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

In the opinion of Co-Bond Counsel, interest on the 2021 Bonds is excludable from gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions, subject to the conditions described in "TAX EXEMPTION AND OTHER TAX MATTERS" herein. Interest on the 2021 Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax. Under the laws of the Commonwealth of Pennsylvania, as enacted and construed on the date hereof, interest on the 2021 Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. For a more complete discussion see "TAX EXEMPTION AND OTHER TAX MATTERS" herein.

PENNSYLVANIA TURNPIKE COMMISSION

$327,520,000 OIL FRANCHISE TAX SENIOR REVENUE BONDS, SERIES A OF 2021

$201,480,000 OIL FRANCHISE TAX SUBORDINATED REVENUE BONDS, SERIES B OF 2021

Dated: Date of Delivery **Due: December 1, As Shown on Inside Front Cover**

The Pennsylvania Turnpike Commission Oil Franchise Tax Senior Revenue Bonds, Series A of 2021 (the "***2021A Senior Bonds***") and the Oil Franchise Tax Subordinated Revenue Bonds, Series B of 2021 (the "***2021B Subordinated Bonds***" and, together with the 2021A Senior Bonds, the "***2021 Bonds***") are being issued pursuant to the Trust Indenture dated as of August 1, 1998 (the "***Original Indenture***"), between the Pennsylvania Turnpike Commission (the "***Commission***") and U.S. Bank National Association, as successor trustee (the "***Trustee***"), as previously amended and supplemented, and as particularly supplemented by the Ninth Supplemental Trust Indenture dated as of September 1, 2021 (the "***Ninth Supplemental Indenture***"), among the Commission, the Trustee and Manufacturers and Traders Trust Company, as Paying Agent (the "***Paying Agent***"), and the Enabling Acts (as defined herein), Act 3 (as defined herein), and the Resolution of the Commission adopted on June 15, 2021. The Original Indenture as previously amended and supplemented, together with the Ninth Supplemental Indenture are herein referred to as the "***OFT Indenture***." Capitalized terms used herein but not otherwise expressly defined herein shall have the meanings ascribed thereto in the OFT Indenture. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE" attached hereto.

The 2021 Bonds will be dated their respective dates of initial issuance and delivery thereof. The 2021 Bonds will mature on December 1 of the years and bear interest from their respective delivery dates at the rates shown on the inside cover pages hereof, calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on the 2021 Bonds will be payable on each June 1 and December 1, commencing on December 1, 2021. See "DESCRIPTION OF THE 2021 BONDS" herein.

The 2021 Bonds are deliverable in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the 2021 Bonds. Beneficial ownership interests in the 2021 Bonds will be recorded in book-entry only form in denominations of $5,000 or any integral multiple thereof. Purchasers of the 2021 Bonds will not receive bonds representing their beneficial ownership in the 2021 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 2021 Bonds, principal of and interest on the 2021 Bonds will be paid to Cede & Co., as nominee of DTC, which will, in turn, remit such principal and interest to the Participants and Indirect Participants for subsequent disbursement to the Beneficial Owners, as described herein. The 2021 Bonds will be transferable or exchangeable to another nominee of The Depository Trust Company or as otherwise described herein. So long as Cede & Co. is the registered owner of the 2021 Bonds, payments of principal and interest on the 2021 Bonds will be made directly by the Paying Agent under the OFT Indenture, as described herein. See "DESCRIPTION OF THE 2021 BONDS – Book-Entry Only System" herein.

The 2021A Senior Bonds are being issued to provide funds, together with other legally available funds of the Commission, for the purposes of (i) financing the 2021 Construction Project (as defined herein); (ii) refunding, on a current basis, all of the Commission's outstanding Oil Franchise Tax Senior Revenue Bonds, Series A of 2009; and (iii) paying the costs of issuing the 2021A Senior Bonds. The 2021B Subordinated Bonds are being issued to provide funds, together with other legally available funds of the Commission, for the purposes of (i) financing the 2021 Construction Project; (ii) refunding, on a current basis, all of the Commission's outstanding Oil Franchise Tax Subordinated Revenue Bonds, Series D of 2009; (iii) funding a deposit to the Subordinated Bond Debt Service Reserve Fund; and (iv) paying the costs of issuing the 2021B Subordinated Bonds. See "PLAN OF FINANCING" and "ESTIMATED SOURCES AND USES" herein.

The 2021 Bonds will be subject to optional and mandatory redemption prior to maturity as described herein. See "DESCRIPTION OF THE 2021 BONDS – Redemption of the 2021 Bonds" herein.

The 2021A Senior Bonds are equally and ratably secured as Senior Bonds by a pledge by the Commission of the Trust Estate (as defined in the OFT Indenture), including the Tax Revenues (as defined in the OFT Indenture), which term includes that portion of the "oil company franchise tax for the highway maintenance and construction" (the "***Oil Franchise Tax***") collected by the Commonwealth and paid to the Trustee, and any other receipts, revenues and other moneys received by the Trustee from the Commonwealth in substitution and/or replacement thereof, and any outstanding Senior Bonds and any additional Senior Bonds issued under the OFT Indenture will be equally and ratably secured under the OFT Indenture with the 2021A Senior Bonds. The 2021B Subordinated Bonds are equally and ratably secured as Subordinated Bonds by a pledge by the Commission of the Trust Estate, including the Tax Revenues collected by the Commonwealth and paid to the Trustee, and any other receipts, revenues and other moneys received by the Trustee from the Commonwealth in substitution and/or replacement thereof, and any outstanding Subordinated Bonds and any additional Subordinated Bonds issued under the OFT Indenture will be equally and ratably secured under the OFT Indenture with the 2021B Subordinated Bonds. See "SECURITY FOR THE 2021 BONDS" herein and "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE" attached hereto.

THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA (THE "*COMMONWEALTH*") HAS ALLOCATED A PORTION OF THE OIL COMPANY FRANCHISE TAX IMPOSED BY THE COMMONWEALTH AND APPROPRIATED IT TO THE COMMISSION. THE 2021 BONDS ARE LIMITED OBLIGATIONS OF THE COMMISSION PAYABLE FROM THAT PORTION OF THE OIL FRANCHISE TAX AND CERTAIN FUNDS HELD UNDER THE OFT INDENTURE AND THE EARNINGS THEREON. THE 2021 BONDS SHALL NOT BE DEEMED TO BE A DEBT OF THE COMMONWEALTH AND SHALL NOT BE AN OBLIGATION OF THE COMMISSION PAYABLE FROM ANY SOURCE EXCEPT THE TRUST ESTATE, WHICH INCLUDES, BUT IS 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 OFT INDENTURE AND THE EARNINGS THEREON. THE COMMISSION HAS NO TAXING POWER.

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

The 2021 Bonds are being offered when, as and if issued and accepted by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice, to certain legal matters being passed upon by Dilworth Paxson LLP, Philadelphia, Pennsylvania, and Powell Law, PC, Harrisburg, Pennsylvania, as Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Underwriters by Greenberg Traurig, LLP, Philadelphia, Pennsylvania, as Counsel to the Underwriters. Certain legal matters will be passed upon for the Commission by its Chief Counsel, Doreen A. McCall, Esquire, and by Virtus LLP, Windermere, Florida, as Disclosure Counsel to the Commission. It is anticipated that delivery of the 2021 Bonds in book-entry form will be made through the facilities of DTC in New York, New York, on or about September 2, 2021.

Jefferies

Citigroup **Loop Capital Markets**

Academy Securities **Baird** **Janney Montgomery Scott**

This Official Statement is dated August 24, 2021.

MATURITY SCHEDULE

$327,520,000
Pennsylvania Turnpike Commission
Oil Franchise Tax Senior Revenue Bonds,
Series A of 2021

$49,285,000 2021A Serial Bonds

Maturity Date (December 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP(*) No.
2022	$4,565,000	3.000%	0.090%	103.626	709221VM4
2023	4,730,000	4.000	0.130	108.681	709221VN2
2024	4,375,000	5.000	0.210	115.492	709221VP7
2025	3,715,000	5.000	0.350	119.585	709221VQ5
2026	3,910,000	5.000	0.490	123.334	709221VR3
2027	4,105,000	5.000	0.640	126.657	709221VS1
2028	4,315,000	5.000	0.790	129.595	709221VT9
2029	4,535,000	5.000	0.920	132.330	709221VU6
2030	4,765,000	5.000	1.020	135.034	709221VV4
2031	5,010,000	5.000	1.110	137.578	709221VW2
2032	5,260,000	5.000	1.190(C)	136.651(C)	709221VX0

$65,500,000 2021A Term Bond due December 1, 2046; Interest Rate: 5.000%;
Yield: 1.810%(C); Price: 129.711(C); CUSIP(*) No. 709221VY8

$172,735,000 2021A Term Bond due December 1, 2051; Interest Rate: 4.000%;
Yield: 2.000%(C); Price: 118.445(C); CUSIP(*) No. 709221VZ5

$40,000,000 2021A Term Bond due December 1, 2051; Interest Rate: 3.000%;
Yield: 2.250%(C); Price: 106.827(C); CUSIP(*) No. 709221WA9

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(C) Price/Yield to first optional redemption date of December 1, 2031.

MATURITY SCHEDULE

$201,480,000
Pennsylvania Turnpike Commission
Oil Franchise Tax Subordinated Revenue Bonds,
Series B of 2021

$66,480,000 2021B Serial Bonds

Maturity Date (December 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP(*) No.
2022	$1,870,000	3.000%	0.140%	103.562	709221WB7
2023	1,930,000	4.000	0.190	108.539	709221WC5
2024	3,855,000	5.000	0.280	115.246	709221WD3
2025	4,035,000	5.000	0.420	119.259	709221WE1
2026	5,500,000	5.000	0.560	122.926	709221WF8
2027	5,780,000	5.000	0.730	126.028	709221WG6
2028	1,380,000	5.000	0.880	128.863	709221WH4
2029	1,455,000	5.000	1.000	131.587	709221WJ0
2030	1,505,000	5.000	1.110	134.095	709221WK7
2031	1,580,000	5.000	1.200	136.535	709221WL5
2032	1,660,000	5.000	1.280(C)	135.616(C)	709221WM3
2037	3,155,000	4.000	1.670(C)	121.859(C)	709221WN1
2038	7,515,000	4.000	1.730(C)	121.230(C)	709221WP6
2039	7,840,000	4.000	1.780(C)	120.708(C)	709221WQ4
2040	8,525,000	4.000	1.830(C)	120.189(C)	709221WR2
2041	8,895,000	4.000	1.860(C)	119.879(C)	709221WS0

$35,000,000 2021B Term Bond due December 1, 2046; Interest Rate: 5.000%;
Yield: 1.930%(C); Price: 128.416(C); CUSIP(*) No. 709221WT8

$45,000,000 2021B Term Bond due December 1, 2051; Interest Rate: 4.000%;
Yield: 2.120%(C); Price: 117.231(C); CUSIP(*) No. 709221WU5

$55,000,000 2021B Term Bond due December 1, 2053; Interest Rate: 4.000%;
Yield: 2.160%(C), Price: 116.830(C); CUSIP(*) No. 709221WV3

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(C) Price/Yield to first optional redemption date of December 1, 2031.

PENNSYLVANIA TURNPIKE COMMISSION

No dealer, broker, salesman or other person has been authorized by the Commission or the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2021 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Commission, the Underwriters, DTC and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as representations by, the Underwriters. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof.

The 2021 Bonds are not and will not be registered under the Securities Act of 1933, as amended, or under any state securities laws, and the OFT Indenture has not been and will not be qualified under the Trust Indenture Act of 1939, as amended, because of available exemptions therefrom. Neither the United States Securities and Exchange Commission (the "***SEC***") nor any federal, state, municipal or other governmental agency will pass upon the accuracy, completeness or adequacy of this Official Statement.

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

No quotations from or summaries or explanations of provisions of law and documents herein purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. This Official Statement is not to be construed as a contract or agreement between the Commission and the purchasers or holders of any of the securities described herein. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly, so stated, are intended merely as estimates or opinions and not as representations of fact. The cover page hereof, list of officials, this page and the Appendices attached hereto are part of this Official Statement.

If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements, and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties, which could affect the amount of Oil Franchise Tax received by the Commission include, among others, changes in economic conditions and various other events, conditions and circumstances, many of which are beyond the control of the Commission. Such forward-looking statements speak only as of the date of this Official Statement. The Commission disclaims any obligation or undertaking to release publicly any updates or revision to any forward-looking statement contained herein to reflect any changes in the Commission's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE 2021 BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

THIS OFFICIAL STATEMENT MAY BE AVAILABLE TO PROSPECTIVE PURCHASERS IN EITHER BOUND OR PRINTED FORMAT ("***ORIGINAL BOUND FORMAT***"), OR IN ELECTRONIC FORMAT FROM THE FOLLOWING WEBSITES: WWW.MCELWEEQUINN.COM AND WWW.EMMA.MSRB.ORG. THE ELECTRONIC MUNICIPAL MARKET ACCESS SYSTEM IS THE SOLE NATIONALLY RECOGNIZED MUNICIPAL SECURITIES INFORMATION REPOSITORY. PROSPECTIVE PURCHASERS MAY RELY ON THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT IN THE ORIGINAL BOUND FORMAT OR ONLY IF SAVED IN FULL FROM SUCH WEBSITES; PROVIDED, HOWEVER, THAT PROSPECTIVE PURCHASERS SHOULD READ THE ENTIRE OFFICIAL STATEMENT (INCLUDING THE COVER PAGE,

THE INSIDE FRONT COVER PAGE AND ALL APPENDICES ATTACHED HERETO) TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THE ORIGINAL BOUND FORMAT AND THE ELECTRONIC FORMAT, THE ORIGINAL BOUND FORMAT SHALL CONTROL.

REFERENCES TO WEBSITE ADDRESSES PRESENTED HEREIN, INCLUDING THE COMMISSION'S WEBSITE OR ANY OTHER WEBSITE CONTAINING INFORMATION ABOUT THE COMMISSION OR ANY THIRD PARTY ARE FOR INFORMATIONAL PURPOSES ONLY AND MAY BE IN THE FORM OF A HYPERLINK SOLELY FOR THE READER'S CONVENIENCE. UNLESS SPECIFIED OTHERWISE, SUCH WEBSITES AND THE INFORMATION OR LINKS CONTAINED THEREIN ARE NOT INCORPORATED INTO, AND ARE NOT PART OF, THIS OFFICIAL STATEMENT FOR ANY PURPOSE INCLUDING FOR PURPOSES OF RULE 15c2-12 PROMULGATED BY THE SEC PURSUANT TO THE SECURITIES EXCHANGE ACT OF 1934.

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TABLE OF CONTENTS

OFFICIAL STATEMENT

$327,520,000	$201,480,000
Pennsylvania Turnpike Commission	**Pennsylvania Turnpike Commission**
Oil Franchise Tax Senior Revenue Bonds,	**Oil Franchise Tax Subordinated Revenue Bonds,**
Series A of 2021	**Series B of 2021**

INTRODUCTION

This Official Statement, which includes the cover page, the inside front cover and the Appendices hereto, is furnished by the Pennsylvania Turnpike Commission (the "***Commission***") in connection with the issuance of $529,000,000 aggregate principal amount of Pennsylvania Turnpike Commission Oil Franchise Tax Revenue Bonds, consisting of $327,520,000 aggregate principal amount Oil Franchise Tax Senior Revenue Bonds, Series A of 2021 (the "***2021A Senior Bonds***"), and $201,480,000 aggregate principal amount Oil Franchise Tax Subordinated Revenue Bonds, Series B of 2021 (the "***2021B Subordinated Bonds***" and, together with the 2021A Senior Bonds, the "***2021 Bonds***").

Certain information concerning the Commission is attached hereto as APPENDIX A. Audited financial statements of the Commission for the Fiscal Years ended May 31, 2020 and May 31, 2019 are attached hereto as APPENDIX B. While the audited financial statements of the Commission attached hereto as APPENDIX B pertain to the Commission as a whole, payment of the 2021 Bonds is secured by revenues derived from the Oil Franchise Tax. See "SECURITY FOR THE 2021 BONDS" below.

A summary of certain provisions of the OFT Indenture (as defined below) is attached hereto as APPENDIX C. A form of the opinion of Co-Bond Counsel to be delivered in connection with the issuance of the 2021 Bonds is attached hereto as APPENDIX D. A form of the Continuing Disclosure Agreement to be executed and delivered by the Commission in connection with the issuance of the 2021 Bonds is attached hereto as APPENDIX E. A table setting forth the total debt service requirements for the Outstanding Bonds (as defined herein) is attached hereto as APPENDIX F.

If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements, and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties, which could affect the amount of Oil Franchise Tax revenues received by the Commission include, among others, changes in economic conditions and various other events, conditions and circumstances, many of which are beyond the control of the Commission. Such forward-looking statements speak only as of the date of this Official Statement. The Commission disclaims any obligation or undertaking to release publicly any updates or revision to any forward- looking statement contained herein to reflect any changes in the Commission's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

All capitalized terms not otherwise defined herein shall have the same meanings ascribed to them in the definitions set forth in "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE – DEFINITIONS OF CERTAIN TERMS." All references herein to the Enabling Acts (as defined below), the 2021 Bonds, the OFT Indenture and the Disclosure Agreement are qualified in their entirety by reference to the complete texts thereof. Copies of drafts of such documents, except for the Enabling Acts, may be obtained during the initial offering period from the principal offices of the Underwriters and, thereafter, executed copies may be obtained from U.S. Bank National Association, as successor trustee (the "***Trustee***"). All statements in this Official Statement involving matters of opinion, estimates, forecasts, projections or the like, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized.

Pennsylvania Turnpike Commission

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

OFT Indenture and Enabling Acts

The 2021 Bonds are being issued pursuant to a Ninth Supplemental Trust Indenture dated as of September 1, 2021 (the "***Ninth Supplemental Indenture***") among the Commission, the Trustee, and Manufacturers and Traders Company as Paying Agent (the "***Paying Agent***"), which supplements the Trust Indenture dated as of August 1, 1998 (the "***Original Indenture***"), as was previously 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***"), a Fourth Supplemental Trust Indenture dated as of April 15, 2008 (the "***Fourth Supplemental Indenture***"), a Fifth Supplemental Trust Indenture dated as of October 1, 2009 (the "***Fifth Supplemental Indenture***"), a Sixth Supplemental Trust Indenture dated as of October 1, 2013 (the "***Sixth Supplemental Indenture***"), a Seventh Supplemental Trust Indenture dated as of September 1, 2016 (the "***Seventh Supplemental Indenture***"), and an Eighth Supplemental Trust Indenture dated as of June 1, 2018 (the "***Eighth Supplemental Indenture***" and, collectively with the Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, and the Ninth Supplemental Indenture, the "***OFT Indenture***"), and pursuant to and authorized by an Act of the General Assembly of Pennsylvania approved July 18, 2007, P.L. 169, No. 44 ("***Act 44***") and various Acts of the General Assembly approved on several dates, including the Act of May 21, 1937, P.L. 774, Act 211; the Act of May 24, 1945, P.L. 972; the Act of February 26, 1947, P.L. 17; the Act of May 23, 1951, P.L. 335; the Act of August 14, 1951, P.L. 1232; and the Act of September 30, 1985, P.L. 240, No. 61 ("***Act 61***") to the extent not repealed by Act 44; the Act of August 5, 1991, P.L. 238, No. 26 ("***Act 26***") and the Act of November 25, 2013, P.L. 974, No. 89 ("***Act 89***") (collectively, the "***Enabling Acts***"), and the Resolution adopted by the Commission on June 15, 2021 (the "***Bond Resolution***"). The Act of April 17, 1997, No. 3 ("***Act 3***") revises certain of the provisions of Act 26 which contains the appropriation of the Commission Allocation (as defined herein) of the Oil Franchise Tax. See "OIL FRANCHISE TAX – Act 3" herein.

Security

The 2021 Bonds are limited obligations of the Commission payable solely from (i) all Tax Revenues (as defined in "SECURITY FOR THE 2021 BONDS – Additional Bonds"), (ii) the Commission's right to receive the Commission Allocation and any portion of the Commission Allocation actually received by the Commission, (iii) all moneys deposited into accounts or funds created by the OFT Indenture (other than the Rebate Fund, and other than the Subordinated Bonds Debt Service Reserve Fund which is pledged only for the benefit of the Subordinated Bonds (as defined in the Original Indenture), including the 2021B Subordinated Bonds), (iv) all Swap Receipts, (v) the Issuer Subsidy, and (vi) all investment earnings on all moneys held in accounts and funds established by the OFT Indenture (other than the Rebate Fund and other than earnings on moneys held in the Subordinated Bonds Debt Service Reserve Fund which are pledged only for the benefit of the Subordinated Bonds). The aforementioned (i), (ii), (iii), (iv), (v) and (vi) are collectively herein referred to as the "***Trust Estate***." See "OIL FRANCHISE TAX" herein. Pursuant to the OFT Indenture, the Trust Estate has been pledged and assigned by the Commission to the Trustee to pay principal of and interest on the 2021 Bonds and all other Bonds (as hereinafter defined) issued under the OFT Indenture, and any amounts due under Parity Swap Agreements and Reimbursement Obligations (as such terms are defined herein). The Commission has irrevocably directed the Treasurer of the Commonwealth (the "***State Treasurer***") to make payment of the Commission Allocation directly to the Trustee, and has directed the Trustee, upon receipt of such amounts, to deposit the moneys, as received, into the Revenue Fund created under the OFT Indenture.

The General Assembly has allocated a portion of the Oil Franchise Tax imposed by the Commonwealth and appropriated it to the Commission. This allocation consists of the revenues from 14% of the additional 55 mills of the Oil Franchise Tax imposed beginning in 1991 (the "***Commission Allocation***"). The Oil Franchise Tax receipts, including the Commission Allocation, are deposited into the Commonwealth's Motor License Fund each month, with the Commission receiving a portion of the proceeds deposited into the Motor License Fund. See "OIL FRANCHISE TAX."

Under the OFT Indenture, prior to an Event of Default, the Issuer Subsidy will be held solely for and applied to debt service on the Oil Franchise Tax Build America Bonds (as defined herein). See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE – THE ORIGINAL INDENTURE – Issuer Subsidy Funds" attached hereto.

The 2021A Senior Bonds are equally and ratably secured as Senior Bonds by a pledge by the Commission of the Trust Estate, and any outstanding Senior Bonds and any additional Senior Bonds issued under the OFT Indenture will be equally and ratably secured under the OFT Indenture with the 2021A Senior Bonds. The 2021B Subordinated Bonds are equally and ratably secured as Subordinated Bonds by a pledge by the Commission of the Trust Estate, and any outstanding Subordinated Bonds and any additional Subordinated Bonds issued under the OFT Indenture will be equally and ratably secured under the OFT Indenture with the 2021B Subordinated Bonds. See "SECURITY FOR THE 2021 BONDS" herein and "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE" attached hereto.

Senior Bonds and Additional Senior Bonds are senior in right of payment and security to the Subordinated Bonds; provided, however, that the Subordinated Bonds have a first lien on the Subordinated Bonds Debt Service Reserve Fund. See "SECURITY FOR THE 2021 BONDS – Security for the 2021 Bonds; Remedies and – Additional Bonds" and APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE – DEFINITIONS OF CERTAIN TERMS."

A Subordinated Bonds Debt Service Reserve Fund has been established under the OFT Indenture solely for the benefit of the holders of the Subordinated Bonds, including the holders of the 2021B Subordinated Bonds. The Subordinated Bonds Debt Service Reserve Requirement is an amount equal to one-half the maximum Principal and Interest Requirements for any succeeding Fiscal Year on account of the Subordinated Bonds. **THERE IS NO DEBT SERVICE RESERVE FUND FOR THE 2021A SENIOR BONDS.** See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE – DEFINITIONS OF CERTAIN TERMS" and "SECURITY FOR THE 2021 BONDS – Subordinated Bonds Debt Service Reserve Fund." Unlike the Subordinated Bonds, Senior Bonds have no dedicated debt service reserve fund, although excess balances in the Revenue Fund are transferred from time to time to an Oil Franchise Tax General Fund held by the Trustee which is available, among other things, to make up deficiencies in the various funds and accounts established under the OFT Indenture. See "SECURITY FOR THE 2021 BONDS – Revenue Fund Excess Balance and Oil Franchise Tax General Fund" herein.

THE 2021 BONDS SHALL NOT BE DEEMED TO BE A DEBT 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 OFT INDENTURE AND THE EARNINGS THEREON. THE COMMISSION HAS NO TAXING POWER.

Purpose

The 2021A Senior Bonds are being issued to provide funds, together with other legally available funds of the Commission, for the purposes of (i) financing the 2021 Construction Project; (ii) refunding, on a current basis, all of the Commission's outstanding Oil Franchise Tax Senior Revenue Bonds, Series A of 2009 (the "***Refunded 2009A Senior Bonds***"); and (iii) paying the costs of issuing the 2021A Senior Bonds.

The 2021B Subordinated Bonds are being issued to provide funds, together with other legally available funds of the Commission, for the purposes of (i) financing the 2021 Construction Project; (ii) refunding, on a current basis, all of the Commission's outstanding Oil Franchise Tax

Subordinated Revenue Bonds, Series D of 2009 (the "***Refunded 2009D Subordinated Bonds***" and together with the Refunded 2009A Senior Bonds, the "***Refunded Bonds***"); (iii) funding a deposit to the Subordinated Bond Debt Service Reserve Fund; and (iv) paying the costs of issuing the 2021B Subordinated Bonds. See "PLAN OF FINANCING" and "ESTIMATED SOURCES AND USES" herein.

Existing Obligations

The 2021A Senior Bonds upon issuance will be Senior Bonds (as defined in the Original Indenture), and the 2021B Subordinated Bonds upon issuance will be Subordinated Bonds. All Senior Bonds and all Subordinated Bonds now or hereafter issued under or secured by the OFT Indenture are referred to herein as the "***Bonds***."

The following table shows the Bonds outstanding under the OFT Indenture upon the issuance of the 2021 Bonds and the refunding of the Refunded Bonds:

Outstanding Bonds

	Outstanding Principal	**Accreted thru 6/1/2021**	**Total Outstanding**
Oil Franchise Tax Senior Revenue Bonds*			
Series B of 2009 (the "***2009B Bonds***")	$127,170,000	-	$127,170,000
Series C of 2009 (the "***2009C Bonds***")	15,461,246	$12,950,176	28,411,422
Series A of 2013 (the "***2013A Bonds***")	16,675,000	-	16,675,000
Series A of 2016 (the "***2016A Bonds***")	167,790,000	-	167,790,000
Series A of 2018 (the "***2018A Bonds***")	231,385,000	-	231,385,000
Series 2021A Senior Bonds	327,520,000	-	327,520,000
Total Outstanding Senior Bonds:	**$886,001,246**	**$12,950,176**	**$898,951,422**
Oil Franchise Tax Subordinated Revenue Bonds*			
Series E of 2009 (the "***2009E Bonds***")	$102,505,000	-	$102,505,000
Series B of 2013 (the "***2013B Bonds***")	18,965,000	-	18,965,000
Series B of 2016 (the "***2016B Bonds***")	94,465,000	-	94,465,000
Series B of 2018 (the "***2018B Bonds***")	210,480,000	-	210,480,000
Series 2021B Subordinated Bonds	201,480,000	-	201,480,000
Total Outstanding Subordinated Bonds:	**$627,895,000**	**-**	**$627,895,000**
Total Outstanding Bonds:	**$1,513,896,246**	**$12,950,176**	**$1,526,846,422**

* A portion of the proceeds of the 2021 Bonds, together with other legally available funds, will be used to currently refund all of the Refunded 2009A Senior Bonds and the Refunded 2009D Subordinated Bonds. See "PLAN OF FINANCING" herein.

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The 2009B Bonds, the 2009C Bonds, the 2009E Bonds, the 2013A Bonds, the 2013B Bonds, the 2016A Bonds, the 2016B Bonds, the 2018A Bonds, the 2018B Bonds, the 2021A Senior Bonds, and the 2021B Subordinated Bonds are referred to herein as the "***Outstanding Bonds***." A portion of the proceeds of the 2021 Bonds will be used to currently refund the Refunded Bonds. See "PLAN OF FINANCING" herein.

The Commission has entered into various interest rate swap agreements relating to the 2009B Bonds and the 2016A Bonds, which constitute Parity Swap Agreements under the OFT Indenture. See "SECURITY FOR THE 2021 BONDS" herein and "APPENDIX A – THE PENNSYLVANIA TURNPIKE COMMISSION – "COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Interest Rate Exchange Agreements" attached hereto.

DESCRIPTION OF THE 2021 BONDS

General

The 2021 Bonds will bear interest at fixed rates and will mature, subject to prior redemption, on the dates and in the amounts set forth on the inside front cover page of this Official Statement. Interest on the 2021 Bonds will accrue from and including their respective Dated Dates and will be payable semi-annually through and including the maturity date (or earlier redemption date) on each June 1 and December 1, commencing on December 1, 2021 (each, an "***Interest Payment Date***").

The 2021 Bonds will be issued in fully registered form in Authorized Denominations (as described below). The principal of and the redemption premium, if any, on all 2021 Bonds shall be payable by check or draft at maturity or upon earlier redemption to the persons in whose names such 2021 Bonds are registered on the Bond Register at the maturity or redemption date thereof, upon the presentation and surrender of such 2021 Bonds at the designated office of the Trustee or of any Paying Agent named in the 2021 Bonds. Interest on the 2021 Bonds shall be paid by the Paying Agent to the person whose name appears on the Bond Register as the holder thereof at the close of business on the Record Date (as defined below) for each Interest Payment Date. Payment of the interest on the 2021 Bonds shall be made by check or draft mailed by first class mail to such holder at its address as it appears on such Bond Register or at such other address as is furnished to the Trustee in writing or, upon the written request of any holder of at least $1,000,000 in aggregate principal amount of the 2021 Bonds, submitted to the Trustee and the Paying Agent not later than ten Business Days before the applicable Record Date, by electronic transfer in immediately available funds to an account within the continental United States designated by such holder. If the Commission defaults in the payment of interest due on any Interest Payment Date, Defaulted Interest (as defined below) will be payable to the person in whose name such 2021 Bond is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest. The Commission shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each 2021 Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment; money deposited with the Trustee shall be held in trust for the benefit of the Owners of the Bonds entitled to such Defaulted

Interest. Following receipt of such funds the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Commission of such Special Record Date and, in the name and at the expense of the Commission, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Owner of a 2021 Bond entitled to such notice at the address of such owner as it appears on the Bond Register not less than 10 days prior to such Special Record Date.

Upon original issuance, the 2021 Bonds will be registered in the name of and held by Cede & Co., as registered holder and nominee for DTC. The 2021 Bonds initially will be issued as one fully registered certificate for each maturity and series. Purchases of the 2021 Bonds will initially be made in book-entry form. See "DESCRIPTION OF THE 2021 BONDS – Book-Entry Only System" herein. As long as the 2021 Bonds are registered in the name of DTC or its nominee, Cede & Co., payments of the principal of, redemption premium, if any, and interest on the 2021 Bonds will be paid directly to Cede & Co. by wire transfer by the Paying Agent on each Interest Payment Date for redistribution by DTC to its Participants and in turn to the Beneficial Owners, as described under "DESCRIPTION OF THE 2021 BONDS – Book Entry Only System." While the book-entry only system is in effect, transfers and exchanges of the 2021 Bonds will be affected through DTC's book-entry system.

DTC may determine to discontinue providing its service with respect to the 2021 Bonds at any time by giving notice to the Commission and discharging its responsibilities with respect thereto under applicable law or the Commission may determine to discontinue the system of book-entry-only transfers through DTC (or a successor securities depository). Under such circumstances, the 2021 Bond certificates will be authenticated and delivered as provided in the OFT Indenture to the Beneficial Owners of the 2021 Bonds, who shall then become the Registered Owners thereof.

If the book-entry-only system is discontinued and the Beneficial Owners become Registered Owners of the 2021 Bonds, the Commission shall immediately advise the Trustee in writing of the procedures for transfer of the 2021 Bonds from book-entry-only form to a fully registered form.

The "***Record Date***" for determining the Owner entitled to payment of interest with respect to the 2021 Bonds on any given Interest Payment Date is the fifteenth (15th) day (whether or not a Business Day) of the month immediately preceding such Interest Payment Date.

In the event interest on any 2021 Bond is not paid when due ("***Defaulted Interest***"), the provisions relating to Defaulted Interest under the Ninth Supplemental Indenture shall apply. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE – THE OFT INDENTURE" for information with respect to the payment of Defaulted Interest.

Authorized Denominations. The 2021 Bonds will be issued as fully registered bonds in authorized denominations of $5,000 and any integral multiple thereof.

Registration, Transfer and Exchange. The Trustee has been appointed Bond Registrar and as such shall keep the Bond Register at its Principal Office. The Person in whose name any 2021 Bond shall be registered on the Bond Register shall be deemed and regarded as the absolute owner of such 2021 Bond for all purposes, and payment of or on account of the principal of and interest on any such 2021 Bond shall be made only to or upon the order of the Registered Owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such 2021 Bond, including the interest thereon, to the extent of the sum or sums so paid.

Any 2021 Bond may be transferred only upon the Bond Register upon surrender thereof to the Trustee duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee. Upon any such transfer, the Commission shall execute and the Trustee shall authenticate and deliver in exchange for such 2021 Bond a new 2021 Bond or 2021 Bonds, registered in the name of the transferee, of any Authorized Denomination and of the same maturity and series and bearing interest at the same rate.

The Commission, the Securities Depository or the Trustee may charge an amount sufficient to reimburse it for any tax or other governmental charge required to be paid in connection with any transfer or exchange. The Trustee shall not be required to: transfer or exchange any 2021 Bond during a period beginning at the opening of business fifteen (15) days before the day of the mailing of a notice of redemption of such 2021 Bond and ending at the close of business on the day of such mailing or transfer or exchange any 2021 Bond so selected for redemption in whole or in part, or during a period beginning at the opening of business on any Record Date for such 2021 Bond and ending at the close of business on the relevant Interest Payment Date therefor. See also "DESCRIPTION OF THE 2021 BONDS – Book-Entry Only System" herein for further information regarding registration, transfer and exchange of the 2021 Bonds.

The OFT Indenture, and all provisions thereof, are incorporated by reference in the text of the 2021 Bonds, and the 2021 Bonds provide that each Registered Owner, Beneficial Owner, Participant or Indirect Participant (as such terms are defined hereinafter), by acceptance of a 2021 Bond (including receipt of a book-entry credit evidencing an interest therein), assents to all of such provisions as an explicit and material portion of the consideration running to the Commission to induce it to issue such 2021 Bond.

Redemption of 2021 Bonds

***Optional Redemption*.** The 2021A Senior Bonds maturing on and after December 1, 2032 are subject to redemption prior to maturity at any time on and after December 1, 2031, as a whole or in part (and if in part, in such order of maturity as directed by the Commission and within a maturity by lot), at the option of the Commission at par, plus accrued interest to the date of redemption, all in the manner provide by the OFT Indenture.

The 2021B Subordinated Bonds maturing on and after December 1, 2032 are subject to redemption prior to maturity at any time on and after December 1, 2031, as a whole or in part (and if in part, in such order of maturity as directed by the Commission and within a maturity by lot), at the option of the Commission at par, plus accrued interest to the date of redemption, all in the manner provide by the OFT Indenture.

Mandatory Redemption.

The 2021A Senior Bonds maturing on December 1, 2046 shall be subject to mandatory sinking fund redemption prior to maturity by the Commission in part on December 1 of the respective years and in the amounts set forth below, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date:

2021A Senior Bonds Maturing December 1, 2046

Year	Principal Amount
2042	$ 4,475,000
2043	4,745,000
2044	5,035,000
2045	24,970,000
2046(*)	26,275,000

*Final Maturity.

The 2021A Senior Bonds maturing on December 1, 2051 bearing interest at 4.000% shall be subject to mandatory sinking fund redemption prior to maturity by the Commission in part on December 1 of the respective years and in the amounts set forth below, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date:

2021A Senior Bonds Maturing December 1, 2051
bearing interest at 4.000%

Year	Principal Amount
2047	$19,925,000
2048	20,765,000
2049	42,265,000
2050	43,990,000
2051(*)	45,790,000

*Final Maturity.

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The 2021A Senior Bonds maturing on December 1, 2051 bearing interest at 3.000% shall be subject to mandatory sinking fund redemption prior to maturity by the Commission in part on December 1 of the respective years and in the amounts set forth below, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date:

2021A Senior Bonds Maturing December 1, 2051
bearing interest at 3.000%

Year	Principal Amount
2047	$7,535,000
2048	7,760,000
2049	7,995,000
2050	8,235,000
2051(*)	8,475,000

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*Final Maturity.

