such contract and of the plans and specifications referred to therein, and-that it will obtain the approval of the Department of Transportation of any changes in any such plans and specifications and of any change orders involving such construction contract.

(c) Not to create or suffer to be created any lien or charge upon the Tax Revenues, or any part thereof except the lien and charge of the Bonds secured by the Indenture and any Subordinated Indebtedness permitted pursuant to the Indenture.

(d) Until the Bonds secured by the Indenture and the interest thereon shall have been paid or provision for such payment shall have been made, not to use the Tax Revenues for any purpose other than as provided in the Indenture, and not enter into any contract or contracts or take any action by which the rights of the Trustee or of the Bondholders might be impaired or diminished. Notwithstanding the above, the Commission shall be permitted to incur Subordinated Indebtedness pursuant to the provisions of the Indenture.

(e) To keep accurate records of its receipt of Tax Revenues. Such records shall be open to the inspection of the Bondholders and their agents and representatives.

(f) To make no investment or other use of the proceeds of 2003C Bonds which would cause such Bonds to be “arbitrage bonds” as that term is defined in Section 148 of the Code, and all applicable regulations promulgated with respect thereto; to comply with the requirements of the Code and applicable regulations throughout the term of the 2003C Bonds; and not to take any action, omit to take any action, or permit any other person to take any action or fail to take any action over which the Commission has control, which action or inaction would cause the interest on the 2003C Bonds to be

subject to federal income tax to a greater extent than on the date of issuance of such Bonds.

Financial Statements; Available Information

The Commission also covenants in the Indenture, in each Fiscal Year, to cause an annual audit to be made of its books and account by an independent certified public accountant of recognized by and standing. Promptly thereafter, reports of such audit shall be filed with the Commission and the Trustee, and copies of such reports shall be mailed by the Commission to all Bondholders who shall have filed their names and addresses with the Secretary and Treasurer of the Commission for such purpose. Each annual audit report shall set forth in respect of the preceding twelve-month period the findings of such certified public accountants whether Tax Revenues under the Provision for the Indenture have been applied in accordance with the provisions of the Indenture. Such audit reports shall be open to the inspection of the Bondholders and their agents and representatives.

The Commission further covenants that it will cause any additional reports or audits to be made as required by law and that, as often as may be requested, it will furnish to the Trustee, and the holder of any Bond such other information concerning the Tax Revenues as any of them may reasonably request and as may be easily provided by the Commission.

Events of Default

The Indenture provides that each of the following events is declared an "event of default":

(a) payment of the interest on, or principal and premium, if any, of any of the Bonds 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 for any reason be rendered incapable of fulfilling its obligations under the Indenture, including, without limitation, as a result of its existence being terminated or expiring; or

(c) 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) admit in writing the inability to pay its debts generally as they become due, or (iii) make a general assignment for the benefit of creditors, or (iv) be adjudicated a bankrupt or insolvent, or (v) 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 (vi) take any corporate action or other action to authorize any of the foregoing, or (vii) 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;

(d) 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 Tax Revenues; or

(e) the Commission shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Indenture 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 holders of not less than ten percent (10%) in principal amount of the Bonds 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.

Remedies

Upon the happening and continuance of any event of default specified in (a) above with respect to the Senior Bonds, then and in every such case the Trustee may, and upon the written request of the holders of not less than twenty-five percent (25%) in principal amount of the Senior Bonds then Outstanding shall, by a notice in writing to the Commission, declare the principal of all of the Bonds 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 Senior Bonds or in the Indenture to the contrary notwithstanding; provided, however, that if at any time after the principal of the Senior Bonds 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, moneys shall have accumulated in the Senior Bonds Sinking Fund sufficient to pay the principal of all matured Senior Bonds and all arrears of interest, if any, upon all the Senior Bonds then outstanding (except the principal of any Senior Bonds not then due by their terms and the interest accrued on such Senior Bonds 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 Senior Bonds or in the Indenture (other than a default in the payment of the principal of such Senior Bonds then due only because of a declaration under this Section) 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 holders of not less than twenty-five percent (25%) in principal amount of the Senior Bonds 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; and provided, further, that notwithstanding anything contained in the Indenture to the contrary