The 2021B Subordinated Bonds maturing on December 1, 2046 shall be subject to mandatory sinking fund redemption prior to maturity by the Commission in part on December 1 of the respective years and in the amounts set forth below, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date:

2021B Subordinated Bonds Maturing December 1, 2046

Year	Principal Amount
2042	$2,605,000
2043	7,450,000
2044	7,880,000
2045	8,305,000
2046(*)	8,760,000

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*Final Maturity.

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The 2021B Subordinated Bonds maturing on December 1, 2051 shall be subject to mandatory sinking fund redemption prior to maturity by the Commission in part on December 1 of the respective years and in the amounts set forth below, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date:

2021B Subordinated Bonds Maturing December 1, 2051

Year	Principal Amount
2047	$ 9,190,000
2048	9,555,000
2049	9,940,000
2050	10,335,000
2051(*)	5,980,000

*Final Maturity.

The 2021B Subordinated Bonds maturing on December 1, 2053 shall be subject to mandatory sinking fund redemption prior to maturity by the Commission in part on December 1 of the respective years and in the amounts set forth below, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date:

2021B Subordinated Bonds Maturing December 1, 2053

Year	Principal Amount
2052	$26,950,000
2053(*)	28,050,000

*Final Maturity.

Selection of 2021 Bonds to be Redeemed

Any partial redemption of the 2021 Bonds may be in any order of maturity and in any principal amount, maturity and interest rate designated by the Commission and, in the case of the 2021 Bonds subject to mandatory redemption, the Commission shall be entitled to designate whether such payments shall be credited against principal amounts due at maturity or against particular scheduled mandatory redemption obligations with respect to such 2021 Bonds. The 2021 Bonds shall be redeemed only in Authorized Denominations. If less than all 2021 Bonds of a Series maturing on the same date are to be redeemed and paid prior to maturity, 2021 Bonds of such Series shall be selected by the Trustee as set forth in the Original Indenture.

In the case of a partial redemption of any of the 2021 Bonds, when the 2021 Bonds of a series of denominations greater than the minimum Authorized Denomination are then Outstanding, then for all purposes in connection with such redemption each principal amount equal to the minimum Authorized Denomination shall be treated as though it was a separate 2021 Bond of the minimum Authorized Denomination.

If it is determined that a portion, but not all, of the principal amount represented by any 2021 Bond is to be selected for redemption, then upon notice of intention to redeem such portion, the Owner of such 2021 Bond or such Owner's attorney or legal representative shall forthwith present and surrender such 2021 Bond to the Trustee (1) for payment of the redemption price (including the premium, if any, and interest to the date fixed for redemption) of the principal amount called for redemption, and (2) for exchange, without charge to the Owner thereof for a new 2021 Bond or 2021 Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such 2021 Bond. If the Owner of any such 2021 Bond shall fail to present such 2021 Bond to the Trustee for payment and exchange as aforesaid, said 2021 Bond shall, nevertheless, become due and payable on the redemption date to the extent of the principal amount called for redemption (and to that extent only).

Notice and Effect of Call for Redemption. Official notice of any such redemption shall be given by the Paying Agent or the Trustee on behalf of the Commission by mailing a copy of an official redemption notice by first class mail at least thirty (30) days and not more than sixty (60) days prior to the redemption date to each Registered Owner of the 2021 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Trustee.

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

Any Conditional Redemption may be rescinded in whole or in part at any time prior to the redemption date if the Commission delivers a certificate of a Commission Official to the Trustee instructing the Trustee to rescind the redemption notice. The Trustee shall give prompt notice of such rescission to the affected holders. Any 2021 Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default (as defined in the OFT Indenture). Further, in the case of a Conditional Redemption, the failure of the Commission to make funds available in part or in whole on or before the redemption date shall not constitute an Event of Default.

For so long as the Securities Depository is effecting book-entry transfers of the 2021 Bonds, the Trustee shall provide the notices specified in this Section only to the Securities Depository and EMMA. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a 2021 Bond (having been mailed notice from the Paying Agent or Trustee, a Participant or otherwise) to notify the Beneficial Owner of the 2021 Bond so affected, shall not affect the validity of the redemption of such 2021 Bond.

Official notice of redemption having been given as aforesaid, the 2021 Bonds or portions of 2021 Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price specified therein, and from and after such date (unless the Commission shall default in the payment of the redemption price) such 2021 Bonds or portions of 2021 Bonds shall cease to bear interest.

Failure to give any notice to any Owner, or any defect therein, shall not affect the validity of any proceedings for the redemption of any other 2021 Bonds. Any notice mailed shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any Owner receives the notice.

Book-Entry Only System

The Depository Trust Company ("***DTC***"), New York, New York, will act as securities depository for the 2021 Bonds. The 2021 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 2021 Bond certificate will be issued in the aggregate principal amount of each maturity of each series of the 2021 Bonds, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("***Direct Participants***") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("***DTCC***"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("***Indirect Participants***"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2021 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2021 Bond ("***Beneficial Owner***") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2021 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 2021 Bonds, except in the event that use of the book-entry system for the 2021 Bonds is discontinued.

To facilitate subsequent transfers, all 2021 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 2021 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2021 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2021 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 2021 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2021 Bonds, such as redemptions, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of 2021 Bonds may wish to ascertain that the nominee holding the 2021 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2021 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2021 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commission as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2021 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest on the 2021 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Commission or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commission or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2021 Bonds at any time by giving reasonable notice to the Commission or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, 2021 Bond certificates are required to be printed and delivered.

The Commission may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2021 Bond certificates will be printed and delivered to DTC.

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

NEITHER THE COMMISSION NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT OR INDIRECT PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR: (1) SENDING TRANSACTION STATEMENTS; (2) MAINTAINING, SUPERVISING OR REVIEWING THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (3) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY DIRECT PARTICIPANT, OR BY ANY DIRECT OR INDIRECT PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON BOOK-ENTRY 2021 BONDS; (4) DELIVERY OR TIMELY DELIVERY BY DTC TO ANY DIRECT PARTICIPANT, OR BY ANY DIRECT OR INDIRECT PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNERS, OF ANY NOTICE (INCLUDING NOTICE OF REDEMPTION) OR OTHER COMMUNICATION WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE OFT INDENTURE TO BE GIVEN TO HOLDERS OR OWNERS OF BOOK-ENTRY 2021 BONDS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF BOOK-ENTRY 2021 BONDS; OR (6) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF BOOK-ENTRY 2021 BONDS.

In the event that the Book-Entry Only System is discontinued, and the Beneficial Owners become Registered Owners of the 2021 Bonds, the 2021 Bonds will be transferable in accordance with the provisions of the OFT Indenture.

PLAN OF FINANCING

The 2021A Senior Bonds are being issued to provide funds, together with other legally available funds of the Commission, for the purposes of (i) financing the 2021 Construction Project; (ii) the current refunding of the Refunded 2009A Senior Bonds; and (iii) paying the costs of issuing the 2021A Senior Bonds.

The 2021B Subordinated Bonds are being issued to provide funds, together with other legally available funds of the Commission, for the purposes of (i) financing the 2021 Construction Project; (ii) the current refunding of the Refunded 2009D Subordinated Bonds; (iii) funding a deposit to the Subordinated Bond Debt Service Reserve Fund; and (iv) paying the costs of issuing the 2021B Subordinated Bonds.

The "***2021 Construction Project***" includes capital expenditures for the Pennsylvania Turnpike System set forth in the Commission's current or any prior independently funded capital plan (including any amendment thereto), which includes, but is not limited to, capital expenditures related to: (1) the 13-mile section of the Southern Beltway from US Route 22 to Interstate 79; and (2) the eight-mile section of the Mon/Fayette Expressway from Jefferson Hills to Duquesne.

Upon the issuance of the 2021 Bonds, a portion of the proceeds of the 2021A Senior Bonds and the 2021B Subordinated Bonds will be deposited with the Trustee and used, together with other amounts on deposit or otherwise provided by the Commission, to redeem the Refunded Bonds on September 7, 2021 (the **"*Redemption Date*"**), at a redemption price equal to 100% of the principal amount of such Refunded Bonds plus accrued interest to thereon through the Redemption Date, pursuant to the optional redemption provisions of each series of Refunded Bonds. See "ESTIMATED SOURCES AND USES" below.

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ESTIMATED SOURCES AND USES OF FUNDS

	2021A Senior Bonds	2021B Subordinated Bonds	Total
SOURCES OF FUNDS			
Principal Amount	$327,520,000.00	$201,480,000.00	$529,000,000.00
Original Issue Premium	66,263,661.20	41,255,095.50	107,518,756.70
Amounts from available funds(1)	1,239,800.00	1,217,964.07	2,457,764.07
TOTAL SOURCES	$395,023,461.20	$243,953,059.57	$638,976,520.77
USES OF FUNDS			
Redemption Requirement for Refunded Bonds	$ 3,896,120.00	$ 19,711,335.00	$ 23,607,455.00
Deposit to 2021AB Construction Account	389,349,691.79	220,975,523.99	610,325,215.78
Deposit to Subordinated Debt Service Reserve Fund	-	2,168,891.84	2,168,891.84
Costs of Issuance(2)	1,777,649.41	1,097,308.74	2,874,958.15
TOTAL USES	$395,023,461.20	$243,953,059.57	$638,976,520.77

(1) Reflects funds on deposit in the Trust Estate allocable to the Refunded Bonds.

(2) Includes underwriters' discount, fees and expenses of Co-Bond Counsel, Disclosure Counsel and Underwriter's Counsel, rating agency fees, printing expenses, fees and expenses of the Co-Financial Advisors, the Paying Agent, the Trustee, and the verification agent, and other miscellaneous costs and expenses.

SECURITY FOR THE 2021 BONDS

Sources of Payment; Oil Franchise Tax

Funds received by the Trustee from Oil Franchise Tax revenues in the amount of the Commission Allocation are the primary source of payment of the Bonds. The Commission Allocation of the Oil Franchise Tax consists of 14% of the additional 55 mills of the Oil Franchise Tax which 55 mills became effective pursuant to Act 26. Information concerning the Oil Franchise Tax, its collection and distribution to the Commission and the Commonwealth's Motor License Fund are described in this Official Statement under the caption "OIL FRANCHISE TAX."

The 2021 Bonds are limited obligations of the Commission payable solely from the Trust Estate which consists of the following: (i) all Tax Revenues, (ii) the Commission's right to receive the Commission Allocation and any portion of the Commission Allocation actually received by the Commission, (iii) all moneys deposited into accounts or funds created by the OFT Indenture (other than the Subordinated Bonds Debt Service Reserve Fund which is pledged only for the benefit of the Subordinated Bonds and other than the Rebate Fund), (iv) all Swap Receipts, (v) the Issuer Subsidy and (vi) all investment earnings on all moneys held in accounts and funds established by the OFT Indenture (other than earnings on moneys held in the Subordinated Bonds Debt Service Reserve Fund which are pledged only for the benefit of the Subordinated Bonds and other than the Rebate Fund).

Under the OFT Indenture, prior to an Event of Default, the Issuer Subsidy will be held solely for and applied to debt service on the Oil Franchise Tax Build America Bonds. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE – THE ORIGINAL INDENTURE – Issuer Subsidy Funds."

THE COMMISSION RECEIVES TOLLS AND REGISTRATION FEE REVENUES, AS WELL AS OTHER REVENUE SOURCES NOT DERIVED FROM TOLL REVENUE, INCLUDING CONCESSION REVENUE, ALL OF WHICH ARE EXCLUDED FROM THE TRUST ESTATE PLEDGED FOR THE 2021 BONDS. THE TRUST ESTATE ALSO EXCLUDES ALL MONEYS HELD IN THE REBATE FUND.

THE COMMISSION'S ALLOCATION OF THE OIL FRANCHISE TAX IS THE ONLY REVENUE SOURCE FOR THE 2021 BONDS.

THE 2021 BONDS SHALL NOT BE DEEMED TO BE A DEBT 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 OFT INDENTURE AND THE EARNINGS THEREON. THE COMMISSION HAS NO TAXING POWER.

Security for the 2021 Bonds; Remedies

The Trust Estate is pledged in the OFT Indenture to the Trustee as security for the payment of the Bonds and the interest thereon and as security for the satisfaction of any other obligation assumed by the Commission in connection with the 2021 Bonds, including any Parity Swap Agreements (as defined below) and Reimbursement Obligations (as defined below) and amounts due under any insurance agreement.

A "***Parity Swap Agreement***" means an interest rate swap agreement, currency swap agreement, forward payment conversion agreement, futures contract, contracts providing for payments based on levels of or changes in interest rates, currency exchange rates, stock or other indices or contracts to exchange cash flows or a series of payments, and contracts including, without limitation, interest rate floors or caps, options, puts or calls to hedge payment, currency rate, spread or similar exposure under which 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. Under the OFT Indenture, amounts payable by the Commission on such a Parity Swap Agreement shall be secured on a parity basis with the Bonds to which such contract relates but only to the extent so provided in such contract and only if, among other requirements, each Rating Agency which then has a rating assigned to any Bond that would be secured on parity with the Commission's obligation under said contract confirms in writing to the Trustee that the Commission's execution and delivery of such contract will not result in a reduction or withdrawal of such rating.

A "***Reimbursement Obligation***" means 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. A **"*Reimbursement Agreement*"** means an agreement between the Commission and one or more Banks pursuant to which, among other things, such Bank or Banks issues 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 its obligations to the Bank or Banks.

Senior Bonds, Additional Senior Bonds, and certain amounts payable under Parity Swap Agreements relating to Senior Bonds are senior in right of payment and security to the Subordinated Bonds; provided, however, that the Subordinated Bonds have a first lien on the Subordinated Bonds Debt Service Reserve Fund. Certain amounts payable under Parity Swap Agreements relating to the Subordinated Bonds are on parity with the debt service on the Subordinated Bonds. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE – THE ORIGINAL INDENTURE" attached hereto. Upon any failure to make a principal, interest, or redemption payment with respect to the Senior Bonds, the Trustee may, and upon the written request of the holders of not less than 25% in principal amount of the Senior Bonds then outstanding shall, declare the principal of all of the Bonds, including both the Senior Bonds and the Subordinated Bonds, to be due and payable. **The failure to make any payment with respect to the Subordinated Bonds shall not constitute a default with respect to the Senior Bonds**. Upon any other default specified in the OFT Indenture including any failure to make a principal, interest or redemption payment with respect to the Subordinated Bonds, the Trustee may proceed, and upon the written request of the holders of not less than 25% in principal amount of the Bonds Outstanding (provided that if said event of default pertains only to one series of Bonds, then the written request of the holders of 25% or more of the principal amount solely of such series of Bonds) shall proceed to protect and enforce its rights and the rights of the Bondholders under the laws of the Commonwealth or under the OFT Indenture by such suits, actions, or special proceedings in equity or at law either for the specific performance of any covenant or agreement in the OFT Indenture or in aid of execution of any power granted in the OFT Indenture 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. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE – THE ORIGINAL INDENTURE – Remedies" attached hereto.

Flow of Funds

The Oil Franchise Tax is collected by the Commonwealth Department of Revenue (the "***Department of Revenue***") and deposited into the Motor License Fund of the Commonwealth held by the Department of Transportation. Once each month on or prior to the 20th day of the month, the Department of Transportation pays to the Commission the Commission Allocation collected and deposited into the Motor License Fund during the immediately preceding calendar month; provided, however, that if in any year the actual Commission Allocation to be distributed to the Commission exceeds the amount included in the Governor's executive authorization at the beginning of such year, distribution of the excess amount to the Commission may be delayed until a new executive authorization is obtained, which may not occur until the beginning of the next fiscal year of the Commonwealth. The Commission has irrevocably directed the State Treasurer to make payment of all such amounts directly to the Trustee, and the Trustee, upon receipt of such amounts, shall deposit the moneys, as received, into the Revenue Fund created under the OFT Indenture. See "OIL FRANCHISE TAX – Commission Allocation" herein.

The Commission Allocation and any other Tax Revenues received by the Trustee, if any, whether directly from the Commonwealth or received by the Commission and paid to the Trustee, are to be deposited into the Revenue Fund. Additionally, the Issuer Subsidy is to be deposited into the Issuer Subsidy Fund for transfer to the applicable Debt Service Fund prior to the next applicable Interest Payment Date. Swap Receipts are to be deposited into the Revenue Fund. The OFT Indenture provides that the Trustee shall withdraw from the Revenue Fund and deposit to the applicable accounts in the Debt Service Funds, on an equal monthly basis, such amounts as shall be sufficient to make the required semi-annual interest payments and the required annual redemption or maturity payments on the Bonds.

The Trustee shall withdraw from the Revenue Fund and deposit into the applicable Fund, on or before the last Business Day of each calendar month, in the following order of priority:

(1) In the same order of priority, (a) a deposit to the Interest Account of the Senior Bonds Debt Service Fund in an amount equal to one-sixth of the interest due on the Senior Bonds on the next succeeding Interest Payment Date and the Insured Swap Payment (regularly scheduled payments and Insured Termination Payments) payable to the Parity Swap Agreement Counterparty pursuant to the Parity Swap Agreements; (b) a deposit to the Principal Account of the Senior Bonds Debt Service Fund in an amount equal to one-twelfth of the amount necessary to pay 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; and (c) without duplication, a deposit to the Senior Bonds Sinking Fund in an amount equal to one-twelfth of the principal amount required on the next succeeding mandatory redemption date of the Senior Bonds occurring on or before the second Interest Payment Date following such deposit;

(2) In the same order of priority, (a) a deposit to the Interest Account of the Subordinated Bonds Debt Service Fund in an amount equal to one-sixth of the interest due on the Subordinated Bonds on the next succeeding Interest Payment Date; (b) a deposit to the Principal Account of the Subordinated Bonds Debt Service Fund in an amount equal to one-twelfth of the amount necessary to pay the principal amount of any Subordinated Bonds maturing on the next succeeding maturity date occurring on or before the second Interest Payment Date following such deposit; and (c) without duplication, a deposit to the Subordinated Bonds Sinking Fund in an amount equal to one-twelfth of the principal amount required on the next succeeding mandatory redemption date of the Subordinated Bonds occurring on or before the second Interest Payment Date following such deposit.

After making the deposits described above, on or before the Business Day immediately preceding each Interest Payment Date, the Trustee shall transfer from the Revenue Fund to 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 to the Subordinated Bonds Debt Service Reserve Requirement.

The Trustee shall make payments from the applicable Funds, without further authorization from the Commission, for the purposes for which such Funds were established.

After making all the aforesaid deposits, the Trustee is required to 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, in excess of $10 million remaining in the Revenue Fund. As of August 1, 2021, the balance in the Oil Franchise Tax General Fund was approximately $133.3 million, and the balance in the Revenue Fund was approximately $23.4 million. Funds in the Oil Franchise Tax General Fund represent excess oil franchise tax revenues not required for debt service and such funds may be used by the Commission for any of its purposes. See "SECURITY FOR THE 2021 BONDS – Revenue Fund Excess Balance and Oil Franchise Tax General Fund" for more information.

See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE – THE ORIGINAL INDENTURE – Senior Bonds Debt Service Fund – Senior Bonds Sinking Fund – Subordinated Bonds Debt Service Fund – Subordinated Bonds Sinking Fund – Subordinated Bonds Debt Service Reserve Fund, and – Oil Franchise Tax General Fund" attached hereto.

Subordinated Bonds Debt Service Reserve Fund

The OFT Indenture established a Subordinated Bonds Debt Service Reserve Fund (the "***Subordinated Bonds Debt Service Reserve Fund***") for the benefit of the holders of the Subordinated Bonds on a parity basis. The Subordinated Bonds Debt Service Reserve Requirement for the Subordinated Bonds Debt Service Reserve Fund is an amount equal to one-half of the maximum Principal and Interest Requirements for any succeeding Fiscal Year on account of the Subordinated Bonds. Upon the issuance of the 2021B Subordinated Bonds a portion of the proceeds of the 2021B Subordinated Bonds will be deposited in the Subordinated Bonds Debt Service Reserve Fund to bring the amount on deposit therein equal to the Subordinated Bonds Debt Service Reserve Requirement amount of $19,924,637.50. The Subordinated Bonds Debt Service Reserve Fund is fully funded with cash and Permitted Investments.

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 of, and mandatory sinking fund redemption payments of the Subordinated Bonds whenever and to the extent that the moneys held for the credit of the Subordinated Bond Debt Service Fund or any applicable account in any Sinking Fund shall be insufficient for such purpose. For purposes of calculating the Subordinated Bonds Debt Service Reserve Requirement, debt service is reduced by the Issuer Subsidy.

In lieu of the deposit of money into the Subordinated Bonds Debt Service Reserve Fund, the Commission may cause to be provided a surety bond or insurance policy payable to the Trustee for the benefit of the holders of the Subordinated 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 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 the Subordinated Bonds to the extent that such withdrawals cannot be made from amounts credited to the Subordinated Bonds Debt Service Reserve Fund.

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 and the Trustee in writing, and the Commission shall use reasonable efforts to replace such surety bond or insurance policy with one issued by an issuer having a rating so described, 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. **Holders of the Senior Bonds, including the 2021A Senior Bonds, shall have no claim to the Subordinated Bonds Debt Service Reserve Fund.**

See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE – THE ORIGINAL INDENTURE – Subordinated Bonds Debt Service Reserve Fund" attached hereto.

Revenue Fund Excess Balance and Oil Franchise Tax General Fund

The Commission transferred $10,000,000 from the Oil Franchise Tax General Fund into the Revenue Fund on the date of issuance of 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. All Tax Revenues to be received from the Commonwealth are to be paid to the Trustee for deposit into the Revenue Fund. The OFT Indenture provides that, after first having made the required debt service sinking fund and reserve fund payments out of the Revenue Fund, 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, in excess of $10,000,000 remaining in the Revenue Fund.

The Oil Franchise Tax General Fund shall be used to make up deficiencies in any funds or accounts created under the OFT Indenture and, in the absence of any such deficiency, may be expended by the Commission: (a) to purchase or redeem Bonds or any other obligations issued by the Commission; (b) to make payments into the Construction Fund; (c) to fund improvements, extensions and replacements of the Pennsylvania Turnpike System; (d) to make any payment due under the Parity Swap Agreements that was not paid by moneys withdrawn from the Revenue Fund (provided the Commission has moneys available to pay debt service on the Senior Obligations for the next 12 months); or (e) to further any lawful corporate purpose permitted by the Enabling Acts. The balance in the Oil Franchise Tax General Fund as of August 1, 2021 was approximately $133.3 million and the balance in the Revenue Fund as of August 1, 2021 was approximately $23.4 million. The OFT Indenture does not require the Commission to maintain a balance in the Oil Franchise Tax General Fund. The Commission currently intends to use a portion of the funds on deposit in the Oil Franchise Tax General Fund to fund various capital expenditures, including expenditures related to the approximately $200 million of the costs allocable to installing the fiber optic network across the western portion of the Turnpike System over the next five years. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE – THE ORIGINAL INDENTURE – Oil Franchise Tax General Fund."

Additional Bonds

The OFT Indenture provides for the issuance of Additional Senior Bonds and Additional Subordinated Bonds. The Additional Bonds may be issued under and secured by the OFT Indenture at any time or times for the purpose of paying the cost of all or any part of any Project or completion of any Project or for the purpose of refunding or advance refunding all or any portion of the Bonds then outstanding and, in each case, paying costs incurred in connection with the issuance of such Additional Bonds and making any necessary contributions to the Subordinated Bonds Debt Service Reserve Fund. Among other things, a certificate signed by the Treasurer, Assistant Treasurer, Chief Financial Officer, or Deputy Executive Director/Finance and Administration of the Commission demonstrating and concluding that the Historic Tax Revenues (as defined below) were not less than 200% of the Maximum Principal and Interest Requirements on account of all Senior Bonds to be outstanding under the OFT Indenture after the issuance of the 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 OFT Indenture after the Issuance of the Additional Subordinated Bonds must be filed with the Trustee as a condition precedent to the issuance of any Additional Bonds except with respect to certain Additional Bonds issued for refunding purposes, as described in "Additional Bonds for Refunding Purposes" set forth below. For purposes of calculating the Maximum Principal and Interest Requirements as set forth above, debt service is reduced by the Issuer Subsidy.

In any computation of Historic Tax Revenues for purposes of the test described above, if the rate or rates at which the Oil Franchise Tax are imposed or the percentage of Tax Receipts to be 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.

"***Tax Receipts***" are defined in the OFT Indenture as the amounts received by the Trustee from the Commonwealth and paid from the Oil Franchise Tax.

"***Tax Revenues***" are defined in the OFT Indenture as the Tax Receipts or any receipts, revenues and other money received by the Trustee on or after the date of the OFT 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 the OFT 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.

"***Historic Tax Revenues***" are defined in the OFT Indenture, as the Tax Revenues for any 12 consecutive calendar months within the preceding 24 calendar months with such adjustments as may be required pursuant to the OFT Indenture and shall exclude the $10,000,000 initially deposited in the Revenue Fund.

Additional Bonds for Refunding Purposes

If the Additional Senior Bonds to be issued are for refunding purposes, the Commission shall deliver to the Trustee, among other things, a Certificate signed by the Treasurer, Assistant Treasurer, Chief Financial Officer, or Deputy Executive Director/Finance and Administration of the Commission demonstrating that the percentage derived by dividing the amount of the Historic Tax Revenues by the Maximum Annual Principal and Interest Requirements on Senior Bonds outstanding after delivery of such Additional Senior Bonds shall be either (i) at least 200% or (ii) not less than the percentage obtained by dividing such amounts prior to delivery of such Additional Senior Bonds. If the Additional Subordinated Bonds to be issued are for refunding purposes, the Commission shall deliver to the Trustee, among other things, a Certificate signed by the Treasurer, Assistant Treasurer, Chief Financial Officer, or Deputy Executive Director/Finance and Administration of the Commission demonstrating that the percentage derived by dividing 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.

Obligations Secured by Other Revenue Sources

The Commission has also issued (i) Turnpike Senior Revenue Bonds that as of the date of this Official Statement are outstanding in the aggregate principal amount of $6,197,260,000, (ii) Registration Fee Revenue Bonds that as of the date of this Official Statement are outstanding in the aggregate principal amount of $340,235,000, (iii) Motor License Fund-Enhanced Subordinate Special Revenue Bonds that as of the date of this Official Statement are outstanding in the aggregate principal amount of $1,002,230,505 (including compounded amounts as of June 1, 2021), and Turnpike Subordinate Revenue Bonds that as of the date of this Official Statement are outstanding in the aggregate principal amount of $6,433,327,073 (including compounded amounts as of June 1, 2021). The Commission has entered into various interest rate exchange agreements with respect to certain Turnpike Senior Revenue Bonds, Registration Fee Revenue Bonds and Subordinate Bonds. Neither the Turnpike Senior Revenue Bonds, the Registration Fee Revenue Bonds, the Motor License Fund-Enhanced Subordinate Special Revenue Bonds nor the Turnpike Subordinate Revenue Bonds are secured by or have any interest in the Trust Estate. Furthermore, neither the Tolls, Registration Fee Revenues, nor moneys in the Motor License Fund are pledged to secure the 2021 Bonds. See "APPENDIX A – THE PENNSYLVANIA TURNPIKE COMMISSION – CERTAIN FINANCIAL INFORMATION – Revenue Sources of the Commission" and "APPENDIX A – THE PENNSYLVANIA TURNPIKE COMMISSION – Commission Indebtedness" attached hereto.

Parity Swaps

The following chart summarizes certain terms of the Parity Swaps and shows the series of Outstanding Bonds to which the Parity Swaps relate.

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Parity Swaps of the Commission
(as of July 31, 2021)

OFT Bond Series	Notional Amount (USD)	Counterparty	Effective Date	Type of Transaction
2009B, 2016A	$ 80,000,000	JP Morgan	5/15/2014	LIBOR/CMS Basis
2009B, 2016A	80,000,000	RBC	5/15/2018	LIBOR/CMS Basis
2009B, 2016A	48,000,000	Bank of New York	8/14/2003	SIFMA/LIBOR Basis
2009B, 2016A	112,000,000	JP Morgan	8/14/2003	SIFMA/LIBOR Basis

There are a number of risks associated with interest rate exchange agreements, like the Parity Swaps, that could affect the value of the agreements, the ability of the Commission to accomplish its objectives in entering into the Parity Swaps and the ability of the Commission to meet its obligations under the Parity Swaps. These risks include, among others, the following: counterparty risk – the failure of the counterparty to make required payments; credit risk – the occurrence of an event modifying the credit rating of the Commission or its counterparty; termination risk – the need to terminate the transaction in a market that dictates a termination payment by the Commission under certain events, including but not limited to, credit rating downgrades of the Commission, defaults, etc.; collateral posting risk – the risk of the Commission posting collateral upon certain credit rating downgrades; tax risk – the risk created by potential tax events that could affect Swap payments; and basis risk – the mismatch between actual variable rate debt service and variable rate indices used to determine Swap payments.

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 (hereinafter defined) will prevent the Commission from suffering adverse financial consequences as a result of these transactions. See "INVESTMENT CONSIDERATIONS" herein and "APPENDIX A – CERTAIN OTHER INFORMATION – Financial Policies and Guidelines" attached hereto.

OIL FRANCHISE TAX

The Oil Franchise Tax was first imposed in 1981 by Act 35, in the amount of 35 mills on each gallon of petroleum sold. The tax was increased by an additional 25 mills in 1983 by Act 32 and an additional 55 mills in 1991 by Act 26. With Act 3 of 1997, the tax was increased by an additional 38.5 mills to a total of 153.5 mills on all liquid fuels (primarily gasoline) and an additional 55 mills (for a total increase of 93.5 mills) for a total of 208.5 mills on liquid fuels, other fuels (diesel fuel and all other special fuels except dyed diesel fuel and liquid fuels) and alternative fuels. Following the passage of Act 89, the distribution of the revenues derived from the Oil Franchise Tax was adjusted as reflected below. Additionally, the changes to the collection of additional revenue from the Oil Franchise Tax authorized by Act 89 has increased the amount of revenue available to the Commission for the purposes discussed herein. See "OIL FRANCHISE TAX – Act 89" below.

The additional 55 mills added in 1991, imposed on liquid fuels and fuels, are distributed pursuant to Act 89 as follows beginning on July 1, 2016:

(i) 19% Maintenance;

(ii) 40% Highway capital projects;

(iii) 13% Bridges;

(iv) 2% County and forestry bridges;

(v) 12% Municipalities;

(vi) 14% Toll Roads.

Commission Allocation

The Commission Allocation of the Oil Franchise Tax consists of 14% of the additional 55 mills of the Oil Franchise Tax which became effective pursuant to Act 26 beginning on September 1, 1991. The law provides for monthly payments to the Commission. As the revenues from the Oil Franchise Tax are collected by the Department of Revenue, they are required to be deposited into a restricted account of the Motor License Fund of the Commonwealth held by the Department of Transportation. No administrative fees or expenses are deducted and no earnings are added.

The administrative process for paying the Commission Allocation involves an executive authorization, based on official revenue estimates, executed by the Governor each year at or prior to the beginning of the Commonwealth's fiscal year which ends on June 30 each year. The Commission's Fiscal Year ends on May 31 each year. The Governor is required by law to authorize payment of the Commission Allocation.

Such authorization is based on estimated Oil Franchise Taxes at the beginning of the year and authorizes payment of the Commission Allocation monthly as described above based on such estimates. If the amount collected during the year varies from the estimate, a reconciliation is prepared by the Commonwealth and there is a subsequent adjustment of payments. Payments to the Commission are made in accordance with the current Department of Revenue administrative procedure, on a priority basis over other uses of the Oil Franchise Tax. This priority procedure is not mandated by statute.

See "INVESTMENT CONSIDERATIONS" herein for additional investment considerations relating to the imposition and collection of the Oil Franchise Tax, and the Commission Allocation.

Pledge and Appropriation

Section 9511(h) of Chapter 95 of Title 75 of the Pennsylvania Consolidated Statutes provides as follows:

> The Commonwealth does hereby pledge to and agrees with any person, firm or corporation acquiring any bonds to be issued by the Pennsylvania Turnpike Commission and secured in whole or in part by a pledge of the portion of the tax known as the "oil company franchise tax for highway maintenance and construction" which is imposed by Section 9502(a)(2) and distributed in the manner indicated in that section, including 14% for toll roads designated under the Turnpike Organization, Extension and Toll Road Conversion Act, 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 connection with the issuance of the 2021 Bonds, Co-Bond Counsel will deliver their opinion that, pursuant to the Oil Franchise Tax Act, the Commission Allocation has been appropriated by the Commonwealth and the payment of the Commission Allocation to the Commission by the Commonwealth does not require further legislative appropriation or approval. See "APPENDIX D – FORM OF OPINION OF CO-BOND COUNSEL" attached hereto.

In the OFT Indenture, the Commission also covenants that it will seek to enforce the pledge and appropriation of the Commonwealth with respect to the Oil Franchise Tax and covenants that the Commission will petition the General Assembly for additional funds in the event that the Tax Revenues are inadequate to pay amounts due under the OFT Indenture.

The Trustee may and, upon receipt of written direction from the holders of not less than twenty-five (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.

See "INVESTMENT CONSIDERATIONS" herein for additional investment considerations relating to the imposition and collection of the Oil Franchise Tax, and the Commission Allocation.

Act 3

Act 3, which was enacted on April 17, 1997, revised certain of the provisions of Act 26 which contains the appropriation of the Commission Allocation of the Oil Franchise Tax. These revisions include the clarification of the definitions of liquid fuels and fuels as the subjects of the tax. In addition, Act 3 designated distributors rather than the previously designated dealers to be the payors of the Oil Franchise Tax.

Act 3 requires that each distributor obtain an annual fuels permit in order to engage in the sale and delivery of liquid fuels within the Commonwealth. The renewal of such permit is conditioned on the filing of a surety bond or letter of credit as security for the distributor's obligation to pay the tax and the distributor faithfully complying with the requirement to pay the Oil Franchise Tax. The amount of the surety bond or letter of credit is based on each distributor's historic tax payments.

Act 3 further provides that all appropriate Oil Franchise Taxes collected by the distributors shall constitute a trust fund for the Commonwealth. The trust is enforceable against the distributor and any person, other than a purchaser to whom a refund has been properly made, receiving any part of the fund without consideration or knowing that the distributor is committing a breach of trust. Unpaid taxes for which a trust is enforced against the officers of the distributor are a lien upon the franchise and property of such distributor and officers.

Pursuant to Act 3, the first $28 million of statewide motor vehicle registration fees collected annually is deposited in the Motor License Fund and is allocated to the Commission. These revenues are not a part of the Trust Estate securing the 2021 Bonds. The Commission has fully leveraged those monies to secure Registration Fee Revenue Bonds issued by the Commission in 2005 and remarketed in 2015 (the "***MVR Bonds***"). When the Commission remarketed the MVR Bonds in 2015, it pledged to use any available balances in the Oil Franchise Tax General Fund to replenish either of two liquidity accounts (the "***MVR Liquidity Accounts***") supporting the MVR Bonds.

The MVR Bonds are secured under a separate indenture and by a trust estate entirely separate and distinct from the Trust Estate supporting the 2021 Bonds or any other Outstanding Bonds, with the sole exception of the supplemental credit pledge of the Oil Franchise Tax General Fund. Funds in the Oil Franchise Tax General Fund represent excess oil franchise tax revenues not required for debt service and such funds may be used by the Commission for any of its purposes. The MVR Liquidity Accounts are each required to maintain a $22.5 million balance and collectively, the combined accounts are required to maintain a $45 million aggregate balance. The MVR Liquidity Accounts are used to make up for an anticipated short fall in available MVR revenues versus MVR fixed and variable rate debt service plus swap payments.

To date, the Commission has never needed to transfer funds from the Oil Franchise Tax General Fund to fund any deficiency in the MVR Liquidity Accounts.

Act 89

On November 25, 2013, Act 89 was enacted to provide additional and sustained investment in the Commonwealth of Pennsylvania's aging transportation infrastructure. Specifically with respect to the Commission, the revenue enhancements enacted in Act 89 were expected to generate additional funds each year for investment in the Commission's transportation infrastructure. Among other things, Act 89 amended provisions that over a period of five years eliminated the cap on the average wholesale price per gallon of all taxable liquid fuels and fuels for purposes of calculating the Oil Franchise Tax. See "OIL FRANCHISE TAX – Collection and Calculation of Oil Franchise Tax" herein. The additional revenues made available to the Commission pursuant to Act 89 have generally been used for construction, reconstruction, maintenance and repair of and safety on public highways and bridges and costs and expenses incident thereto, including security for all Outstanding Bonds, including the 2021 Bonds.

Liquid Fuels and Alternative Fuels as the Subjects of Oil Franchise Tax

The Oil Company Franchise Tax, which is designated as a tax for highway maintenance and construction, is imposed by Section 9502 of Chapter 95 of Title 75 of the Pennsylvania Consolidated Statutes upon all "liquid fuels," "fuels," and "alternative fuels."

"***Liquid fuels***" are defined as all products derived from petroleum, natural gas, coal, coal tar, vegetable ferments, and other oils. The term includes gasoline, naphtha, benzol, benzine, or alcohols, either alone or when blended or compounded, which are practically and commercially suitable for use in internal combustion engines for the generation of power or which are prepared, advertised, offered for sale, or sold for use for that purpose. The term does not generally include kerosene, fuel oil, gas oil, diesel fuel, tractor fuel by whatever trade name or technical name known having an initial boiling point of not less than 200 degrees Fahrenheit and of which not more than 95% has been recovered at 464 degrees Fahrenheit (ASTM method D-86), liquefied gases which would not exist as liquids at a temperature of 60 degrees Fahrenheit and pressure of 14.7 pounds per square inch absolute, or naphthas and benzols and solvents sold for use for industrial purposes.

"***Fuels***" are defined as including diesel fuel and all combustible gases and liquids used for the generation of power in aircraft or aircraft engines, or used in an internal combustion engine for the generation of power to propel vehicles on the public highways. The term does not include liquid fuels or dyed diesel fuel.

"***Alternative fuels***" are defined as natural gas, compressed natural gas, liquefied natural gas, liquid propane gas and liquefied petroleum gas, alcohols, gasoline-alcohol mixtures containing at least 85% alcohol by volume, hydrogen, hythane, electricity and any other fuel used to propel motor vehicles on the public highways which is not taxable as fuels or liquid fuels.

The Commonwealth's liquid fuels tax statute exempts fuel used by or sold to the United States government, the Commonwealth and its political subdivisions, volunteer fire companies, volunteer ambulance services and volunteer rescue squads, second class county port authorities and nonpublic schools not operated for profit. Such exemptions also are applied to the Oil Franchise Tax. The Department of Revenue may require purchasers of liquid fuels and fuels to provide the selling oil company with documentation to substantiate any portion of its purchases which are to be used for a nontaxable purpose.

Collection and Calculation of Oil Franchise Tax

The Department of Revenue is charged with the enforcement of the provisions of Chapters 90 and 95 of Title 75 of the Pennsylvania Consolidated Statutes. All taxes, interest and penalties imposed by Chapter 95 of Title 75 of the Pennsylvania Consolidated Statutes are to be deposited in the Motor License Fund and that amount resulting from the 55 mills is allocated, as described above under this caption "OIL FRANCHISE TAX."

The Oil Franchise Tax is imposed and collected upon all gallons of taxable liquid fuels, fuels, and alternative fuels on a "cents-per-gallon equivalent basis." Distributors are liable to the Commonwealth for the collection and payment of this tax which is required to be collected by the distributor at the time the liquid fuels and fuels are used or sold and delivered by the distributor.

The collection on a "cents-per-gallon equivalent basis" (millage rate) is defined as the average wholesale price per gallon multiplied by the decimal equivalent of the tax imposed which, in the case of the Commission, is the additional 55 mills added in 1991 multiplied by 14%. The average wholesale price means the average wholesale price per gallon of all taxable liquid fuels and fuels, excluding the federal excise tax and all liquid fuels taxes, as determined by the Department of Revenue for the 12-month period ending on the September 30 immediately prior to January 1 of the year for which the rate is to be set.

Prior to the enactment of Act 89, there was a statutorily imposed cap on the average wholesale price for purposes of calculating the Oil Franchise Tax in which the average wholesale price was capped at a maximum of $1.25 per gallon. At that time, the level was materially below wholesale market prices for fuel and had the effect of artificially reducing Oil Franchise Tax revenues to both the Commonwealth and the Commission. With the enactment of Act 89 in November 2013, the Commonwealth, over a period of five years ending in the Commonwealth's fiscal year 2018, eliminated the cap on the average wholesale price for the purpose of calculating the Oil Franchise Tax. In addition to eliminating the statutory cap on the average wholesale price, Act 89 also established minimum levels, or "floors," to be used in the calculation of average wholesale price.

As a result of Act 89, for any period after December 31, 2016, the Pennsylvania Department of Revenue shall calculate the average wholesale price for the 12-month period ending on September 30 immediately prior to the January 1 of the year for which the rate is to be set, and in no case shall the average wholesale price be less than $2.99 per gallon after December 31, 2016.

Historical Consumption Amounts

The following Table I lists historic gallonage consumed for the primary fuels on which the Oil Franchise Tax is imposed in each of the last ten fiscal years of the Commonwealth, as well as the nine-month periods beginning July 1st and ending March 31st for the years 2021, 2020 and 2019. Table I provided below does not purport to include all fuels on which the Oil Franchise Tax is calculated. For a full description, see "OIL FRANCHISE TAX – Liquid Fuels and Fuels as the Subjects of Oil Franchise Tax." See "INVESTMENT CONSIDERATIONS" herein for additional investment considerations relating to the imposition and collection of the Oil Franchise Tax, the Commission Allocation, and the impact of the COVID-19 Pandemic.

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TABLE I
Historical Gallonage Consumption for Oil Franchise Tax Gasoline and Diesel Fuels

Commonwealth Fiscal Year Ending June 30	Gasoline	Diesel	Total Gallonage
2011	5,022,408,136	1,335,960,491	6,358,368,627
2012	5,009,865,770	1,359,890,824	6,369,756,594
2013	4,930,872,445	1,346,217,079	6,277,089,524
2014	4,894,799,583	1,368,234,811	6,263,034,394
2015	4,901,588,125	1,377,637,478	6,279,225,603
2016	4,849,456,308	1,298,310,424	6,147,766,732
2017	4,853,946,130	1,288,257,797	6,142,203,927
2018	4,811,808,049	1,312,576,036	6,124,384,085
2019	4,782,515,225	1,306,123,281	6,088,638,506
2020	4,358,918,510	1,261,252,410	5,620,170,920
Nine-Month Period of July 1st to March 31st	**Gasoline**	**Diesel**	**Total Gallonage**
2019	3,560,882,115	970,835,468	4,531,717,583
2020	3,504,863,333	960,896,551	4,465,759,884
2021	3,100,718,385	972,404,913	4,073,123,298

Source: The Pennsylvania Department of Transportation.

Amounts of Oil Franchise Tax Collected

The following Table II lists the amounts of Oil Franchise Tax collected by the Commonwealth and deposited into the Motor License Fund in each of the last ten fiscal years of the Commonwealth. The historical Commission Allocation presented below reflects actual receipts by the Commission.

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TABLE II
Historical Oil Franchise Tax Collections and Commission Allocation

(Dollar Amounts in Thousands)
(Reported on a Cash Basis)

Fiscal Year Ended	Tax Collected [1]	Commission Allocation [2],[3]
2012	$ 441,932	$ 61,897
2013	429,543	60,285
2014	515,346	65,089
2015	721,220	95,638
2016	841,279	121,130
2017	906,042	120,754
2018	1,016,312	142,793
2019	1,004,534	141,594
2020	929,683	141,665
2021 [4]	906,855	114,176

Source: The Pennsylvania Department of Transportation.
(1) Amount determined at the end of the Commonwealth's fiscal year ending June 30 of each year.
(2) Amount determined at the end of the Commission's fiscal year ending May 31 of each year.
(3) The amount of the Commission's Allocation does not equal exactly 14% of the tax collected from the added 55 mills because of the difference between the Commonwealth's and the Commission's fiscal years.
(4) Unaudited.

The following table sets forth the estimated Oil Franchise Tax collections for fiscal years 2022 through 2026 as set forth in the Governor's Executive Budget for the Commonwealth's fiscal year 2022, which commenced on July 1, 2021. The estimates are calculated based on prior year revenues and reasonable expectations of receipts based on prior year revenues. There can be no assurance that the Commission allocation or the estimated available revenues in the years shown will not vary materially and/or adversely from the estimates. See "INVESTMENT CONSIDERATIONS" herein for additional investment considerations relating to the imposition and collection of the Oil Franchise Tax, the Commission Allocation, and the impact of the COVID-19 pandemic.

Estimated Projections for Future
Oil Franchise Tax Collections and Commission Allocation

(Dollar Amounts in Thousands)

Fiscal Year Ended June 30	Estimated Oil Franchise Tax	Estimated Commission Allocation
2022	$970,500	$135,870
2023	980,100	137,214
2024	976,400	136,696
2025	972,900	136,206
2026	969,400	135,716

Source: Commonwealth's Adopted Budget for the Commonwealth's fiscal year ending June 30, 2022.

Debt Service Coverage

A table setting forth the total debt service requirements for the Outstanding Bonds is attached hereto as APPENDIX F.

Based on the information set forth in Table II, the following Table III has been compiled to show historical debt service coverage for Bonds outstanding under the OFT Indenture during the noted Fiscal Years, reflecting receipt of the Issuer Subsidy. Table III does not reflect the issuance of the 2021 Bonds or the refunding of the Refunded Bonds.

TABLE III
HISTORICAL OIL FRANCHISE TAX DEBT SERVICE COVERAGE

(Dollar Amounts in Thousands)

Commission Fiscal Year Ending Mav 31	Tax Receipts (1)	Senior Debt Service (2),(5)	Senior Coverage	Total Debt Service (3),(5)	Total Coverage (4)
2012	$61,897	$29,194	2.12	$50,775	1.22
2013	60,285	29,209	2.06	50,770	1.19
2014	65,089	28,817	2.26	49,893	1.30
2015	95,638	28,543	3.35	49,766	1.92
2016	121,130	29,296	4.13	50,516	2.40
2017	120,754	29,883	4.04	49,959	2.42
2018	142,793	26,578	5.37	46,110	3.10
2019	141,594	32,432	4.36	57,181	2.48
2020	141,665	38,548	3.68	68,741	2.06
2021	114,176	37,804	3.02	67,557	1.69

Source: The Pennsylvania Department of Transportation and the Commission.
(1) Actual Commission Allocation received.
(2) Computed on a Commission Fiscal Year basis. The Commission's Fiscal Year ends May 31st.
(3) Computed on a Commission Fiscal Year basis, but with the addition of the Principal and Interest Requirements on Subordinated Bonds.
(4) Debt Service Reserve Fund earnings, if any, are available only for the Subordinated Bonds. This table does not assume any Debt Service Reserve Fund earnings.
(5) Debt Service reflects receipt of the Issuer Subsidy with respect to Oil Franchise Tax Build America Bonds. See "INVESTMENT CONSIDERATIONS – Reduction in federal subsidy payable to the Commission for its outstanding Build America Bonds due to sequestration" herein.

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INVESTMENT CONSIDERATIONS

There are various investment considerations which could adversely affect the sufficiency of the Trust Estate and which, if present, may result in an inability to meet the debt service requirements on the 2021 Bonds. The following is intended only as a summary of investment considerations attendant to an investment in the 2021 Bonds and is not intended to be exhaustive. To identify risk factors and make informed investment decisions, potential investors should be thoroughly familiar with the entire Official Statement (including each Appendix hereto), the OFT Indenture, and related documents to make a judgment as to whether the 2021 Bonds are an appropriate investment. The following risk factors are among those which should be considered by a potential investor:

Oil Franchise Tax Revenues may decline

The statistical information in this Official Statement regarding Oil Franchise Tax revenues collected and received by the Commission is historical. The projected estimates for future Oil Franchise Tax revenue collections are based on budget projections prepared by the Commonwealth as part of the Governor's Executive Budget for the Commonwealth's Fiscal Year 2022 budget. The actual amount of future Oil Franchise Tax revenues collected and received by the Commission cannot be predicted and may be affected by a number of factors including but not limited to:

- Reduced demand for motor fuel;
- Increasing costs of motor fuels;
- Increasing fuel efficiency of motor vehicles;
- Increased substitution of alternative energy sources for motor vehicles;
- Development of alternative energy sources;
- Development of mass transit; and
- Changing demographics within the Commonwealth.

See "OIL FRANCHISE TAX – Historical Consumption Amounts" and – Amounts of Oil Franchise Tax Collected" herein for historical data regarding the imposition and collection of the Oil Franchise Tax.

Certain legislative actions may result in changes to

From time to time, legislation is introduced in the Pennsylvania General Assembly which may affect the Commission and therefore may affect certain of the assumptions made in this Official Statement. The Commission cannot predict if any of such

the Commission, Act 44, or Act 89

bills or other legislation will be enacted into law, or how any such legislation may affect the imposition and means of collecting the Oil Franchise Tax, and the Commission's ability to receive the Commission Allocation, or make timely payments on the 2021 Bonds.

On March 12, 2021, Governor Wolf signed Executive Order No. 2021-02 which established the Governor's Transportation Revenue Options Commission ("***TROC***"), an official advisory commission comprised of key stakeholders, including experts from the transportation industry, environmental community, business community, energy community, multimodal community and local government representatives. TROC is charged with developing a comprehensive, strategic proposal for addressing the transportation funding needs of the Commonwealth. The executive order provides that TROC's proposal should include, among other things, a comprehensive list of potential revenue sources available for current and future funding of transportation in the Commonwealth for all modes of transportation, and a comprehensive, strategic Commonwealth transportation funding proposal. TROC delivered its final report to the Governor on July 30, 2021 (the "***TROC Report***").

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

The proposed revenues sources described in TROC's strategic funding plan include the following:

1. Road User Charges which consist of two sources: Mileage-Based User Fees ("***MBUF***") and an Electric Vehicle MBUF Pilot;

2. Tolling from two sources: corridor tolling and managed lanes (limited lane tolling);

3. Redirecting transfers from the Motor License Fund to the Pennsylvania State Police to transportation system related costs;

4. Various new or increased fees: (a) vehicle registration fee; (b) electric vehicle fee; (c) vehicle lease fee; (d) vehicle rental fee; (e) transportation network company (rideshare) fee; (f) aircraft registration fee; and (g) goods delivery fee; and

5. Three tax adjustments: (a) increases to the present vehicle sales tax; (b) increase the present jet fuel tax; and (c) indexing the gas tax to inflation.

See "OIL FRANCHISE TAX" herein for more information on the imposition and collection of the Oil Franchise Tax and the Commission Allocation. Also see "APPENDIX A – THE PENNSYLVANIA TURNPIKE COMMISSION – THE COMMISSION – Recent Developments and Pending Legislation" attached hereto for more information regarding the TROC Report.

Investors in the 2021B Subordinated Bonds bear greater risk of non-payment because the priority of payment of interest and principal payments on the 2021B Subordinated Bonds is subordinate to all Senior Obligations under the OFT Indenture

The 2021B Subordinated Bonds are subordinate in right of payment to the payment of then 2021A Senior Bonds and all other Senior Bonds issued and outstanding under the OFT Indenture, as well as payments under Parity Swap Agreements relating to Senior Bonds. In addition, it is possible that additional Senior Bonds and other Senior Obligations may be issued in the future by the Commission under the OFT Indenture, which would increase the amount of Senior Bonds and such other payments to which payment on the 2021B Subordinated Bonds is subordinated, thus increasing the risk of nonpayment to 2021B Subordinated Bonds.

The FCA Announcement, changes to LIBOR determination methods or other reforms to LIBOR could increase debt service and other payment obligations under the Commission's Swaps

On March 5, 2021, the Financial Conduct Authority announced that (i) immediately after December 31, 2021, publication of the 1-week and 2-month US Dollar LIBOR settings will permanently cease; and (ii) immediately after June 30, 2023, the overnight, 1-month, 3-month and 6-month US dollar LIBOR settings will permanently cease or no longer be representative (the "***FCA Announcement***"). Certain of the Commission's Swaps relating to outstanding Bonds, use a LIBOR based rate as a reference rate for determining the interest rate and/or other payment obligations thereunder. It is not possible to predict the effect of the FCA

Announcement, any changes in the methods pursuant to which LIBOR rates are determined, or any other reforms to LIBOR that may be enacted, any of which may adversely affect the determination of LIBOR rates or result in the phasing out of LIBOR as a reference rate. Any such effects could result in a sudden or prolonged increase or decrease in reported LIBOR rates, or result in the replacement of LIBOR with other reference rates, and/or have a negative impact on the market value of the Commission's Swaps and payment obligations thereunder. See "APPENDIX A – THE PENNSYLVANIA TURNPIKE COMMISSION – COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS" and "THE PENNSYLVANIA TURNPIKE COMMISSION – CERTAIN OTHER INFORMATION – Financial Policies and Guidelines" attached hereto.

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

Adverse changes in the financial condition of certain third-party financial institutions, including swap counterparties, providers of credit facilities (including providers of direct-pay letters of credit and bond insurers which have issued or may issue insurance policies on one or more series of Bonds) may adversely affect the Commission's financial position. Different types of investment and contractual arrangements may create exposure for the Commission to such institutions including:

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

Bankruptcy risk; Lien position

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

Under the Bankruptcy Code, an involuntary petition cannot be filed against a political subdivision, public agency or instrumentality of a state.

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

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

A series of automatic federal deficit reduction spending cuts known as "sequestration" became effective on March 1, 2013 as a result of the failure by Congress to adopt alternative deficit reduction legislation; recent legislation has extended sequestration through the 2030 federal fiscal year. Sequestration will affect the federal subsidy payable to the Commission with respect to its outstanding Build America Bonds. The federal subsidy has been reduced in each fiscal year, commencing with the federal fiscal year ended September 30, 2013. In August 2020, based on guidance issued by the Internal Revenue Service (the ***"IRS"***), such federal subsidy of 35% is reduced by 5.7% for payments from October 1, 2020 through September 30, 2030. The sequestration reduction rate will be applied unless and until a law is enacted that cancels or otherwise impacts the sequester, at which time the sequestration reduction rate is subject to change. Adverse changes in the amount of the federal subsidy the Commission receives on its Build America Bonds will require the Commission to use other funds to offset the loss of this subsidy.

Possible changes in federal or Commonwealth tax laws could affect the excludability or deductibility of interest on tax-exempt bonds such as the 2021 Bonds

Current and future legislative proposals, if enacted into law, could cause interest on the 2021 Bonds to be subject, directly or indirectly, to federal income taxation, or to be subject to or not be exempted from income taxation imposed by the Commonwealth, or otherwise prevent the owners of the 2021 Bonds from realizing the full current benefit of the tax status of such interest. The introduction and/or enactment of any such legislative proposals may also affect the market price for, or marketability of, the 2021 Bonds. Prospective purchasers of the 2021 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation, as to which Co-Bond Counsel will express no opinion. See "TAX EXEMPTION AND OTHER TAX MATTERS" herein.

Litigation and Other Actions Against the Commission

The Commission is subject to litigation from time to time and may be subject to litigation and other actions in the future which could adversely affect the financial position of the Commission. The Commission cannot predict when or if any action will be brought against the Commission in the future, and, if brought, whether any action would be successful or result in monetary damages or other relief being imposed upon the Commission. See "LITIGATION" herein and "APPENDIX A – "THE PENNSYLVANIA TURNPIKE COMMISSION – THE COMMISSION – Recent Developments and Pending Legislation– Commission Litigation" attached hereto.

The 2021 Bonds may be repaid early due to the exercise of the redemption option. If this happens, yield may be affected and Bondholders will bear reinvestment risk

The 2021 Bonds may be redeemed prior to their final maturities if the Commission exercises its option to redeem such 2021 Bonds. Bondholders bear the risk that monies received upon such redemptions cannot be reinvested in comparable securities or at comparable yields.

Uncertainty as to available remedies

The remedies available to owners of the 2021 Bonds upon an Event of Default under the OFT Indenture or other documents described herein are in many respects dependent upon regulatory and judicial actions which often are subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies specified by the OFT Indenture and such other documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the issuance of the 2021 Bonds will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Impact of COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was declared a Public Health Emergency of International Concern by the World Health Organization on March 11, 2020. The COVID-19 pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic conditions and growth worldwide.

In part due to stay-at-home orders and changes in commercial and personal travel behavior resulting from the COVID-19 pandemic, the demand for motor fuel was significantly reduced; causing reductions in total gallonage consumed and the amount of Oil Franchise Tax collected. See "OIL FRANCHISE TAX – Historical Consumption Amounts" and – Amounts of Oil Franchise Tax Collected" herein for historical data regarding the imposition and collection of the Oil Franchise Tax.

With respect to the operations of the System, the Commission maintains contingency plans to minimize disruptions to its operations from exogenous events such as natural or man-made disasters. The Commission previously created a Continuity of Operations Plan("***COOP***") to address ongoing critical operations and disaster recovery efforts. COOP coordinators have reviewed their respective departments' COOP and ensured that the plans have been updated given the challenges posed by the continuing COVID-19 pandemic. Operations and maintenance of the System continues through a combination of staff working onsite where necessary or working remotely.

The COVID-19 pandemic is ongoing, and its dynamic nature continues to lead to uncertainties. The Commission cannot predict, among other things, the duration or extent of the pandemic, or the possibility, magnitude, timing or nature of any further actions taken by governmental authorities to treat the illness or contain its spread. Likewise, the Commission cannot predict any future impact the COVID-19 pandemic, or any similar widespread public health issue, may have on travel generally, demand for use of the Commission's toll roads, or the System's on-going operations and financial results. No assurance can be given as to the duration of the COVID-19 pandemic or of the restrictions imposed as a result thereof or the extent to which changes in commercial and personal behavior in response to the COVID-19 pandemic may continue beyond the end of the pandemic.

See "APPENDIX A – THE PENNSYLVANIA TURNPIKE COMMISSION – THE COMMISSION – Impact of COVID-19 Pandemic" attached hereto.

Cybersecurity Threats

The Commission, the Commonwealth and many of their respective vendors and contractors are dependent on information and computing technology to conduct general business operations, including operations relating to the collection of Oil Franchise Tax revenues.

While to date the Commission has not experienced a materially disruptive cybersecurity threat, computer hacking, cyber-attacks or other malicious activities directed at the Commission's information systems or those of its vendors or contractors, could disrupt Commission services or cause physical or financial harm to the Commission, in the future. Further, cybersecurity breaches such as leakage or loss of confidential or proprietary data and failure or disruption of information technology systems could materially and adversely affect the Commission's reputation, which could lead to significant outlays and decreased performance that insurance may not cover. The Commission has a robust cybersecurity framework that leverages multiple layers of protection including edge and internal firewalls, an intrusion prevention system, security incident and event management, multi-layered anti-virus, malware protection and spam filters. The Commission performs regular security patching and regular internal and external vulnerability scans. Periodic security assessment and penetration testing is performed regularly by qualified third parties. The Commission has purchased and implemented cybersecurity awareness training and simulated phishing attacks, and has published third-party security requirements that define general security requirements, requirements for vendors providing hosting cloud-based systems, and requirements for vendors providing on-premises systems or devices physically connected to the Commission's networks. All Commission employees are required to complete annual information technology security training and phishing simulation campaigns are performed regularly. Additionally, the Commission has purchased cyber insurance which also provides immediate access to third party forensic investigation experts to assist the Commission with any data or system breaches. Although the Commission devotes significant resources to maintain and regularly upgrade its systems and processes that are designed to protect the security of its computer systems, software, networks and other technology assets and the confidentiality, integrity and availability of information belonging to customers, there is no assurance that all these security measures will provide absolute security or prevent the risk of the Commission's finances or operations being negatively impacted by a cybersecurity threat directed at one of the Commission's vendors or contractors. These risks may increase in the future both internally and externally.

A successful cybersecurity attack on the Commission, the Commonwealth or one of their respective vendors or contractors, could have a materially adverse effect on the collection of Oil Franchise Tax revenues, and/or the financial condition or operations of the Commission.

AUDITED FINANCIAL STATEMENTS

The financial statements of the Commission for the fiscal years ended May 31, 2020 and May 31, 2019 are set forth in "APPENDIX B - AUDITED 2020 AND 2019 FINANCIAL STATEMENTS" audited by Mitchell Titus, LLP in its capacity as the Commission's Independent Auditor. Mitchell Titus, LLP has not been engaged to perform and has not performed, since the date of its auditor's report, any procedures on the financial statements addressed in that report. Additionally, Mitchell Titus, LLP has not performed any procedures related to this Official Statement or other debt-related offering documents.

The basic financial statements of the Commission for fiscal years ended May 31, 2021 and May 31, 2020 are expected to be released in October 2021 and made available through EMMA (defined below) as discussed under "CONTINUING DISCLOSURE" herein.

While the audited financial statements of the Commission pertain to the Commission as a whole, payment of the 2021 Bonds is secured solely by the Trust Estate which includes a portion of the revenues derived from the Oil Franchise Tax but not certain other revenues of the Commission which are reported in such audited financial statements (e.g. revenues derived from Tolls, Registration Fee Revenues and certain other revenues of the Commission are not part of the Trust Estate securing the 2021 Bonds.)

CONTINUING DISCLOSURE

The Commission will enter into a Continuing Disclosure Undertaking for the benefit of the Underwriters and the Registered Owners from time to time of the 2021 Bonds (the "***Disclosure Agreement***") pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "***SEC***") under the Securities Act of 1934, as amended (the "***Rule***"). The form of Disclosure Agreement is attached hereto as "APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT"

Pursuant to the Disclosure Agreement, the Commission will provide or cause to be provided to the Municipal Securities Rulemaking Board (the "***MSRB***"), which is currently the sole nationally recognized municipal securities information repository ("***Repository***") under the Rule, via electronic transmissions pursuant to the MSRB's Electronic Municipal Market Access System ("***EMMA***"), accessible at http://emma.msrb.org, certain financial and operating information and notices, all as set forth in the Disclosure Agreement.

A default under the Disclosure Agreement shall not be deemed to be a default under the 2021 Bonds or the OFT Indenture, and the sole remedy to enforce the provisions of the Disclosure Agreement shall be the right of any Registered Owner, by mandamus, suit, action or proceeding at law or in equity, to compel the Commission to perform the provisions and covenants contained in the Disclosure Agreement.

During the five (5) year period preceding the date of this Official Statement, the Commission has complied in all material respects with all of its outstanding continuing disclosure undertakings entered into pursuant to the Rule.

RELATIONSHIPS OF CERTAIN PARTIES

Virtus LLP, Disclosure Counsel, from time to time has represented certain of the Underwriters (hereafter defined) in bond matters unrelated to the Commission.

UNDERWRITING

Jefferies LLC, on behalf of itself and the other Underwriters shown on the cover page hereof (the "***Underwriters***"), is expected to enter into a bond purchase agreement (the "***Purchase Agreement***") with the Commission pursuant to which the Underwriters will agree, subject to certain customary conditions precedent to closing, to purchase the 2021A Senior Bonds and the 2021B Subordinated Bonds from the Commission at an aggregate purchase price, with respect to the 2021A Senior Bonds equal to $392,483,992.83 (representing the par amount of the 2021A Senior Bonds, plus original issue premium of $66,263,661.20, and less underwriters' discount of $1,299,668.37), and with respect to the 2021B Subordinated Bonds equal to $241,934,285.19 (representing the par amount of the 2021B Subordinated Bonds, plus original issue premium of $41,255,095.50, and less underwriters' discount of $800,810.31). Pursuant to the Purchase Agreement, the Underwriters will be obligated to purchase all of the 2021 Bonds if any of such 2021 Bonds are purchased.

The 2021 Bonds may be offered and sold to certain dealers (including the Underwriters and other dealers depositing such 2021 Bonds into investment trusts) at prices lower than such public offering prices (and such public offering prices may be changed, from time to time, by the Underwriters) only after a public offering of the 2021 Bonds at the initial offering price.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the Commission and to persons and entities with relationships with the Commission, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Commission (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Commission. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Jefferies LLC ("***Jefferies***") has entered into a distribution agreement with InspereX LLC ("***InspereX***") for the retail distribution of municipal securities. Pursuant to the agreement, if

Jefferies sells the 2021 Bonds to InspereX, it will share a portion of its selling concession compensation with InspereX.

Citigroup Global Markets Inc., an underwriter of the 2021 Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "***Fidelity***"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

RATINGS

Moody's Investors Service, Inc. ("***Moody's***"), Fitch Ratings ("***Fitch***") and Kroll Bond Rating Agency, Inc. ("***KBRA***") have assigned ratings of "Aa3" (stable outlook), "AA" (negative outlook), and "AA" (stable outlook), respectively for the 2021A Senior Bonds. Moody's, Fitch, and KBRA have assigned ratings of "A2" (stable outlook), "A+" (negative outlook), and "AA-" (stable outlook), respectively for the 2021B Subordinated Bonds.

An explanation of the significance of each of such ratings and outlook may be obtained from the rating agency furnishing the same at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; Fitch Ratings, 33 Whitehall Street, New York, New York 10004; and Kroll Bond Rating Agency, 845 Third Avenue, New York 10022. Certain materials and information not included in this Official Statement may have been furnished to such rating agencies. A rating is not a recommendation to buy, sell or hold securities. There is no assurance that such ratings will continue for any given period of time or that they may not be lowered or withdrawn entirely by the rating agencies, or any of them, if, in their or its judgment, circumstances so warrant. Any such downward change in or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the 2021 Bonds.

Except as provided in the Disclosure Agreement, neither the Underwriters nor the Commission has undertaken any responsibility to bring to the attention of the holders of the 2021 Bonds any proposed or actual change in or withdrawal of any rating or to oppose any proposed change or withdrawal.

LITIGATION

General

Except as described below, there is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the 2021 Bonds, or in any way contesting or affecting the validity of the 2021 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 2021 Bonds, the existence or powers of the Commission or the construction of the 2021 Construction Project or the refunding of the Refunded Bonds.

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

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

Certain Litigation

The Commission may be subject to additional litigation or other actions from time to time in the future which cannot be predicted at this time. See "INVESTMENT CONSIDERATIONS – Litigation and Other Actions Against the Commission" herein and "APPENDIX A - THE PENNSYLVANIA TURNPIKE COMMISSION – THE COMMISSION – Recent Developments and Legislation *– All Electronic Tolling Layoff Arbitration"* and "*– Julie E. Thomas v. TransCore, LP & Pennsylvania Turnpike Commission"* attached hereto.

LEGAL MATTERS

Certain legal matters with respect to the 2021 Bonds will be passed upon by Dilworth Paxson LLP, Philadelphia, Pennsylvania and Powell Law, PC, Harrisburg, Pennsylvania, as Co-Bond Counsel. A copy of the proposed form of opinion of Co-Bond Counsel which will be delivered on the dates of issuance and delivery of the 2021 Bonds is set forth in "APPENDIX D – FORM OF OPINION OF CO-BOND COUNSEL." Certain other legal matters will be passed upon for the Underwriters by Greenberg Traurig LLP, Philadelphia, Pennsylvania, as Underwriters' Counsel and for the Commission by its Chief Counsel, Doreen A. McCall, Esquire, and Virtus LLP, Windermere, Florida, as Disclosure Counsel to the Commission.

The various legal opinions to be delivered concurrently with the delivery of the 2021 Bonds express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of the parties to the transaction. In addition, the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

CO-FINANCIAL ADVISORS

The Commission has retained Phoenix Capital Partners, LLP, Philadelphia, Pennsylvania, and Public Resources Advisory Group, Media, Pennsylvania, as Co-Financial Advisors with respect to the authorization and issuance of the 2021 Bonds. The Co-Financial Advisors are not obligated to undertake or assume responsibility for, nor have they undertaken or assumed responsibility for, an independent verification of the accuracy, completeness or fairness of the information contained in this Official Statement. Each of the Co-Financial Advisors is an independent advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities.

TRUSTEE AND PAYING AGENT

The Commission has appointed U.S. Bank National Association, Philadelphia, Pennsylvania, as the successor Trustee and Manufacturers and Traders Trust Company, as Paying Agent under the OFT Indenture. The obligations and duties of the Trustee are as described in the OFT Indenture. The Trustee has not evaluated the risks, benefits or propriety of any investment in the 2021 Bonds, and makes no representation, and has reached no conclusions, regarding the validity of the 2021 Bonds, the security therefor, the adequacy of the provisions for payment thereof or the tax status of the interest on the 2021 Bonds. The Trustee has relied upon the opinion of Co-Bond Counsel for the validity of the 2021 Bonds and tax status of the interest on the 2021 Bonds as well as other matters set out in that opinion. Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the Commission of any of the 2021 Bonds authenticated or delivered pursuant to the OFT Indenture or for the use or application of the proceeds of such 2021 Bonds by the Commission.

Under the terms of the OFT Indenture, the Trustee shall not be responsible for any loss or damage resulting from any action or inaction taken in good faith in reliance upon an opinion of counsel and the Trustee is liable only for those damages caused by its gross negligence or willful misconduct. Under the OFT Indenture, the Trustee is not required to take notice, and is not deemed to have notice, of any default under the OFT 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 2021 Bonds affected by such default. All notices or other instruments required by the OFT Indenture to be delivered to the Trustee must be delivered at the designated office of the Trustee. 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 OFT Indenture for a complete statement of the Trustee's rights, duties, obligations and immunities.

TAX EXEMPTION AND OTHER TAX MATTERS

Federal Tax Exemption

Co-Bond Counsel will deliver, concurrently with the issuance of the 2021 Bonds, its opinion in the form attached hereto as APPENDIX "D" to the effect that under existing statutes, regulations, rulings and court decisions, interest on the 2021 Bonds is excludable from the gross income of the holders thereof for federal income tax purposes and will not be a preference item for purposes of calculating federal alternative minimum taxable income. In addition, interest on the 2021 Bonds may be included in a foreign corporation's effectively connected earnings and profits upon which certain foreign corporations are required to pay the foreign branch profits tax imposed under Section 884 of the Internal Revenue Code of 1986, as amended (the "***Code***").

The 2021 Bonds have been offered at a premium ("***original issue premium***") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a 2021 Bond through reductions in the holder's tax basis for the 2021 Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the 2021 Bond rather than creating a deductible expense or loss. Prospective purchasers of the 2021 Bonds should consult their tax advisers for an explanation of the treatment of original issue premium.

Ownership of the 2021 Bonds may result in collateral federal tax consequences to certain tax payers, including, without limitation, financial institutions, S corporations with excess net passive income, property and casualty companies, individual recipients of social security or railroad retirement benefits and taxpayers who may be deemed to have incurred indebtedness to purchase or carry the 2021 Bonds. Co-Bond Counsel will express no opinion with respect to these or any other collateral tax consequences of the ownership of the 2021 Bonds. The nature and extent of the tax benefit to a taxpayer of ownership of the 2021 Bonds will generally depend upon the particular nature of such taxpayer or such taxpayer's own particular circumstances, including other items of income or deduction. Accordingly, prospective purchasers of the 2021 Bonds should consult their own tax advisors.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2021 Bonds. Ongoing requirements include, among other things, the provisions of Section 148 of the Code which prescribe yield and other limits within which the proceeds of the 2021 Bonds are to be invested and which may require that certain excess earnings on investments made with the proceeds of the 2021 Bonds be rebated on a periodic basis to the United States. The Commission will make certain representations and undertake certain agreements and covenants in the tax compliance agreement to be delivered concurrently with the issuance of the 2021 Bonds that are 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 2021 Bonds being included in the gross income of the holder for federal income tax purposes, in certain cases retroactive to the date of original issue of the 2021 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 2021 Bonds, whether any actions taken or not taken, events occurring or not occurring, or other matters that might come to the attention of Co-Bond Counsel, would adversely affect the value of, or tax status of the interest on, the 2021 Bonds.

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 2021 Bonds.

Pennsylvania Tax Exemption

Co-Bond Counsel will also deliver an opinion to the effect that under existing law as enacted and construed on the date of such opinion, interest on the 2021 Bonds is exempt from the Pennsylvania personal income tax and the 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 obligation such as the 2021 Bonds, will be subject to Pennsylvania taxes within the Commonwealth.

The 2021 Bonds and the interest thereon may be subject to state or local taxes in jurisdictions other than the Commonwealth under applicable state or local tax laws.

PROSPECTIVE PURCHASERS OF THE 2021 BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF OWNERSHIP OF THE 2021 BONDS AND ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED TAX LEGISLATION.

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MISCELLANEOUS

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

The references herein to the Enabling Acts, Act 3, the 2021 Bonds, the OFT Indenture, and the Disclosure Agreement and other laws and documents are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and, accordingly, are qualified by reference to and are subject to the full texts thereof.

Neither this Official Statement nor any other disclosure in connection with the 2021 Bonds is to be construed as a contract with the holders of the 2021 Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly so identified, are intended merely as such and not as representations of fact. No representation is made that any of such statements will be realized.