Upon the happening and continuance of any event of default specified in the Indenture, then and in every such case the Trustee may proceed, and upon the written request of the holders of not less than twenty-five percent (25%) in principal amount of the Bonds then outstanding shall proceed subject to the Indenture to protect and enforce its rights and the rights of the Bondholders under the laws of Pennsylvania 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 in the Indenture or in aid or execution of any power therein 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 Bonds and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds (to the extent that payment of such interest is enforceable under applicable law), together with any and all costs and expenses of collection and of all proceedings under the Indenture and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders and to recover and enforce judgment or decree against the Commission, but solely as provided herein and in such Bonds, 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.

Application of Funds: Senior Bonds

If at any time the moneys in the Senior Bonds Debt Service Fund or the Senior Bonds Sinking Fund shall not be sufficient to pay the principal of or the interest on the Senior Bonds or an Insured Swap Payment as the same become due and payable (either by their terms or by acceleration of maturities under the Indenture), such moneys, together with any moneys then in the Subordinated Bonds Debt Service Fund and Subordinated Bonds Sinking Fund and any other 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 fees and other amounts owing to the Trustee pursuant to the Indenture:

(a) Unless the principal of all the Senior Bonds 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 person entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Senior Bonds;

second: to the payment to the persons entitled thereto of the unpaid principal of any of the Senior Bonds which shall have become due (other than Senior Bonds called for redemption for the payment of which moneys are held pursuant to the provisions for the Indenture), in the order of their due dates, with interest on such Senior Bonds 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 Senior Bonds 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 Senior Bonds, to the purchase and retirement of Senior Bonds and to the redemption of Senior Bonds all m accordance with the provisions of the Indenture

(b) If the principal of all the Senior Bonds 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 Senior Bonds with interest thereon as aforesaid and any Insured Swap Payment then due and unpaid without preference or priority of principal interest or Insured Swap Payment over the other, or of any Senior Bond over any other Senior Bond, 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 Senior Bonds.

(c) If the principal of all the Senior Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled as described above, then, subject to the provisions of paragraph (b) above, in the event that the principal of all the Senior Bonds shall later become due or be declared due and payable, the moneys then remaining in and thereafter accruing to the Senior Bonds Debt

Service Fund and the Senior Bonds Sinking Fund shall be applied in accordance with the provisions of paragraph (a) above.

Application of Funds: Subordinated Bonds

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

(a) Unless the principal of all the Subordinated Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied, subject to the application of funds for the Senior Bonds described above:

first: to the payment to the persons entitled thereto of all installments of interest then due (including any amount due to the Series 2003C Bond Insurer with respect thereto under the terms of the Insurance Agreement), 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 person entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Subordinated Bonds;

second,: to the payment to the persons entitled thereto of the unpaid principal of any of the Subordinated Bonds which shall have become due (other than Subordinated Bonds called for redemption for the payment of which moneys are held pursuant to the provisions for the Indenture), in the order of their due dates, with interest upon such Subordinated Bonds 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 Subordinated Bonds 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 Subordinated Bonds, to the purchase and retirement of Subordinated Bonds and to the redemption of Subordinated Bonds, all in accordance with the provisions of the Indenture.

(b) If the principal of all the Subordinated Bonds 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 Subordinated Bonds, 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 Subordinated Bond over any other Subordinated Bond 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 Subordinated Bonds.

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

Bondholders' Right to Direct Proceedings

Subject to rights of the Bond Insurer as set forth in the Indenture, anything in the Indenture to the contrary notwithstanding, the holders of a majority in principal amount of the Bonds then outstanding with respect to which the event of default has occurred shall have the right, subject to the provisions of the Indenture noted above, 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 any Bondholder not a party 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.

No holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Indenture or for any other remedy thereunder 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 holders of not less than twenty-five percent (25%) in principal amount of the Bonds then outstanding with respect to which the event of default has occurred 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 declared in the Indenture 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 holders of the Bonds 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 provided in the Indenture and for the benefit of all holders of such outstanding Bonds.