PENNSYLVANIA TURNPIKE COMMISSION

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

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APPENDIX A

THE PENNSYLVANIA TURNPIKE COMMISSION

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TABLE OF CONTENTS

APPENDIX A

THE PENNSYLVANIA TURNPIKE COMMISSION

The information in this Appendix A is intended to provide general information regarding the Commission, the Turnpike System, and certain financial, regulatory and operational matters. The order and placement of information in this Appendix A, are not an indication of relevance, materiality or relative importance, and this Appendix A should be read in its entirety together with the forepart of this Official Statement and all other Appendices.

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

References to website addresses, articles, or reports presented herein, including the Commission's website or any other website containing information about the Commission, are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for any purpose including for purposes of Rule 15c2-12 promulgated by the U.S. Securities and Exchange Commission.

The 2021 Bonds are secured solely by the Trust Estate established pursuant to the OFT Indenture, which consists primarily of Oil Franchise Tax Revenues (as defined herein) allocated to the Commission. See "SECURITY FOR THE 2021 BONDS" and "OIL FRANCHISE TAX" in the forepart of this Official Statement for more information on the imposition and collection of the Oil Franchise Tax and the Commission Allocation (as such term is defined in the OFT Indenture and described in "OIL FRANCHISE TAX – Commission Allocation" in the forepart of this Official Statement).

THE COMMISSION

General

The Commission is an instrumentality of the Commonwealth of Pennsylvania (the "***Commonwealth***") existing pursuant to an Act of the General Assembly of Pennsylvania approved on July 18, 2007, P. L. 169, No. 44 ("***Act 44***") and various Acts of the General Assembly approved on several dates, including the Act of May 21, 1937, P.L. 774, Act 211; the Act of May 24, 1945, P.L. 972; the Act of February 26, 1947, P.L. 17; the Act of May 23, 1951, P.L. 335; the Act of August 14, 1951, P.L. 1232; the Act of September 30, 1985, P.L. 240, No. 61 ("***Act 61***") to the extent not repealed by Act 44; the Act of August 5, 1991, P.L. 238, No. 26 ("***Act 26***") and the Act of November 25, 2013, P.L. 974, No. 89 ("***Act 89***") (collectively, the "***Enabling Acts***").

Pursuant to the Enabling Acts, the Commission has the power to construct, operate and maintain the Pennsylvania Turnpike System (as further described herein, the "***System***" or the "***Turnpike System***"). The Commission's composition, powers, duties, functions, duration and all other attributes are derived from the Enabling Acts. The Enabling Acts may be modified, suspended, extended or terminated at any time by further legislation.

Commission Members

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

Act 89 enacted additional provisions pertaining to membership of the Commission. The term of confirmed members of the Commission (other than the Secretary of Transportation) is a period of four years and members may serve a maximum of two terms. Upon the expiration of a term, a member may continue to hold the office of Commissioner for a period of 90 days or until their successor is appointed and qualified, whichever is less. The limitations on Commissioner terms under Act 89 do not apply to members of the Commission originally confirmed prior to Act 89's effective date.

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

Yassmin Gramian, PE, is the current Chair of the Commission and she was confirmed as the Secretary of PennDOT by the Pennsylvania Senate on May 27, 2020. At PennDOT, she oversees programs and policies affecting highways, urban and rural public transportation, airports, railroads, ports, and waterways. She manages PennDOT's annual budget, which is invested in Pennsylvania's approximately 120,000 miles of state and local highways and 32,000 state and local bridges. Under her leadership, PennDOT is directly responsible for nearly 40,000 miles of highway and roughly 25,400 bridges. She also has oversight of the Commonwealth's 11.8 million vehicle registrations and 10.3 million driver's licenses and IDs.

Drawing on her years of technical expertise as an engineer in the transportation and infrastructure industry, she is focused on developing forward-looking strategies that deliver innovative solutions for communities and transportation networks across the Commonwealth.

Chair Gramian has more than 30 years of experience in operations, design, and management of transportation infrastructure systems, including highway, tolling, bridge, and railroad projects. Prior to joining PennDOT, she served as a senior vice president and business development director for a leading international engineering firm, where she was responsible for growth of the company's transportation and infrastructure sector in the Northeast Region.

In her career, she was responsible for several signature projects, including Philadelphia's Roosevelt Boulevard Multimodal Corridor Program, SEPTA Subway Concourse Improvement Project, Amtrak's Keystone Corridor Infrastructure Rehabilitation and Reconstruction, PATCO Ben Franklin Bridge Track Rehabilitation, PennDOT's Central Susquehanna Valley Transportation Project's US-15 Susquehanna River Bridge, and Philadelphia Airport Terminal F Modernization. Her work in Pennsylvania has resulted in numerous awards, including 2013 Best Project award by Engineering News-Record Mid-Atlantic and multiple awards from the American Council of Engineering Companies of Pennsylvania.

Chair Gramian earned master's and bachelor's degrees in civil engineering from the University of Michigan and completed the Tuck Management Training Program at Dartmouth College. She is a professional engineer in Pennsylvania, Delaware, New Jersey, and Florida.

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

John N. Wozniak is the current Secretary/Treasurer of the Commission, and he was appointed to serve as a Commissioner in July 2017. Mr. Wozniak served as a Pennsylvania State Senator from the 35th District from 1997 to 2016. Prior to that, he served as a member of the Pennsylvania House of Representatives from the 71st District from 1981 to 1996. Mr. Wozniak graduated from the University of Pittsburgh at Johnstown in 1978 with a B.A. in Economics. His term expired in July 2021. Under the provisions of Act 89, Mr. Wozniak may continue to serve as a Commissioner for 90 days or until his successor is appointed and qualified, whichever is less.

Pasquale T. Deon, Sr., an established businessman has served as a Commissioner since 2002. Mr. Deon is Chair of the Board of Directors of the Southeastern Pennsylvania Transportation Authority (SEPTA). He is also a service-industry entrepreneur involved in real-estate development, beverage distribution and construction services. He is the owner of WBCB-1490AM Radio, Levittown, Pennsylvania. Commissioner Deon was re-nominated to serve as a Commissioner by Governor Tom Wolf and his re-nomination to serve another four-year term as a Commissioner was unanimously confirmed by the Senate in May 2018. His term expires in May 2022.

Wadud Ahmad, Esq., a founding partner in Ahmad Zaffarese LLC, was confirmed by the Senate in September 2020. Prior to forming Ahmad Zaffarese LLC, Mr. Ahmad served as an Assistant District Attorney in Philadelphia and was a board member on the Pennsylvania Intergovernmental Cooperation Authority and the Pennsylvania Tobacco Settlement Investment Board. Mr. Ahmad previously served as the Vice Chairman of the Delaware River Joint Toll Bridge Commission. His term expires in September 2024.

Executive Personnel

Mark P. Compton assumed the position of Chief Executive Officer of the Commission on February 1, 2013. Mr. Compton previously served as Deputy Secretary of Administration of PennDOT, overseeing eight bureaus within the agency, including: human resources, information systems governance, business solutions and services, infrastructure and operations, and fiscal management. Before joining PennDOT, Mr. Compton served as Director of Government Affairs for all four companies of American Infrastructure, a heavy-duty civil construction company headquartered in Worcester, Pennsylvania. Prior to that, he worked in various public and private operations, focusing largely on transportation, construction and economic development.

Craig R. Shuey is the Chief Operating Officer of the Commission. He joined the Commission in August 2009 as Director of Government Affairs and was named Chief Operating Officer in January 2011. Mr. Shuey served as Acting Chief Executive Officer from October 2012 to February 2013. Prior to joining the Commission, Mr. Shuey was executive director of the Pennsylvania Senate Transportation Committee from 2001 to 2009. He also served as a representative on the Senate Transportation Commission and on various advisory committees in areas such as air, rail, freight movement and safety.

Richard C. Dreher was named the Chief Financial Officer in August 2020. Prior to that, he held the position of Assistant Chief Financial Officer for Financial Management with the Commission where he managed and coordinated the Commission's municipal debt activities and oversaw the Debt and Derivatives, Risk Management, Treasury and Investment departments. Before joining the Commission in 2013, Mr. Dreher served as the Director of the Bureau of Revenue, Capital and Debt in the Governor's Office of the Budget, Commonwealth of Pennsylvania from 2003 to 2013 where he managed the Commonwealth of Pennsylvania's general obligation debt and directed the Commonwealth's Capital Budget program. In addition, during his time at the Governor's Office of the Budget from 1997 through 2013, Mr. Dreher managed and expanded the largest economic redevelopment program in the Commonwealth totaling over $4 billion and involving nearly 2,000 projects across the Commonwealth.

Bradley J. Heigel, P.E., was named Chief Engineer in April 2012. He was previously employed by the Commission from 1990 to 2010 and served as the Total Reconstruction Program Manager from 2000 to 2010. From 2010 to 2012, he was employed as a Vice President with Michael Baker, Jr., Inc., an engineering unit of Michael Baker Corporation.

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

Charles L. Duncan was named the Chief of Compliance, Legislative and Cultural Affairs in October 2020. Prior to that, he held the position of Director of Legislative Affairs where he served as the primary legislative and policy advisor for the Commission. Before joining the Commission in 2015, Mr. Duncan served as the Special Assistant to the Pennsylvania Senate Appropriations Chairman and was instrumental in the development of the Commonwealth's annual budget and spending priorities. Currently, Mr. Duncan serves as a board member-designee on the Pennsylvania State Employees Retirement System and has previously worked for Temple University, the Pennsylvania House of Representatives, and the Philadelphia Housing Authority.

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

Enabling Acts

Act 44 and the Act 44 Funding Agreement

On July 18, 2007, Act 44 was enacted, creating a "public-public partnership" between the Commission and PennDOT to provide funding for roads, bridges and transit throughout the Commonwealth. Subsequently, in order to, among other things, effectuate the provisions of Act 44 requiring the Commission to make substantial annual payments to PennDOT as described below, the Commission and PennDOT entered into a Lease and Funding Agreement (the "***Act 44 Funding Agreement***"), incorporating many of the terms of Act 44.

The Act 44 Funding Agreement also granted the Commission the option to lease the portion of Interstate Route 80 ("***I-80***") located in the Commonwealth from PennDOT upon, among other things, the approval of the Federal Highway Administration ("***FHWA***") of the conversion of such portion into a toll road (the "***Conversion***"). The Conversion was not approved by FHWA and neither the Commission nor PennDOT appealed the decision. The Commission did not exercise its option to lease such portion of I-80, and the period during which the Commission could exercise its option under the Act 44 Funding Agreement lapsed on October 14, 2010 without the Commission effectuating the Conversion or having the ability to do so in the future, leaving all legal, financial and operational responsibility for I-80 solely with PennDOT.

Pursuant to Act 44 and the Act 44 Funding Agreement, the Commission is obligated to make scheduled annual payments to PennDOT ("***Act 44/Act 89 Payments")***. Originally such payments in the amount of $450 million were due through 2057, payable in equal quarterly installments, with $200 million of the scheduled annual payments supporting road and bridge projects and $250 million supporting transit projects throughout the Commonwealth. See "*Act 89 and the Act 89 Amendments*" below as to subsequent changes to the annual Act 44/Act 89 Payments.

Act 89 and the Act 89 Amendments

On November 25, 2013, Act 89 was enacted to provide (i) substantial revenue enhancements to support investment in the Commonwealth’s aging transportation infrastructure, and (ii) substantial reductions in the Commission's obligations with respect to the Act 44/Act 89 Payments. The revenue enhancements providing additional funds each year for investment in the Commonwealth’s transportation infrastructure were fully implemented in Fiscal Year 2018.

Revisions to the Commission's Act 44/Act 89 Payment obligations enacted under Act 89 were implemented by Amendment Number One to Lease and Funding Agreement (the "***Act 89 Amendment***" and together with the Act 44 Funding Agreement, the "***Original Amended Funding Agreement***") executed by the Commission and PennDOT on April 4, 2014.

In accordance with Act 89 and the Original Amended Funding Agreement, the Commission's aggregate annual Act 44/Act 89 Payment to PennDOT for Fiscal Year 2014 through Fiscal Year 2022 is $450 million, with at least $30 million of such annual amount required to be paid from current revenues and the remainder funded by the proceeds of bonds issued under the Subordinate Revenue Indenture (hereinafter defined).[1]

The Original Amended Funding Agreement was subsequently further amended, on July 31, 2018, by Amendment Number Two to Lease and Funding Agreement (the "***Amendment Two***"), and on June 11, 2020, by Amendment Number Three to the Lease and Funding Agreement (the "***Amendment Three,***" and together with the Original Amended Funding Agreement and Amendment Two, the "***Amended Funding Agreement***") both of which were executed by all parties to provide current year adjustments for certain due dates for Act 44/Act 89 Payments in Fiscal Years 2019 through 2021. See "COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Other Obligations" below for more information on the total amount paid by the Commission under the Amended Funding Agreement.

Act 89 relieves the Commission from over $15 billion in future Act 44/Act 89 Payments to PennDOT during Fiscal Years 2023 through 2057 (the term of the Amended Funding Agreement), by reducing the Commission's aggregate annual Act 44/Act 89 Payments to PennDOT to $50 million, which amount shall be paid from then current revenues of the Commission. Further, Act 89 revised the use of the Commission's scheduled annual payments. Effective July 1, 2014, none of the Commission's Act 44/Act 89 Payments may be used to support the Commonwealth's road and bridge projects. Instead, $420 million of the scheduled annual Act 44/Act 89 Payments shall be used to support mass transit capital and operating needs and other transportation programs of statewide significance, and $30 million shall be used to support multi-modal projects, which may include: aviation projects; rail freight projects; port projects; bicycle projects and pedestrian projects. However, commencing with Fiscal Year 2023, the Commission's $50 million scheduled annual Act 44/Act 89 Payments will be used to support mass transit capital and operating needs. See "COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Other Obligations – Act 44/Act 89 Payments to PennDOT" below for more information on the total amount paid by the Commission under the Amended Funding Agreement.

Rules Relating to Governance and Accountability Under the Enabling Acts

The Enabling Acts set forth certain rules relating to governance and accountability of the Commission, including, but not limited to: requiring the Commission to file an annual financial plan with the Pennsylvania Secretary of the Budget no later than June 1 of each year; to have an audit of the Commission's finances (including a review of its performance, procedures, operating budget, capital budget and debt) conducted by the Auditor General every two years (such audit to be paid for by the Commission); to adopt a comprehensive code of conduct for Commissioners

[1] The Commission utilized $420 million of the proceeds of its 2021B Subordinate Revenue Bonds (delivered July 27, 2021) and $30 million of current revenues to fully satisfy its Fiscal Year 2022 Act 44/Act 89 Payment obligation.

and executive-level employees, which the Commission adopted on October 31, 2007 and revised January 7, 2014 and January 28, 2015; and upon request, at least one Commission member shall testify annually before the appropriations committee of the Pennsylvania House of Representatives and the Senate of Pennsylvania.

Impact of COVID-19 Pandemic

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was declared a Public Health Emergency of International Concern by the World Health Organization on March 11, 2020. The COVID-19 pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic conditions and growth worldwide.

On March 6, 2020, Governor Wolf signed the first of several emergency disaster declarations to ensure state agencies involved in the response have the expedited resources they need to continue to focus on the virus and its spread. On November 23, 2020, Governor Wolf announced and signed a new executive order, which implemented several restrictions and mitigation measures, including maintaining the requirement that people telework where possible. On February 19, 2021, Governor Wolf signed a fourth renewal of the emergency disaster declaration to remain in force until May 19, 2021, and subsequently extended such declaration on May 19, 2021. Effective May 31, 2021, the Governor lifted all COVID-19 mitigation orders except with respect to mask requirements for unvaccinated and partially vaccinated individuals. On June 10, 2021, the General Assembly passed resolutions immediately ending all COVID-19 related emergency disaster declarations previously signed by the Governor.

Impact on Traffic Volume and Toll Revenues. Traffic volume initially began to decline on the System in March 2020 as a result of the COVID-19 pandemic. Volume losses stabilized after May 2020 and improved on a monthly basis through August 2020. From August 2020 through June 2021 total monthly traffic volume averaged approximately 19% below pre-pandemic levels as measured for all vehicles (for the months of March, April, May and June 2021, as measured against the corresponding months in 2019).

The impact of the COVID-19 pandemic on the Commission's traffic and revenue performance has been particularly acute with respect to passenger car traffic and revenues and partially offset by sustained recovery of commercial traffic and revenue. Fiscal Year 2021 passenger car transactions declined 24.4% and 13.3% when compared to results for Fiscal Year 2019 and Fiscal Year 2020, respectively. However, Fiscal Year 2021 commercial vehicle transactions increased by 1.6% and 4.2% when compared to results for Fiscal Year 2019 and Fiscal Year 2020, respectively. Total transactions for Fiscal Year 2021 of 170.5 million represented a decline of 20.6% and 10.5% when compared to results for Fiscal Year 2019 and Fiscal Year 2020, respectively. Fiscal Year 2021 total toll revenue of $1.25 billion declined 6.0% and 2.5% when compared to results for Fiscal Year 2019 and Fiscal Year 2020, respectively. Passenger car toll revenue for Fiscal Year 2021 declined 17.6% and 10.7% when compared to results for Fiscal Year 2019 and Fiscal Year 2020, respectively. This decrease was partially offset by the strong performance of commercial vehicle toll revenue with improvements of 9.0% and 7.0% for Fiscal Year 2021, when compared to results for Fiscal Year 2019 and Fiscal Year 2020, respectively.

However, the negative impacts of the COVID-19 pandemic have diminished over time. In March 2021, the Commission experienced substantial positive revenue growth, with both passenger vehicle and commercial vehicle traffic increasing significantly over March 2020 (the first month where traffic volumes began to decline due to the pandemic), resulting in a $28 million increase in total net toll revenue in March 2021, which was 32% higher than net toll revenue in March 2020. Total monthly net toll revenue in April 2021, May 2021 and June 2021, reflect increases of $60 million (103%), $50 million (62%), and $35 million (37%), when compared to April 2020, May 2020 and June 2020, respectively.

Impact on Finances and Operations. The Commission implemented a number of measures intended to mitigate the operational and financial impacts resulting from the COVID-19 pandemic.

The Commission successfully implemented several cost mitigation measures which reduced operating expenses to approximately $365 million for Fiscal Year 2021, 14.3% below budget estimates. A significant portion of the cost mitigation was achieved through the Commission's early implementation of all-electronic tolling ("***AET***"). Further, in response to the COVID-19 pandemic, the Commission adjusted its planned Fiscal Year 2021 capital expenditures within the Fiscal Year 2021 Capital Plan to $469 million from the prior target of $567 million. However, with the revenue stabilization experienced in Fiscal Year 2021, the Commission was able to pursue additional capital investments, and current estimates reflect $553 million in capital spending for Fiscal Year 2021.

In June 2020, the Commission secured a $200 million 2020 Line of Credit (as defined herein) with a one-year term to enhance liquidity as a safeguard for managing revenue fluctuations throughout the COVID-19 pandemic. Ultimately, no draws on the 2020 Line of Credit were needed to fund operations; however, draws were made to redeem certain outstanding bonds of the Commission, pending the issuance of certain refunding bonds by the Commission, which draws were repaid with the proceeds of refunding bonds. The 2020 Line of Credit expired on June 2, 2021. On June 9, 2021, the Commission secured the $200 million 2021 Line of Credit (as defined herein), as a continuing liquidity safeguard. See "COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Lines of Credit" herein for more information. In addition, the Commission’s unaudited Fiscal Year 2021 General Reserve Fund ending balance of $452 million remained well above the Commission’s liquidity targets and the prior year balance of $404 million.

With respect to the operations of the System, the Commission maintains contingency plans to minimize disruptions to its operations from exogenous events such as natural or man-made disasters. The Commission previously created a Continuity of Operations ("***COOP***") Plan to address ongoing critical operations and disaster recovery efforts. COOP coordinators have reviewed their respective department’s COOP Plan and ensured that it has been updated given the potential challenges of the potential spread of COVID-19. Operations and maintenance of the System continues through a combination of staff working onsite where necessary or working remotely.

Due to the adverse impacts of COVID-19, the Commission determined to move to AET toll collection on March 16, 2020; removing toll collectors from toll booths and relying solely on AET In-Place (as defined herein) and E-ZPass tolling across the System. As part of the June 2020 permanent transition to all-electronic toll collection operations, the Commission also approved the layoff of 492 Fare Collection Department and Ticket Systems Audit Department employees, effective as of June 18, 2020. See "THE COMMISSION – Recent Developments and Legislation – All Electronic Tolling Layoff Arbitration" and "THE TURNPIKE SYSTEM – Toll Collections" herein.

Initially intended to be a temporary response to the COVID-19 pandemic, the Commissioners, on June 2, 2020, unanimously approved the permanent transition to AET toll collection operations. The Commission projects nearly $36 million in savings in Fiscal Year 2021 and over $50 million in annual savings in Fiscal Year 2022, compared to previously projected operating expense levels, as a result of the early conversion to permanent AET In-Place operations. See "THE TURNPIKE SYSTEM – Toll Collection" herein for more information.

The COVID-19 pandemic is ongoing, and its dynamic nature leads to uncertainties. The Commission cannot predict, among other things, the duration or extent of the pandemic, or the possibility, magnitude, timing or nature of any further actions taken by governmental authorities to treat the illness or contain its spread. Likewise, the Commission cannot predict any future impact the COVID-19 pandemic, or any similar widespread public health issue, may have on travel generally, demand for use of the Commission's toll roads, or the System's on-going operations and financial results. No assurance can be given as to how much longer the COVID-19 pandemic and the restrictions imposed as a result thereof will continue or the extent to which changes in commercial and personal behavior in response to the COVID-19 pandemic may continue after it has ended. However, the Traffic Study (as defined herein) forecasts no material COVID-19 impacts on the Commission after Fiscal Year 2026. See "THE TURNPIKE SYSTEM – The Traffic Study" herein for more information about the Traffic Study and the most recent update thereto, the May 2021 Bring Down Letter (as defined herein).

Recent Developments and Legislation

Act 88 of 2012 (formerly House Bill 3 and Senate Bill 344) ("***Act 88***") was signed into law on July 5, 2012. Act 88 authorizes "public-private" transportation partnership arrangements in the Commonwealth. The law allows the Commission, among other public entities, to enter into public-private partnerships for the construction of transportation infrastructure and facilities and for the lease of such facilities through long-term agreements. Act 88 prohibits a lease of the Turnpike Mainline without the further express approval of the General Assembly. However, the law does not restrict the Commission from entering into public-private partnership agreements which do not involve granting substantial oversight and control over the Turnpike Mainline to another entity, nor does it limit or preempt in any way the Commission's ability to enter into certain types of public-private partnership agreements currently allowed under its Enabling Acts. The Public Private Transportation Partnership Board, established pursuant to Act 88, has issued an Implementation Manual & Guidelines for Public-Private Transportation Partnerships. Currently, the Commission is in discussion with PennDOT to provide certain administrative services to PennDOT in connection with PennDOT's tolling of certain of its bridges. The Commission and PennDOT expect such services to be provided at cost. Any monies received by the Commission would not constitute Revenues under the Senior Revenue Indenture and would not be part of the Trust Estate under the Subordinate Revenue Indenture.

A resolution was adopted by the Senate of Pennsylvania on January 24, 2018 (the "***Senate Resolution***" or "***Senate Resolution 209***") directing the Joint State Government Commission to conduct an analysis of a potential consolidation of interstate operations at PennDOT and the Commission. The Joint State Government Commission is the primary non-partisan research organization that serves the Pennsylvania General Assembly. Senate Resolution 209 tasked the Joint State Government Commission to, among other things, study all of the following:

1. Evaluate the cost savings, efficiencies and customer service improvements that may materialize as a result of consolidating the interstate operations, including personnel, equipment, facilities and highway administration.

2. Identify Federal and State laws that could impact the consolidation of interstate operations.

3. Review cases in other states where tolled bridges or roadways are effectively governed under a state department of transportation.

4. Evaluate and make recommendations on how to manage the Commission's debt as a result of the consolidation of interstate operations.

5. Evaluate and make recommendations on how to align contractual agreements, including labor agreements, bondholder agreements or other partnership agreements, as a result of the consolidation of interstate operations.

6. Propose legislation required to implement the consolidation of interstate operations.

On January 10, 2020, the Joint State Government Commission issued its report (the "***Report***") pursuant to the Senate Resolution. The Report does not make any recommendations as to whether to consolidate the interstate operations of PennDOT or the Commission but rather identifies numerous issues that should be considered by the General Assembly. The Report also specifically responds to each of the items enumerated in the Senate Resolution.

1. With respect to potential cost savings or efficiencies from a consolidation, the Report concludes that minor operational efficiencies could be realized. Specifically, the Report estimates that $5.3 million in annual costs savings could be generated. When compared to the combined operating budgets of PennDOT and the Commission totaling $10.3 billion annually, the projected savings would total roughly 0.05%.

2. The Report concludes that existing federal law does not preclude a possible consolidation of interstate operations of PennDOT and the Commission.

3. An examination of other states managing both tolled and free highways concluded that in most instances the states created a semi-independent instrumentality to operate the tolled highways within the state transportation agency. Financial protection of a state's transportation agency and the state was the primary reason to do this so that the public is not directly obligated to repay the bonds for the tolled roads.

4. The Report concludes that the Commission's outstanding debt of over $14 billion "could serve as a potential barrier to its consolidation within the department." Further, the Joint State Government Commission concluded that "it is unclear as to how the Commonwealth can lawfully assume the commission's bond debt." Finally, as a result of the financial burden of the Commission's currently outstanding debt, the Report concludes that "the Commonwealth would be unlikely to expand its subsidy for transportation elsewhere in the Commonwealth based on turnpike revenue nor would it be likely to relieve the pressure to continue to generate turnpike revenue robust enough to service the outstanding debt."

5. Preexisting contractual obligations at both PennDOT and the Commission would also likely present many complications to a consolidation of interstate operations.

6. As required by the Senate Resolution, the Report includes proposed legislation to implement a consolidation of the interstate operations at PennDOT and the Commission. The proposed legislation does not appear to address or resolve many of the operational or legal obstacles identified in the Report.

The Commission cannot predict if the Report may lead to the introduction or adoption of legislation that may affect the Commission and/or its operations. Furthermore, the Commission cannot predict, at this time what action, if any, may be taken by the Pennsylvania General Assembly as a result of the Report, or what effect, if any, a consolidation of the Commission and PennDOT would have on the Commission's debt or the security for such debt.

On March 12, 2021, Governor Wolf signed Executive Order No. 2021-02 which established the Governor's Transportation Revenue Options Commission ("***TROC***"), an official advisory commission comprised of key stakeholders, including experts from the transportation industry, environmental community, business community, energy community, multimodal community and local government representatives. TROC is charged with developing a comprehensive, strategic proposal for addressing the transportation funding needs of the Commonwealth. The executive order provides that TROC's proposal should include, among other things, a comprehensive list of potential revenue sources available for current and future funding of transportation in the Commonwealth for all modes of transportation, and a comprehensive, strategic Commonwealth transportation funding proposal. TROC delivered its final report to the Governor on July 30, 2021 (the "***TROC Report***"). The TROC Report is available online at: https://www.penndot.gov/about-us/funding/Documents/TROC-Final-Report.pdf.[2]

The TROC Report estimates that the Commonwealth's state-level annual unmet transportation funding needs will reach $14.5 billion over the next ten years and attributes the funding to several factors: (i) over-reliance on shrinking gas tax revenues; (ii) Act 44 and Act 89 providing insufficient funding to address transportation funding statewide; (iii) dramatic increases in emergency repair needs; (iv) rigorous and costly interstate pavement standards; (v) federal

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

transportation gas tax funding remaining static for almost 30 years; (vi) the increased costs created by deferred maintenance; and (vii) reduction in purchase power caused by inflation.

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

The proposed revenues sources described in TROC's strategic funding plan include the following:

1. Road User Charges which consist of two sources: Mileage-Based User Fees ("***MBUF***") and an Electric Vehicle MBUF Pilot;

2. Tolling from two sources: corridor tolling and managed lanes (limited lane tolling);

3. Redirecting transfers from the Motor License Fund to the Pennsylvania State Police to transportation system related costs;

4. Various new or increased fees: (a) vehicle registration fee; (b) electric vehicle fee; (c) vehicle lease fee; (d) vehicle rental fee; (e) transportation network company (rideshare) fee; (f) aircraft registration fee; and (g) goods delivery fee; and

5. Three tax adjustments: (a) increases to the present vehicle sales tax; (b) increase the present jet fuel tax; and (c) indexing the gas tax to inflation.

The TROC Report concludes with various proposed next steps which include adhering to a six-month timeline for acting on TROC's proposal, that would commence with the Governor's budget presentation in February 2022 with the goal of acting on it by July 1, 2022. At this time, the Commission cannot predict what resulting actions the Governor and/or the General Assembly may take as a result of the TROC Report, if any, or how the Commission Allocation or the imposition and collection of Oil Franchise Tax revenues may be impacted thereby.

The 2021 Bonds are secured solely by the Trust Estate established pursuant to the OFT Indenture, which consists primarily of Oil Franchise Tax Revenues allocated to the Commission. See "SECURITY FOR THE 2021 BONDS" and "OIL FRANCHISE TAX" in the forepart of this Official Statement for more information on the imposition and collection of the Oil Franchise Tax and the Commission Allocation.

All Electronic Tolling Layoff Arbitration

On June 2, 2020, the Commission approved the layoff of Fare Collection Department employees and Ticket Systems Audit Department employees due to the implementation of AET collection. On this same date, the Commission so informed representatives of Teamsters Local Union Nos. 77 and 250 (collectively the "***Union***"). The resulting layoff of approximately 492 bargaining unit employees was implemented effective as of June 18, 2020. In accordance with terms negotiated with the Union, the laid off employees may receive severance based on their years of seniority upon execution of a release of claims.

On or about June 25, 2020, the Union submitted three (3) grievances challenging the layoff of the bargaining unit employees due to the implementation of AET. In the grievances, the Union contended that the above referenced layoff violated provisions of the applicable collective bargaining agreements and terms of the memorandum of understanding and/or purported oral promises relating to the layoff of employees. In particular, the Union alleged that the Commission was not permitted to lay off employees due to the implementation of AET until January 2022. The Union requested that the laid off employees be reinstated to their former positions and be made whole (including back pay).

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

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

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

On April 28, 2021, Julie Thomas (the "***Plaintiff***"), an E-ZPass customer and frequent traveler on the System, filed a putative class action lawsuit against the Commission, and TransCore, L.P. ("***TransCore***"), as the vendor that provides, operates, and maintains the Electronic Toll Collection Customer Service Center and Violations Processing Center.

The Commission and TransCore were served with the complaint on May 24, 2021. The complaint centers mostly on video tolls ("***V-Tolls***"). A V-Toll is an E-ZPass charge that is assessed when, for any reason, the customer's E-ZPass transponder is not read on both the customer's entry and exit from the System, resulting in a toll assessment based upon a video snapshot of the customer's license plate.

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

On June 14, 2021, TransCore filed a notice of removal seeking to move this matter from Dauphin County Court of Common Pleas. The matter was removed to the U.S. District Court for the Eastern District of Pennsylvania. On June 21, 2021, both the Commission and TransCore filed motions to dismiss. In response, Plaintiff filed a motion to remand the action to state court, which the Commission and TransCore have opposed.

The Commission cannot, at this time, predict the ultimate outcome, but will continue to assert all available defenses against these allegations in court.

Additional Matters

Consistent with recommendations of the Commonwealth's Transportation Funding Advisory Commission, the Commission continues to be actively engaged with other Commonwealth administrative agencies in initiatives to streamline project delivery and increase operational efficiencies. Among such undertakings are a number of collaborative programs with PennDOT in various administrative and technical areas, including integration of communication and information systems, standardization of manuals and publications, and coordination of training, operations, project planning and construction phasing (all as outlined in an August 2011 report entitled *Mapping the Future between the Pennsylvania Turnpike Commission and the Pennsylvania Department of Transportation*).

Legislative Proposals

From time to time, legislation is introduced in the Pennsylvania General Assembly (with respect to the Enabling Acts and otherwise) and in the United States Congress, the nature and content of which may affect the Commission. The Commission cannot predict whether any such legislation will be enacted into law, or how any such legislation may affect the Commission's ability to pay the Senior Revenue Indenture Obligations (hereinafter defined), the Subordinate Revenue Indenture Obligations (hereinafter defined), the Oil Franchise Tax Revenue Bonds (hereinafter defined) or the Registration Fee Revenue Bonds (hereinafter defined), or to perform its operations and financial obligations pursuant to the Enabling Acts.

The Pennsylvania House of Representatives and the Pennsylvania Senate convene for a two-year session on the first Tuesday after New Year's Day in odd numbered years and adjourn (Sine Die) on November 30 of the next even numbered year. The 2019-20 legislative session ended on November 30, 2020. The 2021-22 legislative session began on Tuesday, January 5, 2021.

In the past, legislation has been introduced, but not enacted, to, among other things, further reduce the payments due by the Commission under Act 44, waive tolls for emergency vehicles in certain situations, grant disabled veterans a discount, create a partnership with the United States Treasury to collect delinquent taxes and debt (including tolls), obligate the Commission to construct, operate and maintain portions of the Southern Beltway Project, reinstate toll and fare collection employees laid off in June 2020, and impose various regulations affecting the operations of the Commission. The Commission cannot predict whether similar legislation or other legislation may be considered by the General Assembly or if any proposals or initiatives may lead to the adoption of legislation that may affect the Commission and/or its operations.

Legislation either in discussion or introduced in the Pennsylvania General Assembly during the 2021-22 legislative session, that if enacted would materially affect the Commission, includes the following:

House Bill 320, which if enacted would obligate the Commission to construct, operate and maintain portions of the Southern Beltway project, specifically, the sections from Interstate Route 79 to the Mon-Fayette Expressway near Finleyville and from State Route 885 in the City of Pittsburgh to the Mon-Fayette Expressway. The proposed legislation was introduced on January 28, 2021 and referred to the House Transportation Committee.

Senate Bill 187, which if enacted would create the Turnpike-to-Port Freight Reimbursement Fund at the Pennsylvania Treasury for the purpose of providing Commonwealth-funded reimbursement for certain Pennsylvania-based companies for their tolls when transporting goods to and from Pennsylvania port facilities along the Turnpike System, was introduced and referred to the Senate Transportation Committee on February 10, 2021.

House Bill 525, which if enacted would create a toll discount of 10% on electronic toll collections on the System for the owners of vehicles which (i) obtain both at least 45 miles per gallon, as specified by the manufacturer, and (ii) produce 90% fewer emissions, as specified by the manufacturer, than average gasoline-powered vehicles of the same production year. This proposed legislation was introduced on February 11, 2021 and has been referred to the House Transportation Committee.

House Bill 1109, which if enacted would require the approval by the General Assembly in order to authorize the conversion of an existing public roadway to a toll road, either in whole or a portion, not including bridges and tunnels. This proposed legislation was introduced on April 6, 2021 and has been referred to the House Transportation Committee.

House Bill 1136, which if enacted would prohibit the Commission from charging or collecting a surcharge or other fee for toll collection by registration plate from an operator or owner of a vehicle registered in the Commonwealth in excess of the rate fixed by the Commission for electronic toll collection. House Bill 1136 further provides that (i) the Commission shall charge and collect a higher rate for electronic toll collection devices not issued by the Commission and (ii) that the higher rate charged shall not exceed the toll rate charged by the Commission for any nonelectronic toll collection. This proposed legislation was introduced on April 7, 2021 and has been referred to the House Transportation Committee.

Proposed Drive Smart Act is a series of proposed bills and resolutions that if enacted would, among other things, affect transportation in the Commonwealth. This proposed legislation is expected to be introduced in the Transportation Committee during the current legislative session as Senate Bill 555; however, no assurance is given that such legislation will be introduced or the form and content of the legislation if it is introduced.

THE TURNPIKE SYSTEM

General

The present Turnpike System is composed of:

- the 359-mile Turnpike Mainline traversing the southern portion of Pennsylvania from east to west;
- the 110-mile north/south section identified as the Northeast Extension;
- the approximately 16-mile north/south connection, known as the Beaver Valley Expressway, which intersects the Turnpike Mainline in the southwestern portion of the Commonwealth;
- the approximately 13-mile Amos K. Hutchinson Bypass which adjoins the Turnpike Mainline near the New Stanton Interchange;
- the completed portion of the Mon/Fayette Expressway project totaling approximately 48 miles; and
- a 6-mile section of the Southern Beltway project from PA 60 to US 22.

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

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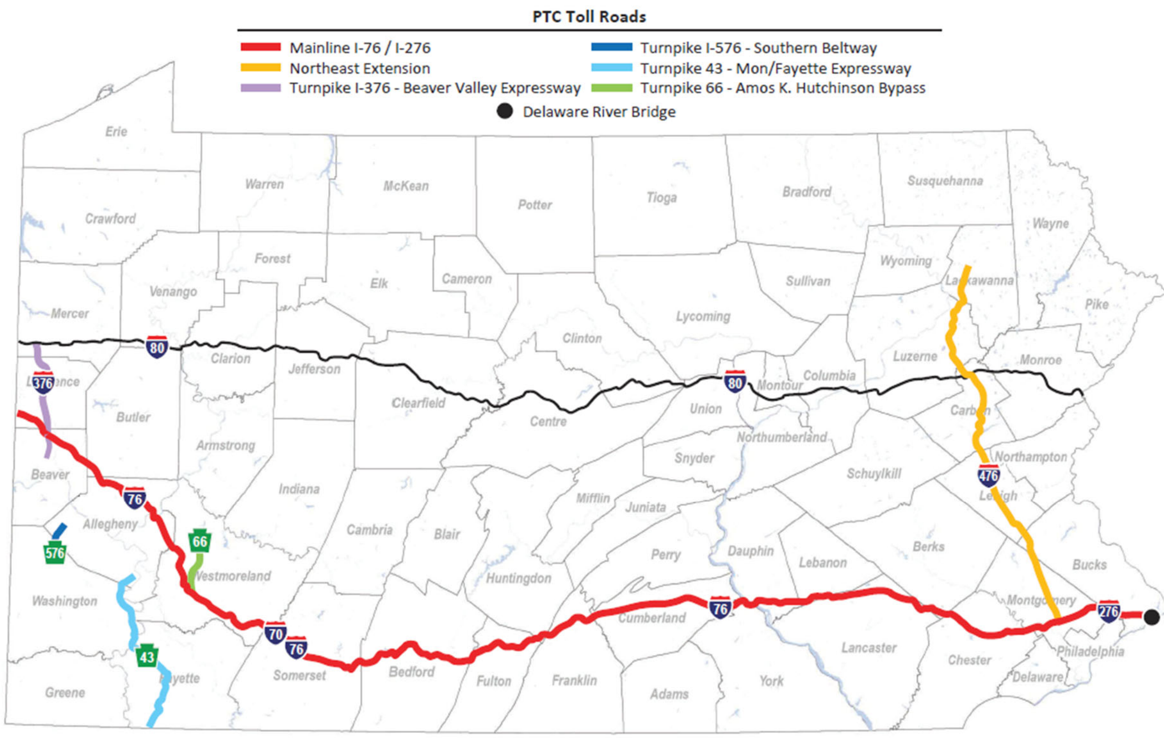
A map of the Turnpike System is provided below.



Source: Figure 2-1; the 2018 Traffic Study.
Note: Interstate Route 80 is not a part of the Turnpike System.

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

The System was constructed prior to the development of the National Interstate Highway System and no Federal Highway Trust Fund monies have been utilized in the construction of the Turnpike Mainline, Northeast Extension, Beaver Valley Expressway or Amos K. Hutchinson Bypass section of the Turnpike System. However, portions of the System have been designated as Interstate Routes. The Turnpike Mainline has been designated as Interstate Route 276 between the area where Interstate Route 95 crosses the System and the Valley Forge Interchange. With the September 2018 opening of the interchange connecting the Turnpike Mainline with Interstate Route 95 ("***I-95***"), the portion of the Turnpike Mainline east of the new interchange has been designated as I-95. The portion of the Turnpike Mainline west of the Valley Forge Interchange to the western terminus at the Ohio state line has been designated as Interstate Route 76 ("***I-76***"). In addition, the Turnpike Mainline between the New Stanton and Breezewood Interchanges has been designated as Interstate Route 70 ("***I-70***"). The Northeast Extension has been designated as

Interstate Route 476. Portions of the Beaver Valley Expressway are designated as Interstate Route 376 ("***I-376***").

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

The Delaware River Bridge, which connects the Turnpike Mainline with the New Jersey Turnpike System, is owned jointly by the Commission and the New Jersey Turnpike Authority ("***NJTA***").

Interchanges and Service Plazas

The System has a total of 68 toll interchanges which connect it with major arteries and population centers along its 552-mile traffic corridor. Thirty-two of the interchanges are located on the Turnpike Mainline, including Turnpike Mainline barriers at the New Jersey and Ohio state lines, and 11 interchanges are situated on the Northeast Extension. The additional 25 interchanges are located on the Beaver Valley Expressway, Amos K. Hutchinson Bypass, and completed segments of the Mon/Fayette Expressway and Southern Beltway.

There are 17 service plazas along the System providing gasoline and diesel fuel, other automotive supplies and services, and restaurant services. Beginning in 2005, the Commission has entered into long term service plaza redevelopment agreements with HMSHost Restaurants, LLC and Sunoco, Inc.[3] to design, reconstruct, finance, operate and maintain all 17 of the service plazas. The Commission has no responsibility for maintaining the service plazas under the agreements. Cumulatively, HMSHost Restaurants, LLC ("***HMSHost***") and Sunoco, Inc. (and 7-Eleven, Inc., as its successor) have invested approximately $190 million in service renovation projects, at no cost to the Commission. The Commission recognized capital contribution revenues of $5.8 million and $5.8 million, related to these agreements for the Fiscal Years ended May 31, 2020, and 2019, respectively, which is based on volume rental payments plus a percentage of revenue generated. In response to the resulting impacts of the COVID-19 pandemic, the Commission agreed to the request from HMSHost to (i) waive the minimum annual rent for the 2020 calendar year, and (ii) defer payment of percentage rent for 2020 to be paid in twelve (12) equal, monthly installments in 2021, beginning on January 20, 2021. As of the date of this Official Statement, HMSHost is current with its lease payment obligations.

3 Pursuant to an Assignment and Assumption of Real Property Lease Agreement executed on January 23, 2018, Sunoco Retail LLC, as successor in interest to Sunoco, Inc. (R&M) ("***Sunoco***"), assigned its interest in the lease agreement by and between the Commission and Sunoco, as amended and supplemented, to 7-Eleven, Inc.

Additional Services

In addition to the 775 field personnel in 23 facilities available to keep the roadway open and safe in the event of unfavorable road conditions, the Commission has a 24/7 Traffic Operations Center which monitors conditions on the System and provides emergency dispatch.

The Commission recently discontinued its Turnpike Roadway Information Program, which provided real-time data to drivers, and joined with PennDOT's 511PA travel program. The 511PA travel program offers motorists one source to obtain travel information for both the System and PennDOT roadways throughout the Commonwealth. It offers a suite of traveler resources such as the 511PA mobile app, a personal alerts subscription service, a website with a travel conditions map and access to travel information by dialing 511 from any phone. The 511PA travel program offers roadway conditions, slowdown information, live traffic camera images, highway construction updates, weather conditions and alerts, as well as other travel resources.

As part of this modernization, the Commission discontinued its Highway Advisory Radio alert system, which experienced significant reductions in use as travelers turned to digital sources for travel information. However, the Commission's Customer Assistance Center is still available for System-specific phone inquiries during weekday business hours.

In December 2011, Pennsylvania Department of Environmental Protection (the "***DEP***") announced a $1 million grant award to help develop electric vehicle infrastructure on the System. The grant recipient, Car Charging Group Inc. ("***CCGI***")[4] was to install charging stations at 15 of the System's mainline service plazas (the "***EVI Project***"). The Commission committed additional funding of up to $500,000 to upgrade the electrical systems at the plazas to accommodate the charging stations. The first three phases of the work were completed. However, CCGI was unable to complete the remaining phases of the EVI Project. As a result, on April 19, 2017, DEP terminated the grant and revoked further funding under the grant. The Commission is in the process of pursuing other vendors to complete the EVI Project, at which time the Commission expects to terminate its agreement with CCGI. Electric vehicle charging stations are currently installed and operational at the following service plazas: New Stanton, Oakmont, King of Prussia, Bowmansville and Peter J. Camiel. Upon completion of the EVI Project, the Commission will have charging stations at eight service plazas. The Commission continues to actively explore expanding charging stations at its service plazas.

In February 2013, the Commission established free Wi-Fi service at all service plazas. The amenity was added to accommodate Turnpike System customers who want to use smartphones, tablets, laptops or other portable devices to access the internet while traveling.

In September 2013, the Commonwealth Financing Authority announced a $500,000 grant to Sunoco, Inc., a portion of which was used to partially fund a compressed natural gas refueling station located at the New Stanton service plaza, the first natural gas refueling station on the System. Construction was completed and the refueling station opened in November 2014.

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[4] CCGI's operations were assumed by its successor Blink Charging Co.

In summer of 2019, the Commission bid two design-build projects for the fiber optic network on the Mainline from the Harrisburg East interchange to the Delaware River Bridge ("***Contract 1***"), and for the entire length of the Northeast Extension ("***Contract 2***") to augment the existing digital microwave network utilized throughout the System. Notices to proceed for Contracts 1 and 2 were issued in the fall of 2020. Construction completion dates are currently estimated to be November 2021 for Contract 1 and December 2021 for Contract 2. It is anticipated that the fiber optic network will be operational in June 2022. Additionally, the Commission released a request for proposals for the operation, maintenance and commercialization of the fiber optic network in December 2019, and the notice to proceed was issued in February 2021. The Commission has allocated existing funds on hand to the requisite funding for the portion of the fiber optic network for the remainder of the Mainline west of Harrisburg. Completion of the western portion is scheduled for calendar year 2025 with activation anticipated by June 2026.

Toll Collection

The following information describes the infrastructure of the Commission's AET toll collection system. See "CERTAIN FINANCIAL INFORMATION – Toll Schedule and Rates" herein for information regarding the Commission's toll rates. The operation of an AET toll collection system inherently involves many risks including, but not limited to, threats to the integrity and security of the Commission's information and technology. See "INVESTMENT CONSIDERATIONS – Cybersecurity Threats" in the forepart of this Official Statement and see "CERTAIN OTHER INFORMATION – Cybersecurity" herein.

All Electronic Tolling

Early in 2011, the Commission initiated a feasibility study to examine the benefits and potential issues associated with converting the toll road to an all-electronic, cashless system. The team of McCormick Taylor/CDM Smith was selected and completed the feasibility report (the "***Feasibility Report***") in March 2012. At that time, the Commission determined, based on the assumptions in the Feasibility Report, that conversion to an all-electronic, cashless system was technically feasible from both a financial and physical perspective. In July 2012, the Commission selected HNTB Corporation to act as its Program Manager to lead and direct the multi-disciplinary efforts required to manage and coordinate the design and implementation of an all-electronic, cashless system. The resulting Conceptual Implementation Plan report, including a schedule for conversion, was issued in October 2014, and contemplated full conversion to a non-stop AET system by 2018. However, following the enactment of Act 89, the Commission re-evaluated the schedule and determined that a modified schedule for implementation would be necessary. The Commission's re-evaluation of the transition to a cashless, non-stop system resulted in a planned approach whereby the existing toll lanes were equipped with the technology for all-electronic tolling ("***AET In-Place***") to allow for cashless tolling to occur at the existing plaza locations, with the ultimate conversion of the remaining System utilizing an open road tolling system originally scheduled for October 2021. The Commission also authorized the deployment of six segments of the system consisting of the Delaware River Bridge, which went into operation in January 2016; the Beaver Valley Expressway, which went into operation in April 2017; Keyser Avenue/Clarks Summit, which went into operation in April 2018; the Findley Connector, which went into operation in June 2018, and the Amos K. Hutchinson Bypass and Gateway segments, which went into operation in October 2019.

On March 16, 2020, in response to the public health concerns resulting from the COVID-19 pandemic, the Commission moved to AET collection, removed toll collectors from toll booths and transitioned to AET In-Place (as defined herein) and E-ZPass tolling across the System. Initially intended to be a temporary response to the impact of the COVID-19 pandemic, the Commissioners, on June 2, 2020, unanimously approved the permanent transition to AET collection operations.

AET In-Place is supplemental to E-ZPass toll collections and utilizes "***Toll By Plate***" technology where cameras read the license plates of all non-E-ZPass customers, as they pass through each toll gantry. The registered owner of the vehicle is then invoiced for the assessed tolls.

Ultimately, the Commission plans to fully convert the System to open road tolling ("***ORT***") where cameras on overhead gantries capture a vehicle's license plate at highway speed, and a toll invoice is mailed to the vehicle's registered owner. The overhead gantries will also read the transponder signals for E-ZPass customers to pay tolls at such locations. An initial pilot of the ORT system is being installed along the new section of the Southern Beltway which is scheduled to open in October 2021. The Mainline transition to ORT was initially scheduled to commence on a portion of the System from the Reading Interchange to the New Jersey border in October 2022. However, as result of reductions in spending under the Fiscal Year 2021 Capital Plan, ORT conversion was deferred to October 2024. Conversion to ORT for the balance of the Mainline west of the Reading Interchange is scheduled for completion in fall 2026. Existing toll booths will be decommissioned and removed from service at locations in which ORT is implemented.

E-ZPass

The Commission has installed E-ZPass, a form of electronic toll collection, throughout the System. The benefits of E-ZPass include enhanced safety and convenience for users of the System, improved traffic flow and reduced congestion at the System's busiest interchanges, especially in southeastern Pennsylvania, and improvements in the overall efficiency of the Commission's toll collections operations. To date, the Commission has not experienced any material problems in connection with the installation or operation of the E-ZPass system.

Express E-ZPass lanes have been constructed at seven interchanges and permit E-ZPass customers to travel through the toll plaza at highway speeds. In addition, as of the date of this Official Statement, E-ZPass customers traveling in 19 other states that have implemented E-ZPass technology are able to use E-ZPass in those states. Currently, E-ZPass is available on the entire System.

New highway construction projects, such as the Mon/Fayette Expressway and Southern Beltway, are being designed and built to be compatible with the E-ZPass system. The Commission has a contract, extending through 2024, with TransCore Company for the design, installation and maintenance of the E-ZPass system software and hardware and the operation of the E-ZPass Customer Service and Violations Processing Centers. See "THE COMMISSION – Recent Developments and Legislation – Julie E. Thomas v. TransCore, LP & Pennsylvania Turnpike Commission" herein for information about recent litigation.

E-ZPass system improvements, including signage and additional lanes, are a component of the Commission's Fiscal Year 2022 Capital Plan. For a more complete description of the

Commission’s Fiscal Year 2022 Capital Plan, see "CAPITAL IMPROVEMENTS – Ten-Year Capital Plan" herein.

The Commission is a member of the E-ZPass Interagency Group ("***IAG***"), a coalition of toll authorities throughout the United States. IAG's stated mission is "to enable E-ZPass members and affiliated toll operators to provide the public with a seamless, accurate, interoperable electronic method of paying tolls and fees while preserving and enhancing the E-ZPass program."

The Commission also offers E-ZPass customers the ability to participate in E-ZPass Plus, which allows customers to use their transponder to pay for parking at participating facilities.

Violation Enforcement

To help ensure the collection of toll revenue due to the Commission, a Violation Enforcement System ("***VES***") has been installed at all E-ZPass interchanges to identify violators (customers who travel through E-ZPass lanes and do not have E-ZPass) and motorists with problem tags that are unreadable. VES enables the Commission to collect appropriate tolls and other additional fees relating to violations. Act 89 and other statutory provisions governing VES and procedures for enforcement and collection provide for enhanced fare evasion measures and criminal penalties pertaining to E-ZPass violators. Under Act 89, motorists who commit or attempt to commit fare evasion on the System shall have committed a summary offense and upon conviction, shall be fined a sum between $100 and $1,000 in addition to civil penalties that are already in place. Further, upon conviction, motorists who take affirmative action to evade a System fare can be found to have committed a misdemeanor of the third degree, punishable by fines ranging from $3,000 to $6,500 (depending on the number of offenses), and imprisonment of not more than six months for a second offense.

Revenue generated from the additional fare evasion fines imposed by Act 89 is to be deposited in the Commonwealth’s Motor License Fund (hereinafter defined) rather than with the Commission; however, restitution for the full fare is paid to the Commission. See "CERTAIN OTHER INFORMATION – Performance Audit by the Auditor General" herein for Auditor General findings with respect to enforcement powers of Commission.

After the Auditor General’s Performance Audit, Act 165 was signed into law which, among other things, allows for the suspension of vehicle registration for unpaid tolls. Specifically, the vehicle suspension process is triggered by the failure to pay six (6) or more violations or incurring unpaid tolls or administrative fees of $500. Additionally, Act 165 assists the Commission with the collection of unpaid out-of-state tolls by authorizing PennDOT to enter into a reciprocity agreement for purposes of toll collection and enforcement penalties with another state or tolling entity. Effective September 11, 2018, PennDOT and the State of Delaware Department of Transportation, Division of Motor Vehicles ("***DelDOT***") entered into the first reciprocity agreement under Act 165, generally providing that PennDOT and DelDOT will suspend or hold the registration of vehicles upon unpaid tolls, consistent with the laws and regulations of the other state, upon the request of such state.

In January 2018, the Commission began sending notices of possible vehicle registration suspensions under authority from Act 165 and in February 2018, PennDOT began suspending certain vehicle registrations. In April 2018, the Commission began filing criminal charges against some of the largest toll violators for theft of services. The Commission's Toll Revenue

Enforcement unit ("***TRE***") brings such criminal charges in cooperation with local prosecutors, which has resulted in various plea and settlement arrangements. See "CERTAIN OTHER INFORMATION – Toll Revenue Enforcement" herein for more information about TRE and Act 165 enforcement efforts.

Signed into law on October 19, 2018, Act 86 of 2018 (formerly Senate Bill 172) ("***Act 86***") authorizes the Commission and PennDOT to conduct speed-enforcement operations inside active work zones ("***Enforcement Zones***") using automated speed-enforcement systems and technology (the "***Automated System***"). The Automated System is only used in active Enforcement Zones when proper notice is provided to motorists. The Automated System generates violation notices which are sent, via first class mail, to the registered owners of vehicles that travel 11 mph or more over the posted speed limit in an active Enforcement Zone. A registered owner's first-time violation receives a written warning, the second violation is a $75 fine and the third and all subsequent violations are a $150 fine. After a 60-day pre-enforcement pilot period, enforcement began on March 9, 2020. Fines collected pursuant to Act 86 do not become revenues of the Commission.

ETC Penetration Rates

As mentioned above, in response to the public health concerns resulting from the COVID-19 pandemic, on March 16, 2020, the Commission moved to all-electronic toll ("***AET***") collection, removing toll collectors from toll booths and transitioning to only using AET In-Place and E-ZPass tolling across the System. Initially intended to be a temporary response to COVID-19, the Commissioners, on June 2, 2020, unanimously approved the permanent transition to all-electronic toll collection operations.

Prior to the Commission's transition to AET, the Commission's annual revenues from electronic toll collection, which includes revenues from E-ZPass, VES and Toll by Plate (via AET In-Place) (collectively, "***ETC***") were approximately $1.1 billion for Fiscal Years 2020 and 2019. The Commission's annual revenues from ticketed drivers (i.e., those not using ETC) decreased to $170.2 million in Fiscal Year 2020 from $233.9 million in Fiscal Year 2019.

Likewise, the Commission's ETC penetration rates among passenger, commercial and total users for Fiscal Years 2016-2020 reflect a trend of both categories of System customers increasingly adopting electronic tolling. Fiscal Year 2021 was the first full Fiscal Year for which the Commission exclusively utilized electronic tolling.

ETC Penetration Rates

Fiscal Year	Passenger	Commercial	Total
2016	75%	89%	77%
2017	78%	90%	79%
2018	81%	92%	83%
2019	84%	93%	86%
2020	88%	95%	89%

Traffic Study

The Pennsylvania Turnpike 2018 Traffic and Revenue Forecast Study prepared by CDM Smith dated April 20, 2018 (the ***"2018 Traffic Study"***) was updated by a "bring down" letter developed by CDM Smith dated April 29, 2019 (the "***2019 Bring Down Letter***"), a "bring down" letter developed by CDM Smith dated May 29, 2020 (the **"*May 2020 Bring Down Letter***"), a supplemental letter developed by CDM Smith dated September 4, 2020 (the "***September 2020 Supplemental Letter*"**), a "bring down" letter developed by CDM Smith dated December 18, 2020 (the ***"December 2020 Bring Down Letter")*** and a "bring down" letter developed by CDM Smith dated May 28, 2021 (the ***"May 2021 Bring Down Letter"***, and together with the 2018 Traffic Study, the 2019 Bring Down Letter, the May 2020 Bring Down Letter, the September 2020 Supplemental Letter, and the December 2020 Bring Down Letter, collectively, the ***"Traffic Study"***) are available on the Commission's website at: https://www.paturnpike.com/business/investors_ttrfs.aspx.[5]

The Traffic Study contains material information, forecasts, findings, assumptions and conclusions concerning the System. The Traffic Study contains certain "forward-looking statements" concerning the Commission's operations, performance and financial condition, including the Commission's future economic performance, plans and objectives. Such statements are based upon several assumptions and estimates which are subject to uncertainties, many of which are beyond the control of the Commission. The Traffic Study presents certain traffic volume and toll revenue forecasts for the forecast period noted therein and sets forth the assumptions upon which the forecasts are based. **The Traffic Study should be closely reviewed in its entirety.**

Prior Updates to 2018 Traffic Study

The May 2020 Bring Down Letter reflected a downward revision to estimated toll revenue and traffic volumes versus that which was contained in the 2018 Traffic Study and the 2019 Bring Down Letter. The May 2020 Bring Down Letter also assumed a toll increase effective October 2020. The Commission later determined that the planned October 2020 toll increase would instead be effective January 2021. CDM Smith subsequently prepared the September 2020 Supplemental Letter to the May 2020 Bring Down Letter addressing the effect of this delay on toll revenue.

As part of the continued efforts to actively respond to the ongoing adverse financial effects of the COVID-19 pandemic and Commission policy determinations, the Commission requested a six-month update from CDM Smith to the May 2020 Bring Down Letter. CDM Smith prepared the December 2020 Bring Down Letter, which included a further downward revision to estimated toll revenue and traffic in Fiscal Year 2021 and beyond, notably reflecting the impacts of the delay in the previously planned October 2020 toll increase and the early permanent conversion to AET, as implemented on June 2, 2020, which were not contained in the May 2020 Bring Down Letter.

May 2021 Bring Down Letter

The purpose of the May 2021 Bring Down Letter was to review and revise the short-term forecasts developed as part of the December 2020 Bring Down Letter. The May 2021 Bring Down

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

Letter reflects actual traffic and toll revenue data through March 2021. With respect to the five-month period of November 2020 through March 2021, the May 2021 Bring Down Letter reflects actual transactions were 1.4% below estimates, and total toll revenue underperformed estimates by 0.9%, with passenger vehicle transactions and revenue falling short of estimates by 3.1% and 8.3%, respectively, and commercial vehicle transactions and revenue exceeding estimates by 6.6% and 6.5%, respectively. The May 2021 Bring Down Letter raises estimates of total annual transactions by 1.2% for Fiscal Year 2022 followed by increases of 0.6%, 0.3% and 0.2% respectively for Fiscal Years 2023 through 2025.

Pandemic related impacts began negatively effecting System transactions and toll revenue in March 2020. Historically, the System has demonstrated long-term growth in transactions and toll revenues. Between Fiscal Year 2000 and Fiscal Year 2010 there were three toll rate increases (2004, 2009, 2010) and Turnpike transactions and gross toll revenue grew by an average annual rate of 1.5% and 6.9%, respectively. Conversely, in the 10 years from Fiscal Year 2010 to Fiscal Year 2020 there were toll rate increases every year. During this period Turnpike transactions fell by an annual average of 0.3%, while System revenue grew by an annual average of 6.0%. The slight 0.3% annual average decline in transactions during this period is attributable to the significant transaction decline in Fiscal Year 2020 when total transactions declined by 10.6%, due to the impacts of the COVID-19 pandemic. The May 2021 Bring Down Letter continues to assume that annual toll rate increases will occur throughout the forecast period. For the four Fiscal Years prior to the COVID-19 pandemic, the Commission experienced record traffic volumes in each year despite annual toll rate increases.

While the peak monthly negative impacts occurred in Fiscal Year 2020, the May 2021 Bring Down Letter assumes that the largest annual declines occur in Fiscal Year 2021 since it will include 12 months of negative impacts. Negative traffic and toll revenue impacts are estimated to lessen over the following five years. By Fiscal Year 2026, the annual total traffic and gross toll revenue losses are assumed to be only about 0.1% and 0.9%, respectively, compared to the prior Fiscal Year. As with the previous forecast, no COVID-19 impacts are assumed after Fiscal Year 2026.

The May 2021 Bring Down Letter assumes commercial vehicle transactions will increase after Fiscal Year 2022. But commercial vehicle revenue is expected to be negatively impacted during the entire COVID-19 period. This is due to a combination of shorter, more frequent, commercial vehicle trips, as well as a shift to smaller trucks during the COVID-19 pandemic. Both the shorter trip length and smaller vehicle class would result in lower commercial vehicle toll revenue in spite of slightly more commercial vehicle transactions.

Based on the advice of CDM Smith, the regularly scheduled full investment grade study was delayed until 2022 to capture long-term implications from the COVID-19 pandemic and socio-economic changes that may occur and impact traffic trends in the long term.

The Traffic Study should be closely reviewed in its entirety.

CAPITAL IMPROVEMENTS

Ten-Year Capital Plan

The Commission prepares a ten-year capital plan for its facilities and equipment (exclusive of the Mon/Fayette and Southern Beltway projects), consisting of the Highway Program, the Technology Program, Fleet Equipment, and Facilities and Energy Management Operations, which it updates each year. All capital projects are reviewed and prioritized and the most critical and important projects necessary to maintain the System in a state of good repair are pursued.

On July 21, 2020, the Commission adopted the ten-year capital plan for Fiscal Year 2021 (the "***Fiscal Year 2021 Capital Plan***"). In response to the material adverse impacts of the COVID-19 pandemic, the Fiscal Year 2021 Capital Plan reflected an aggregate 15% reduction in planned capital expenditures for Fiscal Years 2021 and 2022. The Fiscal Year 2021 Capital Plan called for investment of approximately $5.808 billion, net of federal reimbursements. Although the Fiscal Year 2021 Capital Plan reduced overall capital spending, the general magnitude of the plan remained consistent with the capital plans developed for the prior two years.

On May 4, 2021, the Commission adopted its current ten-year capital plan for Fiscal Year 2022 (the "***Fiscal Year 2022 Capital Plan***"). The Fiscal Year 2022 Capital Plan calls for investment of approximately $6.963 billion, net of federal reimbursements, over the coming decade, and reflects a 20% increase over the Fiscal 2021 Capital Plan, which was reduced to address uncertainties created by the impact of the COVID-19 pandemic. The increased capital investment in the Fiscal Year 2022 Capital Plan reflects the Commission's strategic intent to restore capital funding to a level more consistent with the $6.52 billion Fiscal Year 2015 ten-year capital plan, and aligns with the projected decrease in Act 44/Act 89 Payments beginning in Fiscal Year 2023.

The increased capital investment in the Fiscal Year 2022 Capital Plan is primarily due to significant investments in infrastructure and technology. Notably, the Fiscal Year 2022 Capital Plan (i) continues the Commission’s efforts for total roadway reconstruction and resurfacing, (ii) continues the rehabilitation or replacement of structurally deficient bridges, (iii) provides for the implementation of ORT, and (iv) provides for the development and installation of a fiber optic network.

The Fiscal 2022 Ten Year Capital Plan anticipates that approximately $3.8 billion will be funded on a pay-as-you-go basis and the remaining approximately $3.2 billion will be funded with proceeds from Senior Revenue Bonds (as defined herein), including EB-5 Loans (as defined herein). The Commission expects that the capital spending and additional debt issuance, will require the imposition of annual toll increases throughout the ten-year period and beyond. The Traffic Study assumes annual toll increases ranging between 3.0% to 5.0% in each year of the ten-year capital plan period. See "FINANCIAL PLAN – Updates to 2018 Traffic Study," "CERTAIN FINANCIAL INFORMATION – Revenue Sources of the Commission," and "COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Future Financing Considerations" below. **The Traffic Study should be closely reviewed in its entirety.**

Capital expenditures by program category in the Fiscal Year 2022 Capital Plan are shown below.

Fiscal Year 2022 Capital Plan

Program	Category	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2022 - 2031
Highway	Roadway/Safety	$120,680,000	$122,503,050	$137,186,040	$145,946,804	$99,085,294	$88,852,561	$90,831,558	$95,512,004	$102,304,352	$94,935,297	$1,097,836,960
Highway	Bridge, Tunnels & Misc Structure	86,485,537	80,918,718	65,590,143	56,133,386	87,350,739	105,621,461	87,297,163	87,456,331	122,762,689	125,271,273	904,887,438
Highway	Total Reconstruction	169,552,242	206,656,817	203,613,192	219,908,135	235,814,556	255,266,355	236,004,436	281,026,178	280,969,604	280,917,666	2,369,729,183
Highway	Interchanges	89,484,700	21,588,800	34,473,946	76,119,363	40,585,848	29,225,299	100,312,334	103,321,703	81,212,630	71,906,050	648,230,672
Highway	Highway Miscellaneous	52,507,640	40,190,345	48,869,710	42,217,726	38,791,111	39,838,917	34,745,408	35,910,757	36,798,070	51,016,292	420,885,977
Highway	Total	518,710,119	471,857,729	489,733,030	540,325,414	501,627,548	518,804,594	549,190,899	603,226,974	624,047,344	624,046,579	5,441,570,230
Facilities & Energy	Re-capitalization	4,568,000	1,531,610	1,577,558	1,624,885	1,673,632	1,723,841	1,775,556	1,828,822	1,883,687	1,940,198	20,127,789
Facilities & Energy	Sustainment	15,659,000	12,864,700	12,253,395	12,620,997	12,999,627	13,389,616	13,791,304	14,205,043	14,631,194	15,070,130	137,485,006
Facilities & Energy	Compliance	2,500,000	2,987,000	3,129,655	3,278,181	3,489,077	3,709,677	3,940,373	4,181,571	4,433,695	4,697,183	36,346,413
Facilities & Energy	New Energy Initiative	7,393,268	2,532,910	2,630,115	2,872,928	2,959,116	3,047,889	3,139,326	3,233,506	3,333,125	3,119,974	34,262,157
Facilities & Energy	Facilities Design	25,290,000	23,910,420	24,188,520	26,771,821	26,111,804	25,376,509	24,597,477	27,167,914	26,209,473	25,704,032	255,327,971
Facilities & Energy	Total	55,410,268	43,826,640	43,779,244	47,168,812	47,233,256	47,247,532	47,244,036	50,616,856	50,491,175	50,531,517	483,549,335
Fleet Equipment	Fleet Equipment	18,896,963	17,510,000	16,390,905	16,882,632	17,389,111	17,910,784	18,448,108	19,001,551	20,901,706	10,411,115	173,742,876
Technology	Functional Business Software	22,254,836	33,692,400	33,530,896	36,291,055	36,277,286	36,263,105	36,248,498	38,858,453	38,842,957	38,826,995	351,086,481
Technology	Infrastructure HW / SW	24,665,164	14,439,600	14,370,384	15,553,309	15,547,408	15,541,331	15,535,071	16,653,623	16,646,981	16,640,141	165,593,012
Technology	Toll Collection / Operations	1,830,000	618,000	848,720	655,636	675,305	695,564	716,431	737,924	760,062	782,864	8,320,508
Technology	Total	48,750,000	48,750,000	48,750,000	52,500,000	52,500,000	52,500,000	52,500,000	56,250,000	56,250,000	56,250,000	525,000,000
	All Electronic Tolling Conversion	19,005,000	69,010,000	51,029,290	41,195,808	81,261,736	63,412,292	33,314,059	21,276,818	0	0	379,505,003
	Grand Total	$660,772,350	$650,954,369	$649,682,469	$698,072,666	$700,011,651	$699,875,202	$700,697,102	$750,372,199	$751,690,226	$741,239,211	$7,003,367,444
	Reimbursed Funds			$20,000,000	$20,000,000							$40,000,000
	Net Total	**$660,772,350**	**$650,954,369**	**$629,682,469**	**$678,072,666**	**$700,011,651**	**$699,875,202**	**$700,697,102**	**$750,372,199**	**$751,690,226**	**$741,239,211**	**$6,963,367,444**

Highway Program

The Highway Program consists of roadway, bridge, tunnel and toll plaza/interchange projects. The Technology Program consists of toll collection, communication, and other electronic information management projects. The Fleet Program funds rolling stock that is required to maintain the System. The Facilities and Energy Management Program consists of buildings and large, heavy or high value equipment needs.

The highest priority highway project for the Commission is the ongoing full depth roadway total reconstruction of the east/west Turnpike Mainline and Northeast Extension. This work includes the reconstruction and widening of the roadway, the widening of the median, and the replacement of both Mainline and overhead bridges. To date, approximately 152 miles of total reconstruction have been completed and approximately 10 miles are currently in construction with another 88 miles in the design phase.

Based on the Fiscal Year 2022 Capital Plan, the Commission plans to spend approximately \$2.4 billion on total reconstruction projects and approximately \$0.9 billion on various bridge and tunnel projects over the next ten years. In total, the Highway Program includes funding of approximately \$5.442 billion over the next ten years.

Technology Program

The Information Technology (IT) department is responsible for overseeing the development, implementation, maintenance, and support of all information management technologies across the enterprise in two main categories. Functional Business Software includes planning, designing, and implementing systems and application technologies in the following program areas: GIS and Data Analytics, Enterprise and Business Systems, and Technology and Innovation Management. Infrastructure Hardware/Software includes maintenance, security, upgrades, and enhancements to the Central Office Data Center; the Wide Area Network and public safety radio system; and desktop technologies. This category also includes the following program areas: Server & Storage Management, End User Support, and Transportation Technologies and Communications, Intelligent Transportation Systems (ITS), Connected and Autonomous Vehicles (CAV), and IT Security. The Technology Program includes funding of approximately \$525 million over the next ten years to address the Commission's technology needs including toll collection projects, communication, application development and technical operational needs. The Commission has implemented SAP ERP to provide a set of integrated business processes supported by multi-module application software with a centralized data repository.

Fleet Program

The Fleet Program includes funding of approximately \$174 million to purchase rolling stock to insure adequate maintenance of the roadway system.

Facilities and Energy Management Program

The Facilities and Energy Management Program includes funding of approximately \$484 million to repair and replace the aging facilities of the Commission. This commitment will ensure that major equipment and facilities are in good repair to support ongoing Turnpike System operations.

While the Commission has moved to a fully cashless tolling system as of March 16, 2020, additional capital investments are required to support an AET In-Place system and eventual conversion to an ORT system. The implementation of and long-term conversion to a cashless tolling system is estimated to require approximately $380 million in capital funding over the next ten years. See "THE TURNPIKE SYSTEM – Toll Collection" herein for additional information.

I-95 Interchange

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

The Commission completed the first of three phases of its Pennsylvania Turnpike/I-95 Interchange Project (the "***Interchange Project***") in September 2018. The main objectives of the Interchange Project are to improve the linkage between I-95 and the Turnpike Mainline to create continuity in the interstate system, relieve congestion on local roads which are currently used by travelers to make the connection between I-95 and the Turnpike Mainline, create additional capacity on the Turnpike Mainline and I-95 to accommodate the transfer of traffic from the local roadway system, and improve travel times through the interchange area.

The first phase of the Interchange Project included preparatory work and construction of a portion of the interchange between I-95 and the Turnpike Mainline, including northbound I-95 to the eastbound Turnpike Mainline and westbound Turnpike Mainline to southbound I-95 and is currently under construction. This phase included construction of a new Turnpike Mainline toll plaza and a cashless tolling plaza westbound, which opened in January 2016. The first phase of the Interchange Project was completed and opened to traffic in September 2018. The portion of the Turnpike Mainline from the Interchange Project eastward to the Delaware River Bridge in Bucks County has been redesignated as I-95. The second phase of the Interchange Project will include the completion of the reconstruction and widening of the remaining interchange connectors. The third phase will be the construction of a new wider bridge over the Delaware River, replacing the existing bridge. Funding for the initial design costs of the subsequent phases is included in the Fiscal Year 2022 Capital Plan.

Mon/Fayette Expressway and Southern Beltway

Four projects constructed as part of the Mon/Fayette Expressway are now in operation. One is an approximately six-mile toll road between I-70 and U.S. Route 40 in Washington County. This project was built by PennDOT and turned over to the Commission upon its opening in 1990. The second is an approximately twelve-mile section of toll road from I-68 near Morgantown, West Virginia, to Fairchance, Pennsylvania, which is located just south of Uniontown. The third project is an approximately sixteen-mile section of the Mon/Fayette Expressway from I-70 in Washington County to Pennsylvania Route 51 in Allegheny County, which opened in April 2002. The fourth is an approximately fifteen-mile section from Uniontown to Brownsville, including a 3,022-foot bridge over the Monongahela River, which opened to traffic in July 2012. These four contiguous projects, which total 48 miles from Morgantown, West Virginia to Pennsylvania Route 51 south of Pittsburgh, are now part of the System.