Notice of Default

The Trustee shall mail to the registered owners of the Bonds then outstanding at their addresses as they appear on the registration books, written notice of the occurrence of any event of default set forth in clause (a) above under "Events of Default" within thirty (30) days after any such event of default shall have occurred. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail any notice of default required by the Indenture.

Supplemental Indentures Without Consent of Bondholders

The Commission and the Trustee may, from time to time and at any time, enter into such indentures or agreements supplemental to the Indenture as shall not be inconsistent with the terms and provisions of the Indenture for any of the following purposes:

(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 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 Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders or the Trustee,

(c) to issue Additional Bonds pursuant to the Indenture

(d) to obtain maintain or upgrade the then current rating of the Bonds or to obtain a Credit Facility; provided, however, no amendment with respect to obtaining a Credit Facility shall grant to the provider of the Credit Facility a lien with respect to the Trust Estate superior to that of any Bondholder

(e) to create a common Subordinated Bonds Debt Service Reserve Fund for all Subordinated Bonds, provided that each entity which has issued a letter of credit, surety bond or bond insurance policy as to any Subordinated Bonds for all or a portion of the Subordinated Bonds Debt Service Reserve Fund shall have consented thereto, or

(f) to make any other amendment which does not materially adversely affect the rights of the Trustee or of the Bondholders.

Supplemental Indentures with Consent of Bondholders

Subject to the terms and provisions contained in the Indenture, including the rights of the Bond Insurer, and not otherwise, the holders of not less than a majority (more than fifty percent (50%)) in aggregate principal amount of the Senior Bonds then outstanding and the holders of not less than a majority in aggregate principal amount of the Subordinated Bonds 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 indenture or indentures supplemental to the Indenture as shall be deemed necessary or desirable by the Commission for the purpose of modifying, altering, amending, adding to or rescinding, in any particular manner, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided, however, that nothing in the Indenture contained shall permit, or be construed as permitting, (a) an extension of the maturity of the principal of or the interest on any Bond issued thereunder, or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of revenues ranking prior to or (except as to Additional Bonds to the extent provided in the Indenture) on a panty with the lien or pledge created by the Indenture, or (d) a preference or priority of any Senior Bond or Senior Bonds over any other' Senior Bond or Subordinated Bonds or any Subordinated Bond or Bonds over any other Subordinated Bond or Bonds, 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 Bondholders of the execution of any Supplemental Indenture or agreement described above under "Supplemental Indentures Without Consent of Bondholders."

Defeasance

If, when the Bonds shall have become due and payable in accordance with their terms or otherwise as provided in the Indenture 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 Agent an amount, evidenced by moneys or Defeasance Securities, certified by an independent public accounting firm of national reputation to be of such maturities and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (likewise to be held in trust and committed, except as hereinafter provided), to be sufficient for the payment, at their maturities or redemption dates, of all principal, premium, if any, and interest on the Bonds to the date of maturity or redemption, as the case may be, and provision shall also be made for paying all other sums payable under the Indenture 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 finds or accounts other than moneys held in the Rebate Fund or for redemption or payment of Bonds.

The Indenture provides that in the event that the principal and/or interest due on the 2003C Bonds shall be paid by the Bond Insurer pursuant to the 2003C Bond Insurance Policy, the -2003C 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 2003C Bonds shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such registered owners

If the Commission deposits with the Trustee Defeasance Securities (or Defeased Tax-Exempt Securities, with respect to the 1998 Bonds) 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 due date, interest on such Bond or Bonds shall cease to accrue on the due date and all liability of the Commission with respect to such Bond or Bonds shall cease. Thereafter, such Bond or Bonds shall be deemed not to be outstanding under the Indenture and the holder or holders of such Bond or Bonds shall be restricted exclusively to the funds so deposited for any claim of whatsoever nature with respect to such Bond or Bonds, and the Trustee shall hold such fluids in trust for such holder or holders.

Subordination.

The Subordinated Bonds shall be subordinated and junior in lien position and right of payment to the extent and in the manner hereinafter set forth, to all principal of, premium, if any, and interest on the Senior Bonds.