On March 21, 2017, the Commission announced that it would stop engineering-design activities on the final 14-mile section of the Mon/Fayette Expressway, extending from Pennsylvania Route 51 to I-376 near Monroeville east of Pittsburgh, in light of the Southwestern Pennsylvania Commission's decision to table the project. On June 26, 2017, the Southwestern Pennsylvania Commission voted to add the final 14-mile segment of the Mon/Fayette Expressway to its long-range plan. This action will allow the Federal Highway Administration to approve changes to the environmental impact statement ("***EIS***"), a requirement for construction to commence. The current estimates to complete the final 14 miles of the Mon/Fayette Expressway to Interstate-376 are in excess of $2 billion. An EIS re-evaluation was completed for the Mon/Fayette Expressway and approved by PennDOT and FHWA in 2019. Final design is now proceeding on the 14-mile southern section of the Mon/Fayette Expressway. When eventually completed, the Mon/Fayette Expressway will extend from Interstate 68 in West Virginia to I-376 in Monroeville, which is east of Pittsburgh.

The Southern Beltway is to be constructed from the Mon/Fayette Expressway, near Finleyville, extending as part of a beltway south of Pittsburgh to Interstate 376 at the Pittsburgh International Airport. It is comprised of three distinct projects. The six-mile project from I-376 to U.S. 22 (also known as the Findlay Connector) opened to traffic in October 2006. The project from U.S. 22 to I-79, received environmental clearance for its 13 miles in September 2008 and is under construction with an estimated total project budget of $1.013 billion, expected to be completed in October 2021. Sections 55A1, 55C1-1, 55C1-2 and Section 55B have been completed. Sections 55A2 and 55C-2 are currently in construction and are scheduled to open in October 2021 and will utilize ORT technology to collect tolls. The remaining Southern Beltway project, from I-79 to the Mon/Fayette Expressway, received environmental clearance in May 2009. The final portion of the Southern Beltway is currently estimated to cost approximately $788 million.

The proceeds of various series of the Commission's Oil Franchise Tax Revenue Bonds (as hereinafter defined) and Registration Fee Revenue Bonds (as hereinafter defined), along with then currently available revenues, have been applied to fund the construction of the Mon/Fayette and Southern Beltway projects that have been completed to date. It is anticipated that the remaining costs to complete the Mon/Fayette Expressway and the Southern Beltway will be financed with net proceeds of the 2021 Bonds, Oil Franchise Tax Revenues and other funding sources. Although the open sections of the Mon/Fayette Expressway and the Southern Beltway are toll roads, the Tolls (as defined herein) pledged for the repayment of Turnpike Revenue Bonds will not be applied to the financing of construction of these projects, which will instead be funded by Oil Franchise Tax Revenues.

The unfinished portions of the Mon/Fayette Expressway and Southern Beltway projects are not part of the Commission's Ten-Year Capital Plan, and the Commission has no legal obligation to fund the completion of such projects. To date, Act 89 has generated annual Oil Franchise Tax Revenues for the Commission in excess of the debt service coverage requirements for the Commission's outstanding Oil Franchise Tax Revenue Bonds.

See "SECURITY FOR THE 2021 BONDS" and "OIL FRANCHISE TAX" in the forepart of this Official Statement.

Condition of the Turnpike System

The Commission's engineering and maintenance staff performs maintenance on, and repairs to, the System. In addition, the Commission also uses staff and consultants to perform periodic inspections of the System. Pursuant to the terms of the Senior Revenue Indenture, the Commission must arrange for the System to be inspected at least once every three years by engaging one or more consultants to conduct inspections and prepare a report. The report must state (a) whether the System has been maintained in good repair, working order and condition since the last inspection report and (b) any recommendations which such consultants may have as to revisions or additions to the Commission's annual capital budget.

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

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

The following summarizes certain information found in the Condition Assessment Report, including certain of the "specific areas" referred to in the preceding paragraph, and in inspection data gathered in 2020. Two of the four asset groups, Roadway and Facilities, are rated "Good" overall. The remaining two asset groups Structures and Technology are rated to be in "Good to Fair" condition. Each of the asset groups are in good working order based on the condition ratings of the individual assets within the asset group. The individual asset condition rating was developed through an extensive evaluation of qualitative and quantitative performance data. There are several different evaluation measures used across the array of the Commission's assets included in the Condition Assessment Report. The following is an overall summary of each of the four asset groups.

Roadway

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

Structures; Status of Delaware River Bridge

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

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

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

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

The bridge is jointly owned and maintained by the Commission and the NJTA and all costs of operation, maintenance and repair of the bridge are shared equally by the Commission and the NJTA. The Commission estimates that its 50% share of the costs of the repair, examination and testing of the bridge will be approximately $7.5 million, which will be funded by the Commission as part of its Fiscal Year 2022 Capital Plan.

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

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

Facilities

The service plazas are rated Good overall with the exception of one facility where the deficiency is being addressed with an additional water source to the Cumberland Valley facility. Facility condition reports are being shared with HMS/Host and 7-Eleven to assist with their maintenance responsibilities and provide the necessary information for capital planning needs and allocations. Maintenance buildings are rated in Good condition overall. The Commission has adopted a Strategic Facilities Replacement Plan for maintenance facilities and funding has been provided within the Fiscal Year 2022 Capital Plan to replace designated maintenance facilities in the next 10 years. The interchange buildings are rated in Fair condition as many of the facilities' electrical and mechanical systems are approaching their expected life cycle. All but one of the Poor-rated interchange buildings are scheduled to be replaced by ORT facilities with future deployment of ORT throughout the System. The overall condition for the following facilities types is rated Good: administration buildings, district fare collection buildings, state police station facilities, and stockpiles. Warehouse and training facilities are rated Fair. Overall, the communication towers are rated as Good.

Since taking responsibility for inspection and maintenance of the communication towers in 2013, the Commission has advanced a tower-climbing and structural analysis review program to assess the condition of communications towers. Climbing inspections have been completed on 95% of the towers and seven towers have been determined to be overstressed and exceed their design capacity. The Commission is currently working on reinforcement or tower replacement projects to address these conditions.

Technology

Technology is comprised of the Intelligent Transportation System ("***ITS***") devices, access gates, and AET equipment. The overall condition of ITS devices is rated Good to Fair. The Commission's IT staff continually monitors the virtual network and provides support for troubleshooting issues as needed. The Commission's ITS contractor maintains the ITS equipment through preventative and response maintenance plans. Access gates are rated Good condition and are in the process of upgrading to add remote operation capabilities. AET assets are in Good condition.

FINANCIAL PLAN

General

Act 44 requires the Commission to prepare and submit an annual financial plan (the "***Financial Plan***") to the Secretary of the Budget of the Commonwealth no later than June 1 of each year for the ensuing fiscal year, describing its proposed operating and capital expenditures, borrowings, liquidity and other financial management covenants and policies, estimated toll rates and all other revenues and expenses. The purpose of the annual Financial Plan is to demonstrate that the Commission's operation in accordance with such plan can be reasonably anticipated to generate unencumbered funds sufficient to make all Act 44/Act 89 Payments due to PennDOT in the upcoming year after all other Commission obligations and interest thereon, sinking fund requirements of the Commission, and other requirements in any trust indenture, notes or resolutions have been met. Any deviations and the causes therefor in prior year plans must be explained.

The Commission delivered to the Secretary of the Budget its Financial Plan for Fiscal Year 2022 on June 1, 2021 (the "***Fiscal Year 2022 Financial Plan***"). See " – Fiscal Year 2022 Financial Plan" below. The Fiscal Year 2022 Financial Plan indicated that in Fiscal Year 2021, the Commission was able to meet all of its financial covenants and obligations under the Enabling Acts and was able to progress with its then-current Capital Plan.

Fiscal Year 2021 Financial Plan

As a result of the impact of the COVID-19 pandemic on the finances and operations of the Commission, the Commission delivered to the Secretary of the Budget its Financial Plan for Fiscal Year 2021 on June 1, 2020 (the "***Fiscal Year 2021 Financial Plan***"), and subsequently amended the Fiscal Year 2021 Financial Plan on December 30, 2020 (the "***Amended Fiscal Year 2021 Financial Plan***").

The Fiscal Year 2021 Financial Plan reflected the terms of the Amended Funding Agreement. The Fiscal Year 2021 Financial Plan also assumed the adoption of the Commission's Fiscal Year 2021 Ten-Year Capital Plan which was adopted by the Commission in July 2020. The Fiscal Year 2021 Financial Plan factored then-current adverse effects of the COVID-19 pandemic and reflected various cost containment and efficiency measures the Commission implemented to try to mitigate the impact of the COVID-19 pandemic, which included, (i) instituting a hiring freeze for both "non-essential" management and union positions; (ii) reducing capital spending by approximately 15%; (iii) offering an early retirement program to management employees; (iv) cutting operating expenses; (v) implementing a work from home policy where feasible; (vi) transitioning to AET collections; (vii) delaying Act 44/Act 89 Payments until January 29, 2021; and (viii) lowering projected Fiscal Year 2021 debt service through cash defeasances. Additional measures in the Fiscal Year 2021 Financial Plan included, acceleration of the timing for the planned January 2021 toll increases to October 2020 (which ultimately was not accelerated); an increase of the planned January 2021 toll increase from 5% to 6%; an additional 45% increase for Toll By Plate customers on the ticket system and the Mon-Fayette Expressway; and reducing the annual growth of the Commission's operating budget from the planned 4% annual level to 2% annually for Fiscal Years 2021-2024. The additional increase for Toll By Plate customers was necessary to mitigate the loss of revenue due to unpaid Toll By Plate transactions.

The Fiscal Year 2021 Financial Plan was based on data contained in the May 2020 Bring Down Letter, and likewise reflected the downward revision to estimated toll revenue and traffic volume versus that which was contained in the April 2019 Bring Down Letter. The Fiscal Year 2021 Financial Plan and the May 2020 Bring Down Letter also assumed a toll increase effective October 2020. The Commission later determined that the planned October 2020 toll increase would instead be effective January 2021. CDM Smith prepared the September 2020 Supplemental Letter to the May 2020 Bring Down Letter addressing the effect of this delay on toll revenue.

As part of the continued efforts to actively respond to the ongoing adverse financial effects of the COVID-19 pandemic and Commission policy determinations, the Commission requested a six-month update from CDM Smith to the May 2020 Bring Down Letter. CDM Smith prepared the December 2020 Bring Down Letter, which included a further downward revision to estimated toll revenue and traffic in Fiscal Year 2021 and beyond, notably reflecting the impacts of the delay in the previously planned October 2020 toll increase and the early permanent conversion to AET, as implemented on June 2, 2020, which were not contained in the May 2020 Bring Down Letter.

The Amended Fiscal Year 2021 Financial Plan reflected the revisions to the 2018 Traffic Study as contained in the December 2020 Bring Down Letter. Minor revisions to the Fiscal Year 2021 operating budget and revisions to the funding of the Ten-Year Capital Plan were also included in the Amended Fiscal Year 2021 Financial Plan.

Fiscal Year 2022 Financial Plan

The Fiscal Year 2022 Financial Plan defines the reasonably expected revenues the Commission will generate necessary to meet required Turnpike operating and maintenance expenses, debt service payments, capital expenses, and liquidity requirements, and includes the adoption of the Commission's Fiscal Year 2022 Ten-Year Capital Plan which was adopted by the Commission in May 2021. The Fiscal Year 2022 Financial Plan indicates that in Fiscal Year 2021, the Commission was able to meet all of its financial covenants and obligations under the Enabling Acts and was able to progress with its then-current Capital Plan. A copy of the Fiscal Year 2022 Financial Plan is available on the Commission's website at https://www.paturnpike.com/pdfs/business/finance/PTC_Fiscal_2022_Act_44_Financial_Plan_Final.pdf.[6]

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

Like the Fiscal Year 2021 Financial Plan and the Amended Fiscal Year 2021 Financial Plan, the Fiscal Year 2022 Financial Plan continues to factor the current effects of the COVID-19 pandemic, as well as the various cost containment and efficiency measures the Commission has implemented in an attempt to mitigate the impact of the COVID-19 pandemic.

The Fiscal Year 2022 Financial Plan reflects anticipated Fiscal Year 2022 toll revenues that include the full fiscal year impact of the 6% toll increase implemented in January 2021, the partial fiscal year impact of the October 2021 implementation of the toll schedule on the Southern Beltway, and the partial fiscal year impact of the January 2022 toll increase yielding an average toll rate increase of 5%. On July 6, 2021, the Commission approved both the October 2021 toll schedule for the Southern Beltway and the January 2022 toll increases of 5% across the balance of the System. Toll revenues are projected to increase by 16.3% to $1.386 billion in Fiscal Year 2022, consistent with the Traffic Study. Other revenues, primarily consisting of ETC related fees, lease and rental fees and concession fees, result in total projected operating revenues of $1.410 billion for Fiscal Year 2022. The Fiscal Year 2022 operating budget adopted May 4, 2021, projects Fiscal Year 2022 operating expenses to be $417 million, which is 2.1% lower than the prior year budgeted amount of $426 million. The Fiscal Year 2022 Financial Plan projects Senior Revenue Bond debt service coverage for Fiscal Year 2021 to be 3.41x, and the Subordinate Revenue Bond (as defined herein) and Subordinate Special Revenue Bond (as defined herein) debt service coverage ratios to be 1.63x and 1.48x, respectively.

Capital expenditures are budgeted to be $661 million for Fiscal Year 2022, an increase of $192 million over the budgeted Fiscal Year 2021 Capital Plan amount. As noted, the Fiscal Year 2022 Capital Plan restores capital investments to a level that is more consistent with the Commission's $6.52 billion Fiscal Year 2015 capital plan and aligns with the projected decrease in Act 44/Act 89 Payments which will increase the Commission's funding capacity. See "CAPITAL IMPROVEMENTS – Ten-Year Capital Plan" for additional information on the Fiscal Year 2022 Capital Plan. The Fiscal 2022 Financial Plan assumes that the Commission will retain a liquidity balance equal to at least 10% of annual budgeted revenues.

To fund its Fiscal Year 2022 capital expenditures, the Fiscal Year 2022 Financial Plan expects the Commission to utilize $123 million of previously unused bond proceeds, $195 million in pay-as-you-go funding, as well as $343 million in additional Senior Revenue Bond proceeds. Pay-as-you-go funding is expected to be deployed to ensure financial flexibility, and the Fiscal Year 2022 Act 44/Act 89 Payments are expected to be paid as scheduled[7]. Depending upon market conditions, the Commission may refund additional outstanding debt for savings. See "COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Future Financing Considerations" herein for more information.

The Fiscal Year 2022 Financial Plan concludes that the Commission will continue to meet all of its indenture covenants and other obligations through the Fiscal Year 2057. However, as a forward-looking report, the Fiscal Year 2022 Financial Plan makes certain assumptions, including future toll increases, to reach its conclusion that the financial covenants, obligations under the

[7] The Commission utilized $420 million of the proceeds of its 2021B Turnpike Subordinate Revenue Bonds (delivered July 27, 2021) and $30 million of current revenues to fully satisfy its Fiscal Year 2022 Act 44/Act 89 Payment obligation.

Enabling Acts, and capital needs will be met beyond Fiscal Year 2022. Key among these assumptions is the Commission's ongoing ability to raise all tolls throughout the System.

The Fiscal Year 2022 Financial Plan assumes the $450 million Act 44/Act 89 Payment obligations required by the Enabling Acts through Fiscal Year 2022 and the reduced level of $50 million Act 44/Act 89 Payments from Fiscal Year 2023 through Fiscal Year 2057. No assurances can be made by the Commission with respect to the assumptions made or conclusions reached in the Fiscal Year 2022 Financial Plan. See "THE COMMISSION – Enabling Acts" above.

CERTAIN FINANCIAL INFORMATION

Revenue Sources of the Commission

The Commission's revenues are principally derived from three separate sources: toll revenues from the operation of the System, revenue derived from a portion of the Commonwealth's Oil Franchise Tax Revenues, and revenue derived from a portion of the Commonwealth's vehicle registration fee revenues.

Toll Revenues

The largest part of the Commission's revenues is derived from the collection of all rates, rents, fees, charges, fines and other income derived by the Commission from the vehicular usage of the System and all rights to receive the same (the "***Tolls***"). Tolls are pledged to secure the Commission's outstanding Turnpike Senior Revenue Bonds and other parity and subordinate obligations issued under the Senior Revenue Indenture (as defined herein). See "– Toll Schedule and Rates" and "– Five-Year Financial History" below for more information regarding the Tolls. See also "OUTSTANDING INDEBTEDNESS AND OTHER OBLIGATIONS – Commission Indebtedness" herein.

Oil Franchise Tax Revenues

The Commission's second principal stream of revenues consists of that portion of the Commonwealth's oil company franchise tax revenues (the "***Oil Franchise Tax Revenues***") allocated by statute to the Commission. The Oil Franchise Tax was first imposed in 1981 by Act 35, in the amount of 35 mills on each gallon of petroleum sold. The tax was increased by an additional 25 mills in 1983 by Act 32 and an additional 55 mills in 1991 by Act 26. With Act 3 of 1997, the tax was increased by an additional 38.5 mills to a total of 153.5 mills on all liquid fuels (primarily gasoline) and an additional 55 mills (for a total increase of 93.5 mills) for a total of 208.5 mills on liquid fuels and other fuels (diesel fuel and all other special fuels except dyed diesel fuel, liquid fuels and alternative fuels). Oil Franchise Tax Revenues consist of the Commission's allocation of 14% of the additional 55 mills of Oil Franchise Tax which became effective September 1, 1991, pursuant to Act 26 (the "***Commission's Allocation***"). Act 26 provides for monthly payments of oil franchise tax revenues to the Commission. Oil Franchise Tax Revenues are primarily pledged to the Trust Estate securing the Commission's Oil Franchise Tax Revenue Bonds. See "SECURITY FOR THE 2021 BONDS" and "OIL FRANCHISE TAX" in the forepart of this Official Statement, and "COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Commission Indebtedness" herein.

The following table reflects the five-year history of annual oil franchise tax revenues collected by the Commonwealth and the annual amounts allocated to the Commission.

Five-Year History of Oil Franchise Tax Collections and Commission Allocation*

(in thousands)

Fiscal Year (actual)	Oil Franchise Tax Collections (1)	Commission Allocation (2) (3)
2017	$ 906,042	$120,754
2018	1,016,312	142,793
2019	1,004,534	141,594
2020	929,683	141,665
2021*	906,855	114,176

* Unaudited.

(1) Amount determined at the end of the Commonwealth's fiscal year ending June 30th of each year.

(2) Amount determined at the end of the Commission's fiscal year ending May 31 of each year.

(3) The amount of the Commission's Allocation does not equal exactly 14% of the tax collected from the added 55 mills due to the difference between the Commonwealth's and the Commission's fiscal years.

Registration Fee Revenues

The Commission's third principal stream of revenues consists of a portion of the Commonwealth's vehicle registration fee revenues (the "***Registration Fee Revenues***"). Registration Fee Revenues consist of an annual appropriation of $28 million of increased registration fees allocated to the Commission pursuant to Act 3 of 1997. Registration Fee Revenues are primarily pledged to secure payment of the Commission's Registration Fee Revenue Bonds. See "COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Commission Indebtedness" herein.

Toll Schedule and Rates

The current System generally employs a closed or ticket system method for toll collection. Tolls are determined based on the length of the trip and vehicle class. There are nine vehicle classes determined either by axles or, in the case of commercial vehicles, by axles and weight. Historically, all drivers were issued a ticket upon entering the System and were required to surrender the ticket and pay the appropriate toll upon exiting. However, the System permanently transitioned to AET collection methods effective March 16, 2020. See "THE TURNPIKE SYSTEM – Toll Collection" herein.

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

The following Table I illustrates the tolls and per mile rates applicable to each vehicle class for a trip on the Turnpike Mainline from Interchange 1 through Interchange 353 following the toll increase effective January 3, 2021:

TABLE I
Current Tolls and Per Mile Rates for Mainline
Roadway East - West Complete Trip
Neshaminy Falls - Warrendale (Ticket System)

Vehicle Toll Class	Gross Vehicle Weigh (Thousand Pound)	Toll By Plate Effective 1/2021	Per Mile Toll By Plate	Toll Rate EZ-Pass Effective 1/2021	Per Mile EZ-Pass Rate
1	1-7	82.30	0.255	40.70	0.126
2	7-15	120.90	0.374	59.70	0.185
3	15-19	145.90	0.452	72.00	0.223
4	19-30	175.00	0.542	86.50	0.268
5	30-45	245.20	0.759	121.40	0.376
6	45-62	307.40	0.952	152.30	0.472
7	62-80	439.90	1.362	218.00	0.675
8	80-100	576.70	1.785	285.80	0.885
9	Over 100	576.70	1.785	285.80	0.885

Notes

The above rates represent an "East West" trip for the ticket toll system between the Neshaminy Falls (#353) interchange and Warrendale (#30). For purposes of the Senior Indenture, the Mainline is the entire length of the roadway between Ohio and the Delaware River Bridge.

The 30-mile Gateway to Warrendale roadway between Warrendale and the Ohio Turnpike has a barrier toll at the Gateway Mainline interchange (#2). The toll on the Gateway connector is payable only when traveling eastbound.

The toll on the Delaware River Bridge to Neshaminy Falls portion is a one-way toll westbound only, and is collected by a new "toll-by-plate" system or by E-ZPass.

Additional toll rate information can be found at https://www.paturnpike.com/toll/tollmileage.aspx

Act 44 requires the Commission to fix toll rates such that revenues from tolls and other sources to the Commission are sufficient to pay the cost of the System's operation, construction, expansion and maintenance, all Commission obligations and interest thereon, sinking fund requirements of the Commission, other requirements in any trust indentures, notes or resolutions, and the Act 44/Act 89 Payments to PennDOT under the Amended Funding Agreement.

Between 1957 and 2008, the Commission implemented only five revisions in its toll schedule. However, with the enactment of Act 44 and the significant increases in the Commission's funding obligations, from 2008 to 2021, the Commission has implemented annual revisions to its toll schedule to maintain rates consistent with inflation, capital improvements and operational costs, Act 44/Act 89 Payment obligations, and the modernization of toll collection methods. The most recent toll increase took effect on January 3, 2021. The next systemwide toll increase is scheduled to take effect January 2022, and consists of a 5% increase, except for on the Southern

Beltway, which will have a new toll rate schedule upon its anticipated opening in October 2021. On July 6, 2021, the Commission approved both the October 2021 toll schedule for the Southern Beltway and the January 2022 toll increases of 5% across the balance of the System. Further, the Commission is expected to continue to increase tolls annually through at least 2050. The toll schedules for the entire System can be viewed at: https://www.paturnpike.com/pdfs/tolls/tolls_2021/2021_Tolls.pdf.[8]

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

Recent Toll Rate Increase History

	Percent Increase	
Effective Date	**Toll By Plate***	**E-ZPass**
1/2/2012	10%	0%
1/6/2013	10	2
1/5/2014	12	2
1/5/2015	5	5
1/3/2016	6	6
1/8/2017	6	6
1/2/2018	6	6
1/7/2019	6	6
1/5/2020	6	6
1/3/2021	6	6

* Effective March 16, 2020, the Commission permanently transitioned to cashless toll collection system, that now only utilizes Toll By Plate and E-ZPass. See "THE TURNPIKE SYSTEM – Toll Collection" above. Commencing January 3, 2021, the Commission began imposing an additional toll increase on Toll By Plate transactions equal to 45% of the toll that would otherwise be due to cover the costs of non-payment associated with Toll By Plate. Non-E-ZPass users that pre-register their vehicle will receive a discount.

Five-Year Financial History

The following Tables II and III summarize certain operating and financial information with respect to the System for the Fiscal Years from 2016 to 2020, and the nine months ended February 29, 2020 and February 28, 2021. This information is derived from the Commission's regularly prepared books and records. The financial information presented in Table III is a combination of cash basis financial statements with certain accruals included. **Certain of this information is not presented in accordance with generally accepted accounting principles and has not been audited.**

Tables II and III should be read in conjunction with the financial statements prepared in accordance with generally accepted accounting principles and related notes included in "APPENDIX B – AUDITED 2020 AND 2019 FINANCIAL STATEMENTS" of this Official Statement (the "***Financial Statements***").

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

TABLE II
Number of Vehicle Transactions and Fare Revenues
Summarized by Fare Classification
(in thousands)

	Fiscal Year Ended May 31					Nine-Months Ended February 28**	
	2016 ^	**2017 ^**	**2018 ^**	**2019**	**2020**	**FY 2020**	**FY 2021**
Number of Vehicle Transactions: *							
Passenger	177,317	179,190	180,167	183,030	159,649	136,904	100,334
Commercial	28,591	29,064	30,177	31,582	30,803	23,936	23,597
Total	205,908	208,254	210,344	214,612	190,452	160,840	123,931
Fare Revenue:							
Passenger	$588,295	$638,787	$678,720	$740,205	$683,511	$597,404	$428,640
Commercial	443,325	476,189	524,438	595,180	606,050	466,038	466,399
Total	$1,031,620	$1,114,976	$1,203,158	$1,335,385	$1,289,561	$1,063,442	$895,039
Discount	-1,505	-3,915	-6,552	-8,354	-9,821	-6,805	-8,231
Net Fare Revenues	$1,030,115	$1,111,061	$1,196,606	$1,327,031	$1,279,740	$1,056,637	$886,808

* Number of vehicles is unaudited.
** Unaudited.
^ Restated traffic volumes for both revenue and non-revenue transactions. Prior to 2019, the Commission only reported traffic volume classified as revenue transactions.
Note: The transaction and revenue numbers for Fiscal Years 2020 and 2021 have been adversely impacted by the COVID-19 pandemic. See "THE COMMISSION – Impact of COVID-19 Pandemic" and "THE TURNPIKE SYSTEM – Traffic Study – May 2021 Bring Down Letter" herein for more information.

Traffic and revenue data for the Fiscal Year ended May 31, 2020, indicate a 3.5% decrease in net fare revenue, with a 11.3% decrease in traffic volume, as compared to data for the Fiscal Year ended May 31, 2019, which decreases in traffic and revenue are attributable to mitigation efforts related to the COVID-19 pandemic. The unaudited traffic and revenue data for the Fiscal Year ended May 31, 2021 indicate net fare revenue of $1.25 billion reflecting a 2.5% decrease, and 170.5 million total transactions reflecting a 10.5% decrease in traffic volume, as compared to data for the Fiscal Year ended May 31, 2020.

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

	Fiscal Year Ended May 31,					Nine months ended February 28 *	
	2016	2017	2018◊	2019	2020	FY 2020	FY 2021
Revenues							
Net Fare Revenues	$1,030,115	$1,111,061	$1,196,606	$1,327,031	$1,279,740	$1,056,637	$886,808
Concession Revenues	3,932	4,100	3,911	4,737	4,426	3,879	2,581
Senior Interest Income	9,511	11,664	13,808	17,155	20,605	16,451	10,093
Subordinate Interest Income	3,975	4,314	4,948	5,638	6,758	5,143	4,091
MLF Enhanced Interest Income	190	248	530	526	638	500	351
Miscellaneous	18,644	19,235	757	4,837	(383)	1,614	(13,405)
Total Revenues	$1,066,367	$1,150,622	$1,220,560	$1,359,924	$1,311,784	1,084,224	890,519
Operating Expenditures							
General & Administrative	$40,725	$47,861	$42,548	$45,281	$52,122	$41,070	$24,248
Traffic Engineering and Operations	4,654	3,813	3,244	3,262	3,162	2,358	2,561
Service Centers	28,304	32,304	35,556	38,703	41,972	33,671	53,556
Employee Benefits	107,646	113,986	98,515	96,993	91,161	81,900	79,213
Toll Collection	59,387	60,112	59,669	58,200	58,129	44,356	22,019
Normal Maintenance	64,545	66,191	73,429	73,110	64,636	51,103	58,702
Facilities and Energy Mgmt. Operations	10,886	11,266	12,080	11,522	11,344	8,121	8,851
Turnpike Patrol	46,161	47,223	48,807	49,432	53,638	39,457	41,575
Total Operating Expenditures	$362,308	$382,756	$373,848	$376,503	$376,164	302,036	290,725
Revenues less Operating Expenditures	$704,059	$767,866	$846,712	$983,421	$935,620	782,188	599,794
Senior Annual Debt Service Requirement	$215,019	$237,010	$379,042	$303,781	$306,338		
Coverage Ratio (2)	3.26	3.22	2.22	3.22	3.03		
Annual Subordinate Debt Service Requirement	$222,064	$233,804	$256,817	$355,247	$320,707		
Coverage Ratio (3)	1.61	1.63	1.33	1.49	1.49		
Annual MLF Enhanced Debt Service Requirement	$36,525	$43,348	$37,938	$43,175	$42,057		
Coverage Ratio (4)	1.49	1.49	1.26	1.40	1.40		

(1) This summary of revenues and operating expenditures is not intended to present results of operations in conformity with generally accepted accounting principles. Debt service is net of capital interest and receipt of Federal Subsidy.

(2) Calculated using Senior Interest Income

(3) Calculated using Senior and Subordinate Interest Income

(4) Calculated using Senior, Subordinate and MLFE Interest Income

◊ FY 2018 debt service coverage ratios reflect the voluntary retirement at maturity of $100 million of Senior floating rate notes that were originally expected to be refunded. Had the PTC chosen to refund the $100 million in notes FY 2018 Senior, Subordinate and MLF Enhanced debt service coverage ratios would have been 3.04, 1.58 and 1.48 respectively.

* Preliminary - Unaudited

The Commission anticipates that the unaudited total operating expenditures for Fiscal Year ended May 31, 2021 will be approximately $365 million or 14.3% below budget.

COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS

Commission Indebtedness

Authority to Issue Debt

Under the Enabling Acts, the Commission is authorized and empowered, among other things, to issue turnpike revenue bonds, notes or other obligations (either senior on a parity basis or subordinate) to pay (i) pursuant to the Amended Funding Agreement, if applicable, the costs of construction, reconstructing, widening, expanding or extending I-80 or any other costs of I-80 and the System, (ii) Act 44/Act 89 Payments to PennDOT, (iii) costs of improvements to the System, and (iv) certain amounts pursuant to the Amended Funding Agreement, to be used for mass transit programs, multi-modal transportation programs and, other transportation programs of statewide significance, alternative energy transportation programs (provided that, pursuant to the terms of the Amended Funding Agreement, the proceeds of any Special Revenue Bonds (hereinafter defined) may not be applied for payments to mass transit programs, multi-modal transportation programs or alternative energy transportation programs).

The bonds authorized to be issued by the Commission under Act 44 included up to $5 billion of Special Revenue Bonds. Proceeds of such bonds were applied toward the satisfaction of the Commission's scheduled annual Act 44/Act 89 Payment obligations under the Amended Funding Agreement and the Enabling Acts, except for that portion of the annual payment obligations to be deposited in the Public Transportation Trust Fund pursuant to the terms of the Amended Funding Agreement. Since all of the Commission's Act 44/Act 89 Payments to PennDOT under the Amended Funding Agreement are being deposited into the Public Transportation Trust Fund commencing July 1, 2014, as of such date, the Commission is no longer issuing Special Revenue Bonds to fund its obligations under the Amended Funding Agreement. See "*Statutory Limitations on the Incurrence of Special Revenue Bonds*" below. The Amended Funding Agreement provides that the Commission is obligated to pay all debt service due with respect to the Special Revenue Bonds.

Outstanding Indebtedness

The Commission has the following outstanding indebtedness: (1) Turnpike Senior Revenue Bonds (as defined herein) secured by the pledge of the Trust Estate under the Senior Revenue Indenture consisting primarily of Tolls received by or on behalf of the Commission from the System; (2) Turnpike Subordinate Revenue Bonds (as defined herein) secured by a pledge of the Trust Estate under the Turnpike Subordinate Revenue Indenture consisting primarily of Commission Payments from amounts transferred from the General Reserve Fund under the Turnpike Senior Revenue Indenture after the payment of all Turnpike Senior Revenue Indenture Obligations; (3) Motor License Fund-Enhanced Turnpike Subordinate Special Revenue Bonds (as defined herein) secured by Commission Payments on a subordinate basis to Turnpike Subordinate Revenue Bonds; (4) Oil Franchise Tax Revenue Bonds secured by a pledge of the Oil Franchise Tax Revenues; and (5) Registration Fee Revenue Bonds (as defined herein) secured by revenues received from the Motor License Fund.

The following table summarizes the Commission's outstanding indebtedness as of the date of this Official Statement:

Outstanding Commission Indebtedness

	Outstanding Principal	Accreted thru 6/1/2021	Total Outstanding
Turnpike Senior Revenue Bonds	$6,197,260,000	-	$6,197,260,000
Turnpike Subordinate Revenue Bonds	6,391,586,488	$41,740,585	6,433,327,073
Special Revenue Bonds	938,384,021	63,846,484	1,002,230,505
Oil Franchise Tax Revenue Bonds (Senior)*	562,336,246	12,950,176	575,286,422
Oil Franchise Tax Revenue Bonds (Subordinated)*	445,890,000	-	445,890,000
Registration Fee Revenue Bonds	340,235,000	-	340,235,000

* A portion of the proceeds of the 2021 Bonds, together with other legally available funds, will be used to currently refund the Commission's Oil Franchise Tax Senior Revenue Bonds, Series A of 2009 and Oil Franchise Tax Subordinated Revenue Bonds, Series D of 2009. Upon the issuance of the 2021 Bonds and the refunding of the Refunded Bonds, there will be $898,951,422 in aggregate principal amount of Oil Franchise Tax Senior Revenue Bonds outstanding, including $12,950,176 of accreted interest through June 1, 2021, and $627,895,000 in aggregate principal amount of Oil Franchise Tax Subordinated Revenue Bonds outstanding. See "PLAN OF FINANCING" in the forepart of this Official Statement for more information.

Turnpike Senior Revenue Bonds

Turnpike Senior Revenue Bonds are issued under that certain Amended and Restated Trust Indenture originally dated as of July 1, 1986, and Amended and Restated as of March 1, 2001, between the Commission and U.S. Bank National Association, as trustee (the "***Turnpike Senior Revenue Indenture Trustee***"), as supplemented and amended (the "***Turnpike Senior Revenue Indenture***"). Tolls are presently pledged to secure the Turnpike Revenue Bonds, as well as ***Turnpike*** Senior Revenue Indenture Parity Obligations, and any subordinated indebtedness that may be issued under the ***Turnpike*** Senior Revenue Indenture (collectively, the "***Turnpike Senior Revenue Indenture Obligations***").

As of the date of this Official Statement, $6,197,260,000 in aggregate principal amount of Turnpike Senior Revenue Bonds are outstanding under the Turnpike Senior Revenue Indenture. The foregoing amount includes certain notes evidencing and securing $183,500,000 in loans through the Immigrant Investor Program (known as the EB-5 visa program) administered by the U.S. Citizenship and Immigration Services, the proceeds of which are being used to fund a portion of the projects identified in the Commission's 2016-2017 Ten-Year Capital Plan (the "***EB-5 Loans***"). See "COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Direct Purchase Obligations – *EB-5 Loans (Senior)*." The Commission has not issued any subordinated indebtedness under the Turnpike Senior Revenue Indenture.

Also included in the principal amount outstanding under the Turnpike Senior Revenue Indenture as of the date of this Official Statement is $680,080,000 aggregate principal amount of variable rate obligations (the "***Turnpike Senior Variable Rate Debt***"). See "COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Direct Purchase Obligations" for a summary of direct purchase obligations of the Commission. Other obligations incurred and outstanding under the Turnpike Senior Revenue Indenture include the Commission's obligations under various interest rate swap agreements having a total current notional amount of $670,340,000, as of June 30, 2021.

Tolls are not pledged to secure the Oil Franchise Tax Revenue Bonds, the Registration Fee Revenue Bonds or the bonds and other obligations issued (or otherwise secured) under the Subordinate Revenue Indenture (the "***Turnpike Subordinate Revenue Indenture Obligations***"). All Turnpike Subordinate Revenue Indenture Obligations are subordinated to the payment of the Turnpike Senior Revenue Indenture Obligations issued under the Turnpike Senior Revenue Indenture.

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

The 2021 Bonds are only secured by the Trust Estate established pursuant to the OFT Indenture, which consists primarily of Oil Franchise Tax Revenues (as defined herein) allocated to the Commission. See "SECURITY FOR THE 2021 BONDS" and "OIL FRANCHISE TAX" in the forepart of this Official Statement for more information on the imposition and collection of the Oil Franchise Tax and the Commission Allocation.

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

In addition, under the Turnpike Senior Revenue Indenture, the Commission has covenanted that it will not sell, lease or otherwise dispose of real estate or personal property comprising a portion of the System except upon compliance with the provisions of the Turnpike Senior Revenue Indenture, including a determination by resolution that the Net Revenues of the Commission will not be materially adversely affected. The Commission from time to time may consider various proposals that could involve the transfer or other disposition of Commission property. Any such transfer or disposition would be required to comply with the provisions of the Turnpike Senior Revenue Indenture.

Turnpike Subordinated Revenue Bonds

Pursuant to the terms of the Subordinate Trust Indenture dated as of April 1, 2008, between the Commission and Wells Fargo Bank, N.A. (the "***Turnpike Subordinate Revenue Indenture Trustee***"), as amended and supplemented (the "***Turnpike Subordinate Revenue Indenture***"), the Commission has covenanted to direct the Turnpike Senior Revenue Indenture Trustee to pay to the Turnpike Subordinate Revenue Indenture Trustee, after payment of all required debt service on all Turnpike Senior Revenue Indenture Obligations and subject to the provisions of the Turnpike Senior Revenue Indenture, out of the General Reserve Fund established under the Turnpike Senior Revenue Indenture, such amounts as are required by the Turnpike Subordinate Revenue Indenture, by a supplemental indenture to the Turnpike Subordinate Revenue Indenture or by a parity swap agreement to pay, at the times specified, all amounts due in respect of the Turnpike Subordinate Revenue Indenture Obligations outstanding under the Turnpike Subordinate Revenue Indenture or under a parity swap agreement.

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

Under the Turnpike Subordinate Revenue Indenture, the Commission may, from time to time, issue additional bonds to satisfy its payment obligations under the Enabling Acts, including (a) bonds issued for the purpose of making Act 44/Act 89 Payments to PennDOT to finance transit programs, and which are not secured by payments from the Motor License Fund, but have a senior claim on Commission Payments (the "***Subordinate Revenue Bonds***") and (b) Special Revenue Bonds. The Commission intends that any long-term indebtedness to be issued under the Turnpike Subordinate Revenue Indenture is to be paid solely from Commission Payments. Such obligations, if issued, are subordinate to the Turnpike Senior Revenue Bonds issued under the Turnpike Senior Revenue Indenture. Such Subordinate Revenue Bonds will be parity obligations with the outstanding Turnpike Subordinate Revenue Bonds already issued under the Turnpike Subordinate Revenue Indenture.

As of the date of this Official Statement, there will be $6,433,327,073 in aggregate principal amount of Turnpike Subordinate Revenue Bonds outstanding under the Turnpike Subordinate Revenue Indenture (including compounded amounts as of June 1, 2021, for outstanding capital appreciation bonds). The foregoing amounts include $291,850,000 aggregate principal amount of floating rate notes (the "***Subordinate Variable Rate Debt***" and together with the Senior Variable Rate Debt, the "***Variable Rate Debt***") constituting a direct purchase obligation. See "COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Direct Purchase Obligations" for a summary of direct purchase obligations of the Commission. Other obligations incurred and outstanding under the Turnpike Subordinate Revenue Indenture include the Commission's obligations under an interest rate swap agreement having a current notional amount of $291,850,000, as of June 30, 2021.

Statutory Limitations on the Incurrence of Special Revenue Bonds

Under the Enabling Acts, the Commission is authorized to issue, by resolution, Special Revenue Bonds (as defined in § 9511.2 of Act 44, and as issued as such under the Turnpike Subordinate Revenue Indenture, the "***Special Revenue Bonds***") up to an aggregate principal amount of $5 billion, exclusive of original issue discount, for the purpose of paying bond related expenses and costs of PennDOT, including the costs of highway, road, tunnel and bridge construction, renovation and expansion, including acquisition of land, rights, machinery and equipment and certain finance charges relating thereto, planning, engineering, administrative and other expenses, and debt service. No more than $600 million in aggregate principal amount of such Special Revenue Bonds, exclusive of original issue discount, may be issued in any calendar year. No such bonds may be issued unless the Amended Funding Agreement is in effect, and no such bonds may be outstanding beyond the stated term of the Amended Funding Agreement at the time of issuance. Special Revenue Refunding Bonds (as defined in § 9511.9 of Act 44) shall not be deemed to count against the total or annual maximum issuance volume under Act 44. Pursuant to Act 89, Special Revenue Bonds may not be issued by the Commission to fund any portion of its annual payment obligation commencing July 1, 2014, as all of such annual payment obligation is to be deposited in the Public Transportation Trust Fund after such date, although Special Revenue Refunding Bonds could be issued.

Special Revenue Bonds have been issued under the Turnpike Subordinate Revenue Indenture. As of the date of this Official Statement, there are $1,002,230,505 aggregate principal amount of Special Revenue Bonds outstanding under the Turnpike Subordinate Revenue Indenture (including compounded amounts as of June 1, 2021, for capital appreciation bonds). Special Revenue Bonds have a right to payment from Commission Payments that is subordinate to the rights of payment of the holders of Turnpike Subordinate Revenue Bonds issued under the Turnpike Subordinate Revenue Indenture.

Should the Commission fail to timely make required debt service deposits for Special Revenue Bonds, the Subordinate Revenue Indenture Trustee shall proceed under the terms of Act 44 and a Memorandum of Agreement between PennDOT, the Office of the Budget of the Commonwealth and the Pennsylvania State Treasurer, dated July 16, 2010 (the "***MOA***"), to notify PennDOT of such default, and thereafter, PennDOT shall give notice to the Office of the Budget of the Commonwealth of such deficiency, the Office of the Budget of the Commonwealth shall request that the Treasurer of the Commonwealth transfer funds to the Subordinate Revenue Indenture Trustee in an amount necessary to cure such deficiency, and the Treasurer of the Commonwealth shall transfer such funds to the Subordinate Revenue Indenture Trustee but only from amounts available for such purpose in the Motor License Fund. The appropriation of money in the Commonwealth's Motor License Fund in respect of Special Revenue Bonds issued by the Commission under Act 44 is continuing and non-lapsing. The Commonwealth has no obligation to appropriate any funds, other than available funds on deposit in the Motor License Fund, for the payment of any such Special Revenue Bonds. Pursuant to the MOA, certain funds equal to the maximum annual debt service on outstanding Special Revenue Bonds are to be set aside (but not pledged) in the Motor License Fund for this purpose upon the issuance of Special Revenue Bonds. Funds in such amounts were set aside in the Motor License Fund in connection with the issuance of the Commission's Motor License Fund-Enhanced Turnpike Subordinate Special Revenue Bonds, Series A of 2010, Series B of 2010, Series B of 2011, Series A of 2012, Series B of 2012, Series A of 2013, Series B of 2013, Series A of 2014, First Refunding Series of 2016, First Refunding Series of 2017, Second Refunding Series of 2017, Third Refunding Series of 2017, First Refunding Series of 2019 and First Refunding Series of 2020. The Commission is obligated pursuant to the Amended Funding Agreement to reimburse the Treasurer of the Commonwealth for any amounts withdrawn from the Motor License Fund in order to cure a default in the payment by the Commission with respect to the annual debt service on any such Special Revenue Bonds. This reimbursement obligation is subject to and junior to the payment obligations of the Commission under the Special Revenue Bonds.

Oil Franchise Tax Revenue Bonds

Upon the issuance of the 2021 Bonds, the Commission will have (i) $898,951,422 in aggregate principal amount of Oil Franchise Tax Senior Revenue Bonds, including $12,950,176 of accreted interest through June 1, 2021, and (ii) $627,895,000 in aggregate principal amount of Oil Franchise Tax Subordinated Revenue Bonds, outstanding under that certain Trust Indenture relating to such bonds. Oil Franchise Tax Revenue Bonds are secured solely by the Trust Estate securing those bonds which includes, among other things, Oil Franchise Tax Revenues allocated to the Commission. **The Oil Franchise Tax Revenues are not pledged to secure any Senior Revenue Indenture Obligations, any Subordinate Revenue Indenture Obligations or any Registration Fee Revenue Bonds.** Note, however, that funds in the Oil Franchise Tax General Fund may be used by the Commission for any purposes as authorized by the Enabling Acts. See "SECURITY OF THE 2021 BONDS" and "OIL FRANCHISE TAX" in the forepart of this Official Statement and "CERTAIN FINANCIAL INFORMATION – Revenue Sources of the Commission – Oil Franchise Tax Revenues" herein.

Registration Fee Revenue Bonds

As of the date of this Official Statement, $340,235,000 in aggregate principal amount of the Commission's Registration Fee Revenue Bonds (the "***Registration Fee Revenue Bonds***"), is outstanding, which includes a direct purchased obligation in the aggregate principal amount of $231,425,000. The proceeds of the Registration Fee Revenue Bonds were spent on portions of the Mon/Fayette Expressway and the Southern Beltway, are secured by, and are to be paid solely from, Registration Fee Revenues. See "CERTAIN FINANCIAL INFORMATION – Revenue Sources of the Commission – Registration Fee Revenues" and "COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Direct Purchase Obligations" herein.

Direct Purchase Obligations

Below is a summary of direct purchase obligations of the Commission outstanding as of the date of this Official Statement. These transactions may include terms and provisions, including but not limited to covenants and events of default, that are different from those contained in the Senior Revenue Indenture, Subordinate Revenue Indenture, and/or the Registration Fee Indenture. Copies of certain agreements relating to these transactions may be viewed on the Municipal Securities Rulemaking Board – Electronic Municipal Market Access system ("***EMMA***").

EB-5 Loans

As of the date of this Official Statement, there is an aggregate of $183,500,000 in EB-5 Loans that are outstanding as Senior Revenue Indenture Obligations. The Commission previously obtained an up to $800 million draw-down loan under the EB-5 visa program available to be drawn in separate tranches, of which $183,500,000 million has been drawn to date, leaving $616,500,000 million of EB-5 Loans currently not drawn. The EB-5 Loans issued to date under this facility have been issued in four tranches: one on February 21, 2018, a second tranche on November 13, 2018, a third tranche on November 6, 2019, and a fourth tranche on January 22, 2020. Each tranche of the EB-5 Loans has a five-year term and are secured as parity obligations with Turnpike Senior Revenue Bonds and other parity obligations issued under the Senior Revenue Indenture.

First Series of 2017 Bonds (Subordinate)

Turnpike Subordinate Revenue Refunding Bonds, First Series of 2017 (the "***First Series of 2017 Bonds***"), of which $291,850,000 aggregate principal amount is outstanding as of the date of this Official Statement, were issued under the Subordinate Revenue Indenture and are parity obligations with certain Subordinate Revenue Bonds and other parity obligations issued under the Subordinate Revenue Indenture. Additional information regarding the First Series of 2017 Bonds can be found at: https://emma.msrb.org/ES1055711-ER826006-ES1225682.pdf [9]

2005 Registration Fee Bonds (Registration Fee)

Registration Fee Revenue Bonds, Series B, C, and D of 2005 (the "***2005 Registration Fee Bonds***"), outstanding in the aggregate principal amount of $231,425,000 as of the date of this Official Statement, were converted to a direct purchase transaction in October 2015. The 2005 Registration Fee Bonds were issued under a separate indenture, as subsequently amended and supplemented, securing Registration Fee Revenue Bonds and are parity obligations with Registration Fee Revenue Bonds and any other parity obligations issued under such indenture. In July 2018, necessary amendments were made to the bond documents to allow for the modification of the interest rate. In February 2019, additional modifications were made to the bond documents to allow for the modification of the interest rate. In March 2019, the Commission cash defeased a portion of the 2005 Registration Fee Bonds. Additional information regarding the 2005 Registration Fee Bonds can be found at:

https://emma.msrb.org/EP1026791-EP795538-EP1197062.pdf [10]
https://emma.msrb.org/ES1188445-ES928832-ES1329795.pdf [11]
https://emma.msrb.org/MarketActivity/ContinuingDisclosureDetails/ES965483 [12]

Lines of Credit

On June 2, 2020, to assure liquidity throughout the COVID-19 Pandemic mitigation efforts, the Commission obtained a 365-day $200 million line of credit (the "***2020 Line of Credit***") from PNC Bank, National Association, to be used for general working capital purposes or to redeem, refund or make payments on a prior EB-5 Loan. The 2020 Line of Credit expired on June 2, 2021. On June 9, 2021, a $200 million line of credit (the "***2021 Line of Credit***") was obtained from PNC Bank, National Association, to be used for the purposes of funding or refinancing costs including general working capital needs of the Commission. The 2021 Line of Credit constitutes Short-Term Indebtedness and a Parity Obligation under the Senior Revenue Indenture.

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

Letter of Credit Agreements

The Commission has entered into letter of credit agreements related to certain of its Turnpike Revenue Bonds as detailed in the following table. The letter of credit agreements may contain provisions that are different from, and may be more restrictive than, the Senior Revenue Indenture.

Summary of Letter of Credit Agreements for
Turnpike Revenue Bonds
(as of the date of this Official Statement)

Variable Rate Bond Issue	Amount Outstanding	Provider	Expiration Date
Second Series of 2019	$139,815,000	TD Bank, N.A.	6/4/2024
Series of 2020	225,820,000	TD Bank, N.A.	6/24/2025
Series A of 2020	100,500,000	Barclays Bank PLC	12/1/2023

Interest Rate Exchange Agreements

As of the date of this Official Statement, approximately 90.6% of the Commission's outstanding debt is fixed rate, 6.5% is synthetic fixed and 2.9% is unhedged variable rate.

The Commission has interest rate exchange agreements with respect to certain portions of its Turnpike Revenue Bonds, Series 2009A, 2014B, 2018A, 2018B, 2019R2, 2020R2 and 2020A. In addition, the Commission has interest rate exchange agreements with respect to its Subordinate Revenue Bonds Series 2017R-1, Registration Fee Revenue Bonds, Series 2005, and Oil Franchise Tax Revenue Bonds, Series 2009B and 2016A.

Interest Rate Exchange Agreements
(as of July 30, 2021)

Lien	Current Notional	Mark to Market Valuation
Senior Bonds	$670,340,000	($174,064,417)
Subordinate Bonds	291,850,000	(6,996,369)
Motor Vehicle Registration	231,425,000	(99,353,949)
Oil Franchise Tax	320,000,000	5,704,269

See Note 4, Note 7 and Note 9 to the Financial Statements for additional information relating to the foregoing. The Commission does not have any interest rate exchange agreements associated with its Special Revenue Bonds.

There are a number of risks associated with Swaps (hereinafter defined) that could affect the value of the Swaps, the ability of the Commission to accomplish its objectives in entering into the Swaps and the ability of the Commission to meet its obligations under the Swaps. These risks include, among others, the following: counterparty risk – the failure of the counterparty to make required payments; credit risk – the occurrence of an event modifying the credit rating of the Commission or its counterparty; termination risk – the need to terminate the transaction in a market that dictates a termination payment by the Commission under certain events, including but not limited to, credit rating downgrades of the Commission, defaults, etc.; collateral posting risk – the risk of the Commission posting collateral upon certain credit rating downgrades; tax risk – the risk created by potential tax events that could affect Swap payments; and basis risk – the mismatch between actual variable rate debt service and variable rate indices used to determine Swap payments.

On March 5, 2021, the Financial Conduct Authority announced that (i) immediately after December 31, 2021, publication of the 1-week and 2-month US Dollar LIBOR settings will permanently cease; and (ii) immediately after June 30, 2023, the 1-month, 3-month and 6-month US dollar LIBOR settings will permanently cease or no longer be representative (the "***FCA Announcement***"). Certain of the Commission's Swaps use a LIBOR based rate as a reference rate for determining the interest rate and/or other payment obligations thereunder.

It is not possible to predict the effect of the FCA Announcement, any changes in the methods pursuant to which LIBOR rates are determined, or any other reforms to LIBOR that may be enacted, any of which may adversely affect the determination of LIBOR rates or result in the phasing out of LIBOR as a reference rate. Any such effects could result in a sudden or prolonged increase or decrease in reported LIBOR rates, or result in the replacement of LIBOR with other reference rates, and could have a materially negative impact on the market value of the Commission's Swaps and payment obligations thereunder.

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 (hereinafter defined) will prevent the Commission from suffering adverse financial consequences as a result of these transactions.

Other Obligations

Act 44/Act 89 Payments to PennDOT

The Enabling Acts provide that all Act 44/Act 89 Payments shall be subordinate obligations of the Commission payable solely from the General Reserve Fund after meeting all other Commission requirements pursuant to any financial documents, financial covenants, liquidity policies or agreements in effect at the Commission. Pursuant to the Amended Funding Agreement, the Act 44/Act 89 Payments to PennDOT over the seven Fiscal Years ended May 31, 2014, were allocated between deposits to the Commonwealth Motor License Fund (the "***Motor License Fund***") for road and bridge work and deposits into the Public Transportation Trust Fund for distribution to Pennsylvania's local and regional public transportation agencies for operating and capital purposes.

No portion of the Act 44/Act 89 Payments to be deposited into the Public Transportation Trust Fund may be made with proceeds of Special Revenue Bonds. Effective July 1, 2014, 100% of the scheduled Act 44/Act 89 Payments to PennDOT is being deposited into the Public Transportation Trust Fund and may be used to support transit operating and capital costs, multimodal transportation capital project costs and alternative energy transportation capital project costs.

As reflected in the following table, of the date of this Official Statement, the Commission has paid a total amount of $7,900,000,000 under the Amended Funding Agreement, as set forth in the following table (dollar amounts in millions).

Act 44/Act 89 Payments
(in millions)

Fiscal Year Ended May 31	Payments to Motor License Fund	Payments to Public Transportation Trust Fund	Total
2008	$450.0	$300.0	$750.0
2009	500.0	350.0	850.0
2010	500.0	400.0	900.0
2011	200.0	250.0	450.0
2012	200.0	250.0	450.0
2013	200.0	250.0	450.0
2014	200.0	250.0	450.0
2015	0.0	450.0	450.0
2016	0.0	450.0	450.0
2017	0.0	450.0	450.0
2018	0.0	450.0	450.0
2019	0.0	0.0	0.0
2020	0.0	900.0	900.0
2021	0.0	450.0	450.0
2022*	0.0	450.0	450.0
Totals:	**$2,250.0**	**$5,650.0**	**$7,900.0**

* The Commission utilized $420 million of the proceeds of its 2021B Subordinate Revenue Bonds (delivered July 27, 2021) and $30 million of current revenues to fully satisfy to its Fiscal Year 2022 Act 44/Act 89 Payment obligation.

As a result of the materially adverse impact of the COVID-19 pandemic, the Commission and PennDOT agreed, pursuant to Amendment Three, to extend the payment dates for the Commission's July 2020 and October 2020 scheduled payments of $112.5 million each, to January 29, 2021. The Commission ultimately paid the full $450 million within Fiscal Year 2021, issuing Subordinate Revenue Bonds in January 2021 to fund the Fiscal Year 2021 Act 44/Act 89 obligation covering payments originally due in July 2020 and October 2020, as well as the payment due January 2021 and a portion of the April 2021 payment.

The Act 44/Act 89 Payments due to PennDOT for Fiscal Year 2022 totaled $450 million and were paid in July 2021 with $420 million of the net proceeds of the Commission's 2021B Subordinate Revenue Bonds and $30 million of current revenues. Beginning in Fiscal Year 2023 through 2057 (the term of the Amended Funding Agreement), the annual Act 44/Act 89 Payments are reduced to $50 million.

The Commission's obligation to pay the annual debt service on any Special Revenue Bonds on a timely basis continues to be part of its payment obligation under the Amended Funding Agreement.

The Enabling Acts provide that if the Secretary of the Budget notifies the Commission of a failure to make Act 44/Act 89 Payment to PennDOT under the Amended Funding Agreement, all actions of the Commission taken by a vote of the Commissioners thereafter must be approved by a unanimous vote of all Commissioners until such time as the Act 44/Act 89 Payment is made. However, a unanimous vote is not required if it would prevent the Commission from complying with covenants with "current bondholders, debt holders or creditors." These voting procedures have never been used as the Commission has not missed any Act 44/Act 89 Payments under the Amended Funding Agreement.

The Commission is required by the terms of the Amended Funding Agreement and Act 44 to fix and adjust tolls at levels that will generate revenues (together with other available moneys) sufficient to pay, among other things, amounts to PennDOT pursuant to the Amended Funding Agreement when due and other obligations of the Commission, and the Commission has covenanted in the Subordinate Revenue Indenture to set tolls at a level sufficient to meet its coverage obligations taking into account any additional debt incurred in order to make such payments.

The Commission believes that System revenues should enable it to satisfy its payment obligations as set forth in the Amended Funding Agreement.

Future Financing Considerations

The Commission may issue additional bonds and obligations under the Senior Revenue Indenture and/or the Subordinate Revenue Indenture. In addition, the Commission may, from time to time, issue other notes and bonds payable from such sources as may be available so long as the Tolls, the Oil Franchise Tax Revenues securing the Oil Franchise Tax Revenue Bonds or the Registration Fee Revenues securing the Registration Fee Revenue Bonds are not pledged to such other notes and bonds or, if pledged, are pledged on a subordinate basis. The Commission regularly evaluates market conditions with respect to the possible refunding of its outstanding Senior Revenue Bonds, Subordinate Revenue Bonds, Special Revenue Bonds, Oil Franchise Tax Revenue Bonds and Registration Fee Revenue Bonds.

The Fiscal Year 2022 Financial Plan anticipates that the estimated $6.963 billion in net costs associated with the Fiscal Year 2022 Capital Plan will be funded with approximately $3.8 billion on a pay-as-you-go basis, with the remaining approximately $3.2 billion funded with proceeds from Senior Revenue Bonds, including EB-5 Loans. In addition to the 2021 Bonds, the Commission expects to issue not to exceed $400,000,000 in aggregate principal amount of its Senior Revenue Bonds, Series C of 2021 in calendar year 2022.

See "CAPITAL IMPROVEMENTS – Ten-Year Capital Plan" and "FINANCIAL PLAN – Fiscal Year 2022 Financial Plan" herein for more information.

The Commission may from time to time increase toll rates to meet the debt, capital and operational obligations of the Commission. The most recent toll increase took effect on January 3, 2021. The next systemwide toll increase will occur in January 2022, with a 5% increase, except with respect to the Southern Beltway which is expected to open in October 2021. On July 6, 2021, the Commissioners approved both the October 2021 toll schedule for the Southern Beltway and the January 2022 toll increases of 5% across the balance of the System. See "CERTAIN FINANCIAL INFORMATION – Toll Schedule and Rates" above for further information.

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

CERTAIN OTHER INFORMATION

Budget Process

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

The Commission also annually prepares its annual Financial Plan as required under Act 44. See "FINANCIAL PLAN" herein.

Financial Policies and Guidelines

The Commission's Investment Policy and Guidelines, adopted on June 6, 1997, and amended from time to time thereafter (the "***Investment Policy***"), sets forth the purpose, objectives and investment guidelines for eligible securities for the investment of financial assets of the Commission. Eligible securities include those that are consistent with the Senior Revenue Indenture. For a discussion of the Commission's concentration of credit risk to particular issuers, see Note 4 to the Financial Statements.

The Investment Policy provides that appropriate benchmarks shall be developed for the various funds invested by the Commission and that the returns of the Commission's individual portfolio segments are to be compared to such benchmarks. Pursuant to the Investment Policy, the Commission's Investment Policy Committee must prepare an investment report for the Commissioners on a quarterly basis, including a management summary that provides a clear picture of the status of the current investment portfolio and transactions made over the latest reporting period. The report is to include investment performance and demonstrate conformity with the Investment Policy.

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

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

The Debt Management Policy establishes parameters and provides guidance governing the issuance and management of Commission debt. It addresses such issues as usage of unhedged variable rate debt, rate covenants and limitations on additional bonds and disclosure. Notwithstanding the rate covenants in the Senior Revenue Indenture, the Commission's Debt Management Policy requires the Commission's management to maintain 2.00 debt service coverage on the Turnpike Revenue Bonds, 1.30 debt service coverage on the Subordinate Revenue Bonds and 1.20 debt service coverage on the Special Revenue Bonds. For a discussion of the rate covenant under the Senior Revenue Indenture, see "SECURITY FOR THE 2021 BONDS – Rate Covenant" in the forepart of this Official Statement.

The Commission’s Swap Policy establishes guidelines for the use and management of all interest rate management agreements, including, but not limited to, interest rate swaps, swaptions, caps, collars and floors (collectively, "***Swaps***") incurred in connection with the incurrence of debt. The Commission’s Swap Policy was amended in October 2018 to reflect current regulations and best practices in the derivatives industry, particularly with respect to the selection requirements and on-going monitoring related to swap advisors.

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

At least annually, the Commission’s Assistant Chief Financial Officer for Financial Management, in consultation with the Commission’s Swap Advisor and legal counsel, must evaluate the risks associated with outstanding Swaps and provide to the senior executives and the Commissioners a written report of the findings based upon criteria set forth in the Swap Policy.

The Commission has also adopted additional financial policies related to post issuance compliance procedures and continuing disclosure.

The Tax-Exempt Debt, Build America Bonds and Other Tax-Advantaged Debt Post-Issuance Compliance Policies and Procedures (the "***Post Issuance Compliance Policy***") became effective on December 21, 2011, and implemented various policies and procedures to ensure that the Commission complies with all applicable federal tax rules related to its tax-exempt debt, Build America Bonds and other tax-advantaged debt issuances. Among other items, the policy requires compliance with all applicable federal tax documentation and filing requirements, yield restriction limitations, arbitrage rebate requirements, use of proceeds and financed projects limitations and recordkeeping requirements.

The Continuing Disclosure Policy was adopted by the Commission on February 2, 2016 and applies to all publicly offered Commission municipal securities that are subject to federal securities laws and/or continuing disclosure agreements. The policy requires the Commission to comply with all applicable securities laws, satisfy in a timely manner all contractual obligations undertaken pursuant to continuing disclosure agreements or otherwise, and to adhere to best practices for disclosure. The policy also requires the development, establishment and implementation of written procedures necessary to implement the Continuing Disclosure Policy, identifies key Commission participants responsible for disclosure, defines the role of Commission Disclosure Counsel and addresses training and document retention related to disclosure obligations.

Copies of the Commission's Investment Policy, Liquidity Standard Policy, Debt Management Policy, Swap Policy, Post Issuance Compliance Policy and Continuing Disclosure Policy can be found on the Commission's website at: https://www.paturnpike.com/pdfs/about/Policy_Letters.pdf.[13]

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

Personnel and Labor Relations

As of July 1, 2021, the Commission employed a total of 1,351 persons, consisting of 433 management employees, and 918 full-time union employees. Approximately 60% of all employees are engaged in maintenance operations and fare collection. Across the System's 23 facilities, there are 777 field personnel employed in the maintenance and facilities operations departments. The Commission currently employs 1,199 or 47% fewer employees than it did at the peak employment year of 2002.

As noted previously, on June 2, 2020 in connection with the permanent transition to AET In-Place operations, the Commissioners unanimously approved a measure to lay off 492 employees, primarily fare collection-related employees, effective June 18, 2020. See "THE COMMISSION – Recent Developments and Legislation" above.

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

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

Retirement Plan

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

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

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

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

On July 6, 2010, Pennsylvania Act 2010-46 was enacted which reduced the employer contribution rates for Fiscal Year 2010-2011, thus reducing the Commission's contribution rates for Fiscal Year 2010-2011 from 3.80% for Class A employees and 4.75% for Class AA employees to 3.29% for Class A employees and 4.11% for Class AA employees. This rate reduction was only for one year.

On November 23, 2010, Pennsylvania Act 120 of 2010 ("***Act 120***") was enacted. Under this legislation, effective January 1, 2011, benefit reductions are mandated for future SERS members; however, benefits for current members are preserved. New employees are subject to a higher contribution rate, an increase in the vesting period from five to ten years, elimination of lump-sum withdrawals, and an increase to the normal retirement age to obtain full, unreduced pension benefits. Rather than the current full benefit provision of 35 years of credited service, new employees' age and combined years of service must equal 92, including a minimum of 35 years of credited service, before they may receive full benefits. Act 120 established Class A-3 and Class A-4 memberships. Effective January 1, 2011, all new members to the System must elect one of these new membership classes. New members who elect Class A-3 will accrue benefits at 2% of their final average salary multiplied by years of service. Those members choosing Class A-4 will accrue benefits at 2.5% of their final average salary multiplied by years of service. Under Act 120, retirement benefits for Class A-3 and A-4 vest after 10 years of credited service. Class A-3 and A-4 members who retire at age 65 with three years of service or when the member's age (last birthday) plus their completed years of credit service total at least 92 (Rule of 92) are entitled to an unreduced annual retirement benefit. Members hired prior to January 1, 2011, retain their current full benefit provision of 35 years of credited service.

On June 12, 2017, Governor Wolf signed Act 5 of 2017 ("***Act 5***") into law that fundamentally changed retirement options for most new Commission employees beginning January 1, 2019. Act 5 allowed current Commission employees/SERS members to opt-in to one of the three new options between January 1, 2019 and March 31, 2019.

Among other changes, Act 5 creates three new classes of service which include: two new hybrid defined benefit/defined contribution tiers ("***A-5***" and "***A-6***"); and a straight defined contribution plan ("***DC***") for SERS. The new classes of service apply to all Commission employees who first become SERS members on or after January 1, 2019. Benefit reductions and increased retirement ages are mandated for future SERS members. Beginning January 1, 2019, new A-5 employees will annually accrue benefits at a rate of 1.25% and A-6 employees will annually accrue benefits at a rate of 1.0%. A-5, A-6 and DC employees will be subject to different employee contribution rates for the defined benefit and defined contribution plans and the vesting period for the defined benefit portion will be ten years while the defined contribution portion vests after three years. Additionally, Act 5 increases the normal retirement age to obtain full, unreduced defined benefit pension benefits for new A-5 and A-6 employees to age 67 and it requires 35 years of service and utilizes the "Rule of 97" (i.e., years of service plus age equal or exceed 97) The final average salary used to calculate defined benefits will be the employee's five highest salary years. Employer contribution rates for A-5, A-6 and 401(a)DC employees will be 2.25%, 2.0% and 3.5%, respectively.

Act 5 does not affect current Commission retirees' pension benefits nor does it reduce benefits for Commission employees hired before January 1, 2019. Act 5 also provides special benefit enhancements for current A-3 and A-4 Commission employees who will be allowed to take certain lump sum withdrawals upon retirement. Additionally, A-3 and A-4 employee pension contribution rates will go down when SERS investment returns exceed return targets. This provision balances the current downside risk-sharing required of A-3 and A-4 members as required by Act 120.

For more information on SERS, including Act 120 and Act 5, see the SERS website at http://sers.pa.gov/Newsroom.html[14], http://sers.pa.gov/About-Legislation.html[15], and the

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

disclosure beginning on page 44 of this Official Statement for the Commonwealth's General Obligation Bonds, First Series of 2021 and First Refunding Series of 2021, dated May 5, 2021, as supplemented May 17, 2021, which may be found at the EMMA website at https://emma.msrb.org/P21461340-P21134109-P21546788.pdf.[16] **See also Note 8 to the Commission's Financial Statements and related Required Supplementary Information for more information on the Commission's pension liabilities.**

Covered Class A, Class AA, Class A-3, A-4, A-5, A-6 and 401(a)DC employees are required by statute to contribute to SERS at a rate of 5.00%, 6.25%, 6.25%, 9.30%, 8.25%, 7.5% and 7.5%, respectively, of their gross pay. Employees' contributions are recorded in individually identified accounts, which are also credited with interest, calculated quarterly to yield 4.00% per annum, as mandated by statute. Accumulated employee contributions and credited interest vest immediately and are returned to the employee upon termination of service if the employee is not eligible for other benefits.

Participating agency contributions, including those for the Commission, are also mandated by statute and are based upon an actuarially determined percentage of gross pay that is necessary to provide SERS with assets sufficient to meet the benefits to be paid to SERS members. The Commission's required retirement contribution, as a percentage of covered payroll, by class for the most recent five (5) Fiscal Years of the Commonwealth, is as follows:

Year Ended June 30 (Commonwealth's Fiscal Year)	Class A	Class AA	Class A-3	Class A-4	Class A-5	Class A-6	401(a)DC
2020	28.84%	36.04%	24.92%	24.92%	19.18%	19.18%	19.12%
2019	27.71	34.63	23.94	23.94	18.42	18.42	18.39
2018	27.55	34.44	23.80	23.80	N/A	N/A	N/A
2017	23.96	29.95	20.70	20.70	N/A	N/A	N/A
2016	19.89	24.86	17.18	17.18	N/A	N/A	N/A

The Commission's required contributions and percentage contributed for most recent five (5) Fiscal Years of the Commission are as follows:

Year Ended May 31	Commission Required Contribution (in millions)	Percent Contributed
2021	$32.1	100%
2020	37.8	100
2019	37.8	100
2018	38.1	100
2017	33.3	100

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

The Commission has budgeted $53.5 million for pension expense for Fiscal Year 2022. The SERS required contributions are expected to be approximately $33.2 million. The Commission's higher budgeted amount for pension expense is calculated on an accrual basis, while the SERS required contribution amount is calculated based on budget estimates for salaries, employee pension classes, and approved SERS employer contribution rates.

A copy of SERS's annual financial statements may be obtained by writing to: State Employees' Retirement System, 30 North Third Street, P.O. Box 1147, Harrisburg, Pennsylvania, 17108-1147. Additional information about SERS, including its Comprehensive Annual Financial Reports and actuarial valuation reports, are available at http://www.sers.state.pa.us.[17]

Act 120 also imposes limits referred to as "collars" on annual increases to employer contribution rates (i.e., the employer contribution rate for a particular year may not exceed the sum which results from adding the collar applicable for such year to the prior year's contribution rate). The collar for Commonwealth Fiscal Year 2015-2016 was 4.5% and no longer applies effective July 1, 2017.

At Fiscal Year ended May 31, 2020, the Commission reported a liability of $329.2 million for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. See Note 8 to the Commission's Financial Statements for additional information on how such pension liability was calculated.

Other Post-Employment Benefit Liabilities

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

The Commission established the Pennsylvania Turnpike Commission Retiree Medical Trust (the "***Trust***") on May 30, 2008, as an irrevocable trust, tax-exempt under the Internal Revenue Code, to provide funding for the Plan. The Trust is administered by five trustees appointed by the Commission, who each serve two-year terms. The chairman and vice chairman of the Trust are appointed by the Trustees and serve two-year terms. PNC Bank, N.A. serves as custodian of the assets of the Plan. Disbursement of Plan assets are made by the custodian at the direction of the Trustees.

Plan benefit provisions and retiree and dependent contribution rates are established and may be amended by the Commission.

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

Management and Supervisory Union Employees/Retirees. The benefits funded by the Trust include certain post-employment medical, prescription drug, dental and vision benefits to management and supervisory union employees based upon their date of hire and years of service. Eligibility categories generally include:

- Employees hired before March 1, 2016, who have reached 20 years of service and are under age 60; benefit eligibility changes from 20 to 10 years for retirees 60 years of age or older. The last five years of service must be with the Commission.

- Employees hired on or after March 1, 2016, who have reached 30 years of service and are under age 60; benefit eligibility changes from 30 to 25 years for retirees 60 years of age or older. The last ten years of service must be with the Commission. (Some current and previous Commonwealth employees hired on or after this date would be grandfathered under the first eligibility category.)

The same coverage is provided to surviving spouses and dependents of management and supervisory union retirees who retired on or after March 1, 2001. Surviving spouses of retirees who retired prior to March 1, 2001, may purchase medical coverage at the group rate and dependents are offered coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA). Medicare Part B premiums are paid by the retiree, spouse or dependent if age 65 or over, or under age 65 and disabled.

Non-Supervisory Union Employees/Retirees. The Benefits also include certain post-employment medical and prescription drug benefits to non-supervisory union employees who have satisfied the eligibility requirements in the applicable collective bargaining agreement.

- For Local 30 Professionals who were hired prior to January 1, 2011 and Local 250 and 77 employees who were hired prior to January 27, 2016, the earlier of completion of 20 years of credited service or the later of attainment of age 60 and completion of 10 years of credited service. The last 5 years of credited service must be with the Commission.

- For Local 30 Professionals who were hired on or after January 1, 2011, and Local 250 and 77 employees who were hired on or after January 27, 2016, the earlier of completion of 30 years of credited service or the later of attainment of age 60 and completion of 25 years of credited service. The last 10 years of credited service must be with the Commission.

The same coverage is provided to spouses and dependents of eligible non-supervisory union retirees until the death of the retiree. Surviving spouses are required to contribute the full cost of coverage and dependents are offered coverage under COBRA.