(a) No payment on account of principal of and premium, if any, or interest on such Subordinated Bonds shall be made from the Tax Revenues or any amounts in the Subordinated Bonds Debt Service Fund or Subordinated Bonds Sinking Fund, nor shall any Tax Revenues be applied to the purchase or other acquisition or retirement of such Subordinated Bonds, unless fill 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 Senior Bonds has been made or duly provided for in accordance with the terms of this Indenture. Notwithstanding the foregoing, no payment on account of principal of and premium, if any, or interest on such Subordinated Bonds shall be made from the Tax Revenues, nor shall any Tax Revenues be applied to the purchase or other acquisition or retirement of such Subordinated Bonds 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 Senior Bonds.

(b) (i) 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, and interest due or to become due upon all Senior Bonds shall first be paid in full, or payment thereof provided for in accordance with the terms of the Senior Bonds, and any deficiency in any fund created under the Indenture has been satisfied, before any payment from the Tax Revenues is made on account of the Subordinated Bonds.

(ii) In the event that, notwithstanding the foregoing provisions, any holder of Subordinated Bonds shall have received any payment or distribution of Tax Revenues or any amounts in the Subordinated Bonds Debt Service Fund or the Subordinated Bonds Sinking Fund, including any such payment or distribution which may be payable or deliverable by reason of the, payment of the Subordinated Bonds (a "Distribution"), if there exists a default in the payment of principal of, premium, if any, or interest on any Senior Bonds at the time of the Distribution then and in such event such Distribution shall be received and held in trust for the holders of the Senior Bonds and shall be paid over or delivered forthwith to the Trustee for the benefit of the holders of the Senior Bonds to the extent necessary to pay all such Senior Bonds in full after giving effect to any payment or distribution made to the holders of such Senior Bonds concurrently with the Distribution made to such holder of Subordinated Bonds.

(c) The provisions of(a) and (b) above are solely for the purpose of defining the relative rights of the Senior Bonds and the holders of Subordinated Bonds, and nothing herein shall impair, as between the Commission and the holders of the Subordinated Bonds the obligation of the Commission which is unconditional and absolute subject to the provisions of the Indenture to pay to the holders thereof the principal thereof and premium if any and interest thereon in accordance with its terms nor shall anything therein prevent the holders of the Subordinated Bonds from exercising all remedies otherwise permitted by applicable law or upon default thereunder subject to the rights under (a) and (b) above of the Senior Bonds, as the case may be, to receive cash property or securities otherwise payable or deliverable to the holders of the Subordinated Bonds.

Rights of the Bond Insurer

The Second Supplemental Indenture contains a number of provisions required by the 2003C Bond Insurer. Such provision, among other things, grant the 2003C Bond Insurer the right to receive notices of certain events and other information, the right to consent to certain actions, acceleration rights, impose requirements for Permitted Investments, valuation, trustee related provisions, defeasance, the right to control certain remedies gr0anted to the Owners of the 2003C Bonds or the Trustee for the benefit of such Owner, and recognition as a third-party beneficiary thereunder. For the purposes of exercising certain voting rights under the Indenture, including the Second Supplemental Indenture, MBIA Insurance Corporation shall be deemed to be the Owner of the 2003C Bonds.

APPENDIX D

SECURITIES DEPOSITORY

Securities Depository

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

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2003C Bonds. The 2003C Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the 2003C Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at *www.dtcc.com* and *www.dtc.org*.

Purchases of 2003C Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2003C Bonds on DTC's records. The ownership interest of each actual purchaser of each 2003C Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2003C 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 2003C Bonds, except in the event that use of the book-entry system for the 2003C Bonds is discontinued.

To facilitate subsequent transfers, all 2003C 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 2003C Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2003C Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2003C 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 2003C Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2003C Bonds, such as redemptions, defaults, and proposed amendments to the Subordinate Indenture. For example, Beneficial Owners of 2003C Bonds may wish to ascertain that the nominee holding the 2003C Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them. Redemption notices shall be sent to DTC. If less than all of the 2003C Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2003C Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commission as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2003C Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal or redemption price of and interest on the 2003C Bonds will be paid to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Commission or the Trustee, as applicable, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal or redemption price and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

So long as Cede & Co. is the registered owner of the 2003C Bonds, as nominee of DTC, references herein to the bondholders or registered owners of the 2003C Bonds means Cede & Co., not the Beneficial Owners of the 2003C Bonds.

Discontinuation of Book-Entry-Only System

DTC may determine to discontinue providing its service with respect to the 2003C Bonds at any time by giving reasonable notice to the Commission and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

THE COMMISSION, THE TRUSTEE AND THE REMARKETING AGENTS CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE 2003C BONDS (1) PAYMENTS OF PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE 2003C BONDS (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE 2003C BONDS OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE 2003C BONDS, 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 REMARKETING CIRCULAR. 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.

NONE OF THE COMMISSION, THE TRUSTEE OR THE REMARKETING AGENTS WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON 2003C BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS UNDER THE TERMS OF THE SUBORDINATE INDENTURE; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE 2003C BONDS, OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE 2003C BONDS.

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APPENDIX E

(Form of opinion of Co-Bond Counsel in connection with the issuance and delivery of the Bonds)

May __, 2008

To the Purchasers of
the Below-Referenced Bonds:

Re: Pennsylvania Turnpike Commission $160,000,000 Oil Franchise Tax Senior Revenue Bonds, Series C of 2003

Ladies and Gentlemen:

We have served as Co-Bond Counsel to the Pennsylvania Turnpike Commission (the "Commission") in connection with the conversion and remarketing of its Oil Franchise Tax Senior Revenue Bonds, Series C of 2003, in the aggregate principal amount of $160,000,000 (the "Bonds") pursuant to a resolution adopted by the Commission on February 19, 2008 (the "Resolution") and pursuant to and secured by a Fourth Supplemental Trust Indenture dated as of May __, 2008 (the "Fourth Supplemental Indenture"), amending and supplementing the Trust Indenture dated as of August 1, 1998 (the "Original Indenture" and, together with all amendments and supplements to the Original Indenture, the "Indenture"), from the Commission to U.S. Bank National Association, as successor trustee (the "Trustee").

In accordance with the Indenture, the Bonds are being converted on the date hereof from an auction rate mode to fixed rates to maturity. The Bonds will bear interest at such rates, and will mature on the dates and in the amounts, and will be subject to redemption prior to maturity as provided in the Fourth Supplemental Indenture.

The Bonds were issued under and secured by the Indenture for the purpose of providing funds to pay, together with other available funds, the costs of a project consisting of: (a) financing capital expenditures permitted by the Enabling Acts (hereinafter defined); (b) paying the premium for bond insurance with respect to the Bonds; and (c) paying the costs of issuance of the Bonds (together, the "Project"). Pursuant to the Indenture, the 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 Indenture and any other funds, if any, of the Commission hereinafter specifically pledged to pay the principal of and interest on the 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; the Act of November 24, 1992, P.L. 725; and the Act of July 18, 2007, P.L. 169, No. 44. All such acts are sometimes hereafter referred to as the "Enabling Acts". The Enabling Acts constitute the Commission as an instrumentality of the Commonwealth of Pennsylvania (the "Commonwealth"). The General Assembly of the Commonwealth, by Act of August 5, 1991, P.L. 238; Act of Apri1 16, 1992, P.L. 169; Act of July 2, 1993, P.L. 58; and Act of February 14, 1994, No. 3 (collectively the "Oil Franchise Tax Act"), imposed an additional 55 mills to the "oil company franchise tax for highway construction" and directed that 14% of such additional 55 mills (the "Commission Allocation") be distributed for toll roads designated pursuant to the Act of September 30, 1985, P.L. 240, No. 61 (such act, as amended, is hereinafter referred to as "Act 61"). Under the Oil Franchise Tax Act, the oil company franchise taxes are collected by the Commonwealth Department of Revenue and deposited into the Motor License Fund of the Commonwealth held by the Department of Transportation. The Oil Franchise Tax Act provides that the Commission Allocation "is hereby appropriated monthly" to the Commission. The Oil Franchise Tax Act also provides that the Commonwealth pledges and agrees with any purchaser of the bonds to be issued by the Commission and secured by oil and franchise tax revenues that the "Commonwealth will not limit or alter the rights vested in the Pennsylvania Turnpike Commission to the appropriation and distribution of such tax revenues."

In our capacity as Co-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 opinions set forth below. We also have examined and relied upon the proceedings authorizing the conversion and remarketing of the Bonds and certain certifications and agreements (including a Tax Regulatory Agreement and Non-Arbitrage Certificate delivered in connection with the remarketing of the Bonds and intended to satisfy certain provisions of the Internal Revenue Code of 1986, as amended, and applicable Treasury Regulations (the "Code")), the opinion of Doreen A. McCall, Esquire, as Chief Counsel to the Commission, affidavits, receipts and other documents, including the Indenture and specimen Bonds, which we have considered relevant. We also have relied on a certificate of the Trustee as to its authentication of the Bonds.

In rendering the opinions 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 documents prepared by us. We have not undertaken to verify the factual matters set forth therein by independent investigation.

Based upon the foregoing, we are of the opinion, as of the date hereof, under existing law and subject to the qualifications hereinafter 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 Fourth Supplemental Indenture, to issue the Bonds, to pledge the Commission Allocation to secure and to pay the principal of and interest on the Bonds and to use the proceeds of the Bonds to finance the Project.

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

3. The Fourth Supplemental Indenture has been duly authorized, executed and delivered by the Commission and the obligations of the Commission thereunder constitute legal, valid and binding obligations, enforceable in accordance with their terms.

4. The Bonds have been duly converted in accordance with the Indenture, and are the legal, valid and binding limited obligations of the Commission, enforceable in accordance with their terms.

5. The Bonds are secured by the Indenture on an equal and ratable basis with all other parity bonds issued or to be issued under the Indenture and any indenture supplemental thereto, and the Indenture creates a valid pledge of, and a valid and binding security interest in, the Tax Revenues (as defined in the Indenture).

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

7. The interest on the Bonds is excluded from the gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. For the purpose of rendering the opinion set forth in this paragraph, we have assumed compliance by the Commission with the requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the conversion and remarketing of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Commission has covenanted to comply with such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date hereof.

Attention is invited to the fact that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers, including financial institutions subject to Section 265 of the Code, who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds, and we express no opinion as to any of such consequences.

Our opinions as to the validity, binding effect and enforceability of the Indenture and the Bonds are subject to the effect of any applicable bankruptcy, fraudulent conveyance or transfer, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally and the effect of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity, at law, or in bankruptcy).

These opinions are rendered on the basis of federal law and the laws of the Commonwealth as enacted and construed on the date hereof. We express no opinion as to any matter not set forth in the numbered paragraphs above.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Remarketing Circular dated _____ __, 2008 (the "Remarketing Circular") or other offering material relating to the Bonds (except to the extent, if any, stated in the Remarketing Circular), and we express no opinion herein related thereto (excepting only the matters set forth as our opinion in the Remarketing Circular).

We have not undertaken and will not undertake any responsibility to supplement or update our opinions to consider or inform any person of events or actions occurring or taken (or not occurring or not taken) subsequent to the date hereof including, but not limited to, those which may affect the tax status of interest on the Bonds.

Very truly yours,

APPENDIX F

SPECIMEN FINANCIAL GUARANTY INSURANCE POLICY

[See Attached]

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FINANCIAL GUARANTY INSURANCE POLICY

MBIA Insurance Corporation
Armonk, New York 10504

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]
[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

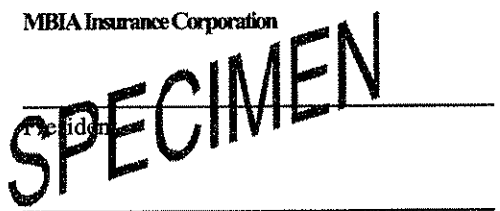
As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

MBIA Insurance Corporation



President

Attest:

Assistant Secretary

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