In accordance with the pronouncements of the Governmental Accounting Standards Board ("***GASB***"), the Commission implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions during Fiscal Year 2008. GASB Statement No. 45 was superseded by GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Statement No. 75

addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. Statement No. 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. The Commission adopted Statement No. 75 for its Fiscal Year ended May 31, 2019.

The Commission's total OPEB liability was $1.8 million at May 31, 2020. This liability was determined by an actuarial valuation as of May 31, 2019. Based on this valuation, the Plan's total OPEB liability was $462.2 million; the Plan's Fiduciary Net Position was $460.4 million resulting in a 99.6% funded status (Plan fiduciary net position as a percent of total OPEB liability) at the measurement date.

The Commission began making contributions to the Trust in Fiscal Year 2008 and adopted a Retiree Medical Trust Funding Policy, effective September 17, 2008. In accordance with the Funding Policy, the Commission anticipates approving an annual contribution to the Trust in the amount of the Annual Required Contribution ("***ARC***") as determined by the Commission's actuary in accordance with GASB Statement No. 45, during the approval of its annual operating budget. With the implementation of GASB Statement No. 75, the Commission will now refer to the Actuarially Determined Contribution ("***ADC***") instead of the ARC.

The ADC for Fiscal Year 2021 was $16.8 million which the Commission fully funded. The Commission budgeted and fully-funded $16.8 million for OPEB contributions for Fiscal Year 2021. The ADC for Fiscal Year 2022 is again budgeted to be $16.8 million. The Commission budgeted $16.8 million for OPEB contributions for Fiscal Year 2022.

The Plan's financial statements are not included in the financial statements of the Commission. For additional information regarding the Benefits and the Plan, including funding status and actuarial methods and assumptions, see Note 11 to the Commission's Financial Statements.

Environmental Impact

Stormwater Mitigation. For decades, the Commission has taken numerous steps to better control stormwater runoff as well as to limit impurities in runoff across the System. The Commission's efforts to reduce pollutants in stormwater during construction activities is achieved through its Erosion & Sedimentation Control measures, and in a perpetual manner through Post-Construction Stormwater Management. To mitigate the impacts of sediment entering waterways during construction, erosion and sedimentation best management practices are implemented and maintained throughout the course of construction until the vegetative cover is restored, and erosion potentials have diminished. Through its Post-Construction Storm Management measures, the Commission develops and implements plans for mitigating increased stormwater runoff from impervious surfaces. The Commission meets regularly with executives of both DEP and PennDOT to discuss issues, define direction and explore future collaborative initiatives.

Renewable Energy. The Commission has designed and is constructing a microgrid at its Greensburg maintenance shed which is expected to eliminate both energy and demand charges for electricity at the facility. This project combines natural gas and solar array to supply all power needs to the facility and any excess power will be sold back to the grid. The project is scheduled to be completed in October 2021.

Cybersecurity

The Commission and many of its vendors and contractors are dependent on information and computing technology to conduct general business operations, including toll transactions, toll collections, and customer account services. While to date the Commission has not experienced a materially disruptive cybersecurity threat, computer hacking, cyber-attacks or other malicious activities directed at the Commission's information systems or those of its vendors or contractors, could disrupt Commission services or cause physical or financial harm to the Commission, in the future. Further, cybersecurity breaches such as leakage or loss of confidential or proprietary data and failure or disruption of information technology systems could materially and adversely affect the Commission’s reputation, which could lead to significant outlays and decreased performance that insurance may not cover.

The Commission has a robust cybersecurity framework that leverages multiple layers of protection including edge and internal firewalls, an intrusion prevention system, security incident and event management, multi-layered anti-virus, malware protection and spam filters. The Commission performs regular security patching and regular internal and external vulnerability scans. Periodic security assessment and penetration testing is performed regularly by qualified third parties.

The Commission has purchased and implemented cybersecurity awareness training and simulated phishing attacks, and has published third-party security requirements that define general security requirements, requirements for vendors providing hosting cloud-based systems, and requirements for vendors providing on-premises systems or devices physically connected to the Commission’s networks. All Commission employees are required to complete annual information technology security training and phishing simulation campaigns are performed regularly. Additionally, the Commission has purchased cyber insurance which also provides immediate access to third party forensic investigation experts to assist the Commission with any data or system breaches.

Although the Commission devotes significant resources to maintain and regularly upgrade its systems and processes that are designed to protect the security of its computer systems, software, networks and other technology assets and the confidentiality, integrity and availability of information belonging to customers, there is no assurance that all these security measures will provide absolute security or prevent the risk of the Commission's finances or operations being negatively impacted by a cybersecurity threat directed at one of the Commission's vendors or contractors. These risks may increase in the future as the Commission continues to utilize AET, mobile payments and other internet-based applications both internally and externally. A successful cybersecurity attack on the Commission or one of its vendors or contractors, could have a material adverse effect on the financial condition and/or the operations of the Commission.

See "INVESTMENT CONSIDERATIONS – Cybersecurity Threats" in the forepart of this Official Statement.

Insurance

The Commission maintains All-Risk Property, Builder's Risk, Public Official bonds, Crime and Fiduciary insurance coverage and is self-insured for Workers' Compensation, Auto Liability, and General Liability claims.

For capital projects, the Commission maintains Builders' Risk insurance that covers buildings and structures, including temporary structures, while being constructed, erected or fabricated on Commission property. This insurance provides coverage against risk of physical damage and/or loss (subject to policy exclusions) to all buildings and structures during construction. Upon completion, a project is then covered under an All Risk insurance policy that has a $200 million per occurrence policy limit. See "CAPITAL IMPROVEMENTS – Condition of Turnpike System -- *Structures; Status of Delaware River Bridge*" herein.

Deductibles range in amount depending on the line of coverage and the nature of the claim. For bridges, tunnels, overpasses, underpasses and viaducts, the deductible is $5 million. For buildings (including contents), toll plazas and equipment, warehouses and similar facilities, the deductible is $1 million. The Commission's All Risk Insurance policy also includes loss of income coverage subject to a seven-day waiting period.

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

Performance Audit by the Auditor General

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

On March 18, 2019, Auditor General Eugene A. DePasquale issued a final report presenting the results of the statutorily required financial and performance audits of the Commission under Act 44 and Act 122 (the "***March 2019 Performance Audit***"). The financial portion of the audit covered the period from June 1, 2015 to May 31, 2017, and the performance portion of the audit covered the period from June 1, 2015 to January 30, 2019. The Auditor General's office did not conduct its own financial audit but reviewed audits and supporting documentation of the independent firm that audits the Commission's financial statements annually, including working papers for the two Fiscal Years ended May 31, 2016 through May 31, 2017.

The performance audit had two objectives: (1) to review and evaluate the process of selecting and awarding construction contracts; and (2) to determine if the Commission's revenue collections are meeting projected toll revenue expectations in order to meet its payment obligations and planned capital improvement projects. The performance audit presented two findings and six recommendations with four directed to the Commission and two to the Pennsylvania General Assembly.

The March 2019 Performance Audit included findings with respect to the following areas:

- The Commission's ability to raise toll revenue to cover Act 44/Act 89 Payments to PennDOT and expenditures for capital projects remains potentially unsustainable; and

- The Commission awarded construction contracts and engineering consultant agreements in accordance with its policies and procedures.

The March 2019 Performance Audit also included recommendations to the Commission and the General Assembly. The March 2019 Performance Audit recommended that the Commission should:

- Prioritize only capital projects requiring immediate attention;

- Ensure that traffic projections are conservative and realistic;

- Evaluate and scrutinize sources of revenue and operating expenses; and

- Evaluate ways to increase passenger car and commercial use of the Turnpike.

In addition, the Auditor General's Performance Audit recommended that the Pennsylvania General Assembly immediately re-evaluate Acts 44 and 89 and consider drafting and enacting new legislation to closely focus on interim alternative revenue sources. New legislation could help to ensure the current debt burden placed on the Commission is considerably mitigated for the continued viability of the Commission and the toll system in Pennsylvania. The Auditor General also recommended that the General Assembly refrain from increasing the $50 million annual Act 44/Act 89 Payment scheduled to begin during the Fiscal Year ending May 31, 2023. See "COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Other Obligations" herein for more information.

The full text of the Department of Auditor General's final report and the Commission's response may be found on the Commission's website at: https://www.paturnpike.com/pdfs/business/finance/AuditorGeneralsPeformanceAuditMar2019.pdf.[18]

Commission Compliance, Legislative and Cultural Affairs Department

In 2009, an Office of Inspector General (the "***OIG***") was created within the Commission to maintain integrity and efficiency at the Commission and to further maintain public confidence in the Commission. In 2012, the OIG merged into the newly created Compliance Department. The functions of the former OIG fall under the newly established Chief of Compliance, Legislative and Cultural Affairs has assumed the primary responsibility of developing, managing, and executing a comprehensive audit program that examines and promotes the adequacy and effectiveness of the Commission's internal control system. This new Compliance Department includes the office of

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

Internal Audit Services, Advisory Services and Diversity and Inclusion. This department also conducts Code of Conduct and Business Conduct Guidelines training to all Commission employees, construction contractors, and vendors, consultants and other business partners in the construction services sector.

Toll Revenue Enforcement

TRE, formerly the Office of Special Investigations, continues to conduct all internal and external investigations including working with the local District Attorneys' Offices in pursuing criminal prosecutions of the Commission's most egregious toll violators, which to date, have resulted in recovering restitution in the amount of $1,857,003 with 691 open investigations and 1,023 closed investigations, 622 payment plans and the filing of 131 criminal complaints.

Labor Relations Investigative Unit

The Labor Relations Investigative Unit ("***LRIU***"), formerly the Office of Special Investigations, has conducted numerous investigations of fraud, waste, abuse and misconduct that have resulted in the termination of Commission employees and a vendor contract. LRIU is also responsible for the enforcement of Commission rules, regulations, policies and strategic planning, and the Commission's Code of Conduct.

APPENDIX B

AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEARS ENDED MAY 31, 2020 AND 2019

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PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania

Basic Financial Statements
Fiscal Years Ended May 31, 2020 and 2019
With Independent Auditor's Report

MITCHELL TITUS
ACHIEVING EXCELLENCE TOGETHER

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PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Basic Financial Statements
Fiscal Years Ended May 31, 2020 and 2019

TABLE OF CONTENTS

TABLE OF CONTENTS *(continued)*

MITCHELL TITUS

INDEPENDENT AUDITOR'S REPORT

The Commissioners
Pennsylvania Turnpike Commission

Report on the Financial Statements

We have audited the accompanying financial statements of the Pennsylvania Turnpike Commission (the Commission), a component unit of the Commonwealth of Pennsylvania, as of and for the years ended May 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Commission's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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MITCHELL TITUS

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of May 31, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As more fully explained in Note 9, the Commission has committed to making significant payments under an Amended Lease and Funding Agreement as required under the terms of Acts 44 and 89. The Commission's ability to make such payments is dependent on its continuing capability to issue bonds to fund such payments and ultimately to raise tolls sufficient to repay its bonded debt and current lease payments. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Commission's Proportionate Share of Net Pension Liability – Pennsylvania State Employees' Retirement System – Pension Fund, the Schedule of Commission's Contributions – Pennsylvania State Employees' Retirement System – Pension Fund, the Schedule of Changes in the Commission's Net OPEB Liability and Related Ratios, and Schedule of Commission Contributions to the Other Postemployment Welfare Plan Program on pages 4 through 20 and pages 106 through 110 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

MITCHELL TITUS

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The Section Information on pages 111 through 124 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Section Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Section Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Mitchell & Titus, LLP

September 8, 2020

The management of the Pennsylvania Turnpike Commission (hereinafter referred to as the Commission) offers this narrative overview and analysis of the Commission's financial activities for the years ended May 31, 2020 and 2019, which should be read in conjunction with the Commission's basic financial statements.

Overview of the Basic Financial Statements

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

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

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

The statements of cash flows provide a detailed analysis of all sources and uses of cash. The direct method of cash flows is presented, along with a reconciliation of operating income to net cash provided by operating activities. The statements of cash flows are divided into the following activities sections – operating, investing, capital and related financing, and noncapital financing.

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

Financial Analysis

Comparative Condensed Statements of Net Position

	May 31		
	2020	**2019**	**2018**
		(In Thousands)	
Assets and deferred outflows of resources			
Current assets	$ 1,437,182	$ 1,729,355	$ 1,502,874
Noncurrent investments	1,219,940	995,525	708,304
Capital assets, net of accumulated depreciation	6,410,001	6,139,998	6,016,996
Other assets	32,521	33,823	168,267
Total assets	9,099,644	8,898,701	8,396,441
Total deferred outflows of resources	633,160	621,105	533,478
Total assets and deferred outflows of resources	9,732,804	9,519,806	8,929,919
Liabilities and deferred inflows of resources			
Current liabilities	1,181,489	1,367,934	921,771
Debt, net of unamortized premium	14,383,020	13,591,404	12,956,241
Net pension/OPEB liability	331,034	398,755	329,112
Other noncurrent liabilities	355,661	250,097	197,627
Total liabilities	16,251,204	15,608,190	14,404,751
Total deferred inflows of resources	172,748	153,857	163,930
Total liabilities and deferred inflows of resources	16,423,952	15,762,047	14,568,681
Net position			
Net investment in capital assets	(903,089)	(623,209)	(250,112)
Restricted for construction purposes	411,313	331,065	260,524
Restricted for debt service	42,619	51,536	43,954
Unrestricted	(6,241,991)	(6,001,633)	(5,693,128)
Total net position	$ (6,691,148)	$ (6,242,241)	$ (5,638,762)

The Commission's total net position decreased $448.9 million and $603.5 million for the fiscal years ended May 31, 2020 and 2019, respectively. The large decreases in net position in both fiscal years were mostly due to the requirements of Act 44, Act 89 and the Amended Lease and Funding Agreement (Amended Funding Agreement) between the Commission and Pennsylvania Department of Transportation (PennDOT) and costs associated with the related debt. Please refer to Note 9, Commitments and Contingencies, of the financial statements and to the Events That Will Impact Financial Position section of this MD&A for additional information regarding Act 44, Act 89 and the Amended Funding Agreement between the Commission and PennDOT. See also Note 7, Debt, in reference to the related debt. Additionally, as stated in Note 2, the Commission implemented Governmental Accounting Standards Board (GASB) Statement No. 75, which reduced net position by $147.7 million for the fiscal year ended May 31, 2019.

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

Financial Analysis *(continued)*

Comparative Condensed Statements of Net Position *(continued)*

The Commission's total assets and deferred outflows of resources increased by $213.0 million in fiscal year 2020. This 2020 increase is mostly related to an increase in capital assets of $270.0 million. This increase is offset by a decrease in cash and investments of $64.2 million. The increase in capital assets is mostly related to capital asset additions of $652.6 million, offset by $382.1 million of depreciation expense. The decrease in cash and investments is the result of a drop in revenues in the fourth quarter due to the COVID-19 pandemic plus cash defeasances of certain subordinate bonds in May 2020. For additional information, see Note 4, Cash and Investments, Note 5, Capital Assets, and Note 7, Debt.

The Commission's total assets and deferred outflows of resources increased by $589.9 million in fiscal year 2019. This 2019 increase is mostly related to increases in current investments of $335.7 million and noncurrent investments of $287.2 million. The increase in total investments is primarily due to unspent proceeds related to Oil Franchise Tax Senior and Mainline Senior bond issuances. For additional information, see Note 4, Cash and Investments, and Note 7, Debt.

Total liabilities and deferred inflows of resources increased by $661.9 million in fiscal year 2020 and by $1,193.4 million in fiscal year 2019. The increases for both fiscal year 2020 and fiscal year 2019 were mainly related to the issuance of senior debt and subordinate debt. In addition, in fiscal year 2019, due to pending litigation, the Commission accrued scheduled payments to PennDOT in accordance with Act 44, Act 89, and the Amended Funding Agreement. See Note 7, Debt, for additional information regarding the new issuances of debt. Please refer to Note 9, Commitments and Contingencies, of the financial statements and to the Events That Will Impact Financial Position section of this MD&A for additional information regarding Act 44, Act 89 and the Amended Funding Agreement between the Commission and PennDOT.

Financial Analysis *(continued)*

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

	Year ended May 31		
	2020	**2019**	**2018**
		(In Thousands)	
Operating			
Operating revenues	$ 1,283,783	$ 1,336,605	$ 1,201,274
Cost of services	(533,931)	(509,753)	(494,742)
Depreciation	(382,088)	(384,104)	(379,401)
Operating income	367,764	442,748	327,131
Nonoperating revenues (expenses)			
Investment earnings	90,345	83,072	18,809
Other nonoperating revenues	22,693	22,572	22,303
Act 44 payments to PennDOT	(450,000)	(450,000)	(450,000)
Capital assets transferred to Commonwealth	(294)	(162,982)	-
Interest and bond expense	(652,901)	(620,584)	(566,137)
Nonoperating expenses, net	(990,157)	(1,127,922)	(975,025)
Loss before capital contributions	(622,393)	(685,174)	(647,894)
Capital contributions	173,486	229,386	207,804
Decrease in net position	(448,907)	(455,788)	(440,090)
Net position at beginning of year, before restatement	(6,242,241)	(5,638,762)	(5,198,672)
Cumulative effect of change in accounting principle	-	(147,691)	-
Net position at beginning of year, as restated	(6,242,241)	(5,786,453)	(5,198,672)
Net position at end of year	$ (6,691,148)	$ (6,242,241)	$ (5,638,762)

For the fiscal years ended May 31, 2020 and 2019, operating and nonoperating revenues totaled $1,396.8 million and $1,442.3 million, respectively, while operating and nonoperating expenses totaled $2,019.2 million and $2,127.4 million, respectively.

Total operating and nonoperating revenues for fiscal year 2020 were $45.5 million or 3.2% lower than fiscal year 2019. This decrease in revenue was the result of the drastic decrease in traffic due to the COVID-19 pandemic. Vehicle transactions during the fourth quarter of fiscal year 2020 decreased by more than 45.0% compared to the same period of the prior year. The decrease in revenue from this traffic decline was offset with the January 2020 toll increase of 6.0% for cash, E-ZPass and Toll By Plate customers, as well as the full year impact of the January 2019 toll increase of 6.0% for cash, E-ZPass and Toll By Plate customers. Fiscal year 2020 total vehicle transactions were down approximately 11.3% compared to fiscal year 2019.

Financial Analysis *(continued)*

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

Total operating and nonoperating revenues for fiscal year 2019 were $199.9 million, or 16.1% higher than fiscal year 2018. This increase in revenue was mainly related to an $130.4 million increase in net fare revenues resulting from a January 2019 toll increase of 6.0% for cash, E-ZPass and Toll By Plate customers, as well as the full year impact of the January 2018 toll increase of 6.0% for both cash and E-ZPass customers. Total traffic volumes were also up slightly, 2.0%, in fiscal year 2019 compared to fiscal year 2018. In addition, investment earnings increased $64.3 million due to a positive change in fair value of fixed-income investments, which was the result of decreasing U.S. Treasury rates during fiscal year 2019.

Total operating and nonoperating expenses for fiscal year 2020 were $108.2 million lower than fiscal year 2019, primarily due to a decrease in capital assets transferred to the Commonwealth of $162.7 million.

Total operating and nonoperating expenses for fiscal year 2019 were $237.1 million higher than fiscal year 2018, primarily due to an increase in capital assets transferred to the Commonwealth of $163.0 million. In addition, interest and bond expenses increased $54.4 million related to the increase in debt (see Note 2, Debt).

Capital contributions decreased by $55.9 million in fiscal year 2020 primarily due to a $47.9 million decrease in Federal reimbursements and an $8.0 million reduction in Oil Company Franchise Tax revenues. Capital contributions increased by $21.6 million in fiscal year 2019 primarily due to a $22.4 million increase in Federal reimbursements (see Note 2).

Capital Assets and Debt Administration

Capital Assets

Capital assets consist of land and intangible assets (right-of-way easements), buildings, improvements, equipment, infrastructure, and assets under construction. Infrastructure assets are typically items that are immovable such as highways, bridges and tunnels. The Commission's investment in capital assets as of May 31, 2020 amounted to $13.0 billion of gross asset value with accumulated depreciation of $6.6 billion, leaving a net book value of $6.4 billion. The net book value of capital assets as of May 31, 2019 was $6.1 billion. Capital assets represented 65.9% and 64.5% of the Commission's total assets and deferred outflows of resources as of May 31, 2020 and 2019, respectively.

Assets under construction at the end of fiscal year 2020 were $1,788.7 million, which was $298.5 million more than in fiscal year 2019. Assets under construction at the end of fiscal year 2019 were $1,490.2 million, which was $27.5 million less than in fiscal year 2018. In fiscal year 2020, $322.3 million of constructed capital assets were completed, which was $340.5 million less than the $662.8 million of constructed capital assets completed in fiscal year 2019. In addition to constructed capital assets, the Commission had capital asset additions of approximately $31.7

Financial Analysis *(continued)*

Capital Assets and Debt Administration *(continued)*

Capital Assets (continued)

million and $35.3 million in fiscal years 2020 and 2019, respectively. In fiscal years 2020 and 2019, these additions related to purchases and capital contributions.

A high priority for the Commission is the ongoing full depth roadway total reconstruction of the east/west Turnpike Mainline and Northeast Extension. This work includes the reconstruction and widening of the roadway, the widening of the median, replacement of both mainline and overhead bridges as well as many safety enhancements. To date, approximately 144 miles of total reconstruction have been completed. Currently, approximately seven miles are in construction and approximately 82 miles are in design. Also, the Commission completed six miles of brand new roadway and 51 miles of roadway resurfacing during fiscal year 2020, helping to maintain a quality-riding surface with a Turnpike System-wide median IRI (International Roughness Index) of 71, which is rated as good. The Commission also completed additional cashless tolling conversions at two different locations on the system and one service plaza truck parking expansion.

The Commission constructed five new bridges, completely replaced six aging original bridges with new bridges, redecked or rehabilitated another eight bridges, painted four bridges, constructed one new culvert and extended another five culverts. Of the Commission's bridges, 2.3% are rated structurally deficient which is below the national average of 6.8%. All 26 bridges currently rated structurally deficient are either in construction or design for rehabilitation.

The Commission also constructed one new noise wall and three new retaining walls in fiscal year 2020.

Facility projects continue to focus on environmental and safety compliance, and on the maintenance and repair of existing buildings including HVAC, electrical and plumbing systems based on deficiencies identified during facility condition assessments. The construction for a new Southern Beltway Maintenance Facility is currently underway and is scheduled to be completed in November 2020. The design for the Eastern Training Facility is scheduled to be completed in September 2020 with construction to begin in the late fall of 2020. In addition, the Devault Maintenance Facility Reconstruction is currently under design and is slated for construction in the spring of 2021.

Through collaboration with the Department of General Services and other Commonwealth agencies, the Commission has implemented a utility bill management system, "EnergyCap," to provide effective utility bill data collection and analytics for electricity and natural gas utility usage at Commission facilities, and to facilitate energy procurement activities that reduce energy costs. The Commission continues to utilize alternative fuels such as the public CNG Fueling Station at New Stanton Service Plaza and electric vehicle (EV) charging stations at Oakmont, New Stanton, Bowmansville, Peter J. Camiel and King of Prussia service plazas.

Financial Analysis *(continued)*

Capital Assets and Debt Administration *(continued)*

Capital Assets (continued)

The Mon/Fayette Expressway is open to traffic from the Pennsylvania/West Virginia line to PA 51 in Jefferson Hills Borough, a distance of 53 miles. The preliminary design for the remainder of the Mon/Fayette Expressway project, extending from PA Route 51 to Interstate Route 376 in Pittsburgh, has been completed. The current estimates to complete the final 14 miles of the Mon/Fayette Expressway to Interstate Route 376 are in excess of $2.0 billion. Limited funding provided through Act 89 will be used to advance this project.

The Southern Beltway is a series of three independent projects that extend from the Mon/Fayette Expressway near Finleyville to Interstate 376 (I-376) at the Pittsburgh International Airport. One project constructed as part of the Southern Beltway, a six-mile section of toll road in Allegheny County that connects I-376 to U.S. Route 22 (U.S. 22), is in operation. The project from U.S. 22 to Interstate 79 (I-79) has started construction with expected completion in late 2021. The project from I-79 to Mon/Fayette Expressway is currently in the final design phase. When completed, the entire Southern Beltway will utilize cashless tolling.

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

The Commission completed the first of three phases of its Pennsylvania Turnpike/I-95 Interchange Project in September 2018. The main objectives of the Interchange Project are to improve the linkage between I-95 and the Turnpike Mainline to create continuity in the interstate system, relieve congestion on local roads which are currently used by travelers to make the connection between I-95 and the Turnpike Mainline, create additional capacity on the Turnpike Mainline and I-95 to accommodate the transfer of traffic from the local roadway system, and improve travel times through the interchange area.

The first phase of the Interchange Project included preparatory work and construction of a portion of the interchange between I-95 and the Turnpike Mainline, including northbound I-95 to the eastbound Turnpike Mainline and westbound Turnpike Mainline to southbound I-95. This phase included construction of a new mainline toll plaza and a cashless tolling plaza westbound, which opened in January 2016. This first phase of the Interchange Project was completed and open to traffic in September 2018. The portion of the Turnpike Mainline from the Interchange Project eastward to the Delaware River Bridge in Bucks County has been redesignated as Interstate 95. The second phase of the Interchange Project will include the completion of the reconstruction and widening of the remaining interchange connectors. The third phase will be the construction of a new wider bridge over the Delaware River, replacing the existing bridge. Funding for construction of the first phase was included in the Capital Plan. Funding for the second and third phases is not included in the Capital Plan.

The above paragraphs describe the changes in capital assets occurring during the fiscal years ended May 31, 2020 and 2019. Please refer to the capital assets section in the notes to the financial statements (Note 5) for schedules summarizing changes in capital assets.

Financial Analysis *(continued)*

Capital Assets and Debt Administration *(continued)*

Debt Administration – Mainline

In June 2018, the Commission issued $182,455,000 2018 Series A-1 Senior Revenue Bonds at a variable rate with a maturity date of December 1, 2023. The 2018 Series A-1 Senior Revenue Bonds were issued primarily for the current refunding of the December 1, 2018 maturity of the Commission's 2013 Series A Senior Revenue Bonds ($76,075,000); the current refunding of the December 1, 2018 maturity of the Commission's 2014 Series B-1 Senior Revenue Bonds ($65,000,000); the current refunding of the December 1, 2018 maturity of the Commission's 2016 Series A-2 Senior Revenue Bonds ($40,590,000); and for paying the costs of issuing the 2018 Series A-1 Senior Revenue Bonds.

In June 2018, the Commission issued $307,935,000 2018 Series A-2 Senior Revenue Bonds at a fixed rate with a maturity date of December 1, 2048. The 2018 Series A-2 Senior Revenue Bonds were issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges and paying the costs of issuing the 2018 Series A-2 Senior Revenue Bonds.

In November 2018, the Commission issued $141,200,000 2018 Series B Senior Revenue Bonds at a variable rate with a maturity date of December 1, 2023. The 2018 Series B Senior Revenue Bonds were issued primarily for the current refunding of the December 1, 2020 maturity of the Commission's 2017 Series B-1 Senior Revenue Bonds ($40,000,000), which were issued as a Direct Placement; the current refunding of the December 1, 2021 maturity of the Commission's 2017 Series B-2 Senior Revenue Bonds ($100,320,000) which were issued as a Direct Placement; and paying the costs of issuing the 2018 Series B Senior Revenue Bonds.

In November 2018, the Commission issued, as a Direct Borrowing, $45,000,000 2018 EB-5 Loan (Second Tranche) at a fixed rate with a maturity date of November 13, 2023. The Commission is borrowing this money to fund a portion of the costs of certain capital projects included in the Commission's current Ten-Year Capital Plan and for paying the costs of issuing the 2018 EB-5 Loan.

In February 2019, the Commission issued $84,365,000 2019 First Series Senior Revenue Bonds at a fixed rate with a maturity date of December 1, 2033. The 2019 First Series Senior Revenue Bond were issued primarily for the current refunding of the Commission's 2017 Series C Senior Revenue Bonds ($103,330,000), which were issued as a Direct Placement, and paying the costs of issuing the 2019 First Series Senior Revenue Bonds.

In May 2019, the Commission cash defeased the December 1, 2021 maturity of the Commission's 2012 Series A Senior Revenue Bonds ($4,525,000).

In May 2019, the Commission cash defeased the December 1, 2021 maturity of the Commission's 2011 Series A Senior Revenue Bonds ($16,725,000).

Financial Analysis *(continued)*

Capital Assets and Debt Administration *(continued)*

Debt Administration – Mainline (continued)

In June 2019, the Commission issued $139,815,000 of 2019 Second Series Senior Revenue Bonds at a variable rate with a maturity date of December 1, 2038. The 2019 Second Series Senior Revenue Bonds were issued to refund a portion of the 2013 Series B Senior Revenue Bonds ($100,000,000), 2014 Series B-1 Senior Revenue Bonds ($39,150,000), and to pay the cost of issuing the 2019 Second Series Senior Revenue Bonds.

In June 2019, the Commission issued $722,970,000 of 2019 Series A Subordinate Revenue Bonds at a fixed rate with a maturity date of December 1, 2049. The 2019 Series A Subordinate Revenue Bonds were issued primarily to finance a portion of the cost of making payments to PennDOT in accordance with Act 44 and Act 89 and paying the cost of issuing the 2019 Series A Subordinate Revenue Bonds.

In August 2019, the Commission issued $341,325,000 of 2019 Series A Senior Revenue Bonds at a fixed rate with a maturity date of December 1, 2049. The 2019 Series A Senior Revenue Bonds were issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges and paying the costs of issuing the 2019 Series A Senior Revenue Bonds.

In September 2019, the Commission issued $179,815,000 of the 2019 Forward Delivery Series Senior Revenue Bonds at a fixed rate with a maturity date of December 1, 2025. The 2019 Forward Delivery Series Senior Revenue Bonds were issued primarily for the current refunding of the 2009 Series B Senior Revenue Bonds ($190,080,000) and to pay the cost of issuing the 2019 Forward Delivery Series Senior Revenue Bonds.

In November 2019, the Commission issued, as a Direct Borrowing, $52,000,000 2019 EB-5 Loan (Third Tranche) at a fixed rate with a maturity date of November 5, 2024. The Commission is borrowing this money to fund a portion of the costs of certain capital projects included in the Commission's current Ten-Year Capital Plan and for paying the costs of issuing the 2019 EB-5 Loan.

In November 2019, the Commission issued $86,730,000 of 2019 First Series Subordinate Revenue Refunding Bonds (Federally Taxable) at a fixed rate with a maturity date of December 1, 2042. The 2019 First Series Subordinate Revenue Refunding Bonds were issued to provide funds for refunding a portion of the Commission's 2010 Series C-1 Subordinate Revenue Bonds ($1,540,000), 2011 Series B Subordinate Revenue Bonds ($40,130,000), 2012 Series A Subordinate Revenue Bonds ($25,910,000), 2012 Series B Subordinate Revenue Bonds ($12,685,000) and for paying the cost of issuing the 2019 First Series Subordinate Revenue Refunding Bonds.

Financial Analysis *(continued)*

Capital Assets and Debt Administration *(continued)*

Debt Administration – Mainline (continued)

In November 2019, the Commission issued $151,130,000 of 2019 First Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding Bonds (Federally Taxable) at a fixed rate with a maturity date of December 1, 2043. The 2019 First Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding Bonds were issued to provide funds for refunding a portion of the Commission's 2010 Series B-1 Motor License Fund-Enhanced Subordinate Special Revenue Bonds ($13,780,000), 2011 Series B Motor License Fund-Enhanced Subordinate Special Revenue Bonds ($23,340,000), 2012 Series A Motor License Fund-Enhanced Subordinate Special Revenue Bonds ($28,610,000), 2012 Series B Motor License Fund-Enhanced Subordinate Special Revenue Bonds ($35,270,000), and 2013 Series A Motor License Fund-Enhanced Subordinate Special Revenue Bonds ($39,765,000) and for paying the cost of issuing the 2019 First Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding Bonds.

In January 2020, the Commission issued, as a Direct Borrowing, $36,500,000 2020 EB-5 Loan (Fourth Tranche) at a fixed rate with a maturity date of January 21, 2025. The Commission is borrowing this money to fund a portion of the costs of certain capital projects included in the Commission's current Ten-Year Capital Plan and for paying the costs of issuing the 2020 EB-5 Loan.

In January 2020, the Commission issued $234,320,000 of 2020 First Series Senior Revenue Bonds (Federally Taxable) at a fixed rate with a maturity date of December 1, 2043. The 2020 First Series Senior Revenue Bonds were issued to refund a portion of the 2012 Series A Senior Revenue Bonds ($99,380,000), 2013 Series C Senior Revenue Bonds ($115,580,000), and to pay the cost of issuing the 2020 First Series Senior Revenue Bonds.

In February 2020, the Commission issued $134,310,000 of 2020 First Series Subordinate Revenue Refunding Bonds (Federally Taxable) at a fixed rate with a maturity date of December 1, 2043. The 2020 First Series Subordinate Revenue Refunding Bonds were issued to provide funds for refunding a portion of the Commission's 2010 Series B-1 Subordinate Revenue Bonds ($11,285,000), 2011 Series B Subordinate Revenue Bonds ($3,820,000), 2012 Series A Subordinate Revenue Bonds ($29,555,000), 2012 Series B Subordinate Revenue Bonds ($29,240,000), 2013 Series A Subordinate Revenue Bonds ($28,555,000), 2013 Series B-1 Subordinate Revenue Bonds ($18,200,000), 2013 Series B-3 Subordinate Revenue Bonds ($10,215,000) and for paying the cost of issuing the 2020 First Series Subordinate Revenue Refunding Bonds.

Financial Analysis *(continued)*

Capital Assets and Debt Administration *(continued)*

Debt Administration – Mainline (continued)

In February of 2020, the Commission issued $92,750,000 of 2020 First Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding Bonds (Federally Taxable) at a fixed rate with a maturity of December 1, 2043. The 2020 First Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding Bonds were issued to provide funds for refunding a portion of the Commission's 2010 Series B-1 Motor License Fund-Enhanced Subordinate Special Revenue Bonds ($8,790,000), 2011 Series B Motor License Fund-Enhanced Subordinate Special Revenue Bonds ($25,000), 2012 Series A Motor License Fund-Enhanced Subordinate Special Revenue Bonds ($1,805,000), 2012 Series B Motor License Fund-Enhanced Subordinate Special Revenue Bonds ($15,230,000), 2013 Series A Motor License Fund-Enhanced Subordinate Special Revenue Bonds ($20,330,000), 2013 Series B Motor License Fund-Enhanced Subordinate Special Revenue Bonds ($38,080,000) and for paying the cost of issuing the 2020 First Series Motor License Fund-Enhanced Subordinate Revenue Refunding Bonds.

In May 2020, the Commission cash defeased the June 1, 2020 maturity of the Commission's 2008 Series B Subordinate Revenue Bonds ($7,595,000), 2016 First Series Subordinate Revenue Refunding Bonds ($42,020,000), and 2017 Series B-2 Subordinate Revenue Bonds ($210,000).

Debt Administration – Oil Franchise Tax

In June 2018, the Commission issued $231,385,000 2018 Series A Oil Franchise Tax Senior Revenue Bonds at a fixed rate with a maturity date of December 1, 2048. The 2018 Series A Oil Franchise Tax Senior Revenue Bonds were issued to finance the costs of various capital expenditures for the Turnpike System as set forth in the Commission's current or any prior Independently Funded Capital Plan, including but not limited to, the funding of capital expenditures related to the Southern Beltway or the Mon-Fayette Expressway and for paying the costs of issuing the 2018 Series A Oil Franchise Tax Senior Revenue Bonds.

In June 2018, the Commission issued $210,480,000 2018 Series B Oil Franchise Tax Subordinate Revenue Bonds at a fixed rate with a maturity date of December 1, 2048. The 2018 Series B Oil Franchise Tax Subordinate Revenue Bonds were issued to provide funds to finance the costs of capital expenditures related to the Southern Beltway or the Mon-Fayette Expressway, funding necessary reserves or similar funds to the extent required for such financing and for paying the costs of issuing the 2018 Series B Oil Franchise Tax Subordinate Revenue Bonds.

Debt Administration – Motor License Registration Fee

In March 2019, the Commission cash defeased the July 15, 2030 maturity of the Commission's 2005 A Motor License Registration Fee Revenue Bonds ($9,000,000).

Financial Analysis *(continued)*

Capital Assets and Debt Administration *(continued)*

The preceding paragraphs describe debt activity occurring during the fiscal years ended May 31, 2020 and 2019. Please refer to the debt and commitments and contingencies notes to the financial statements (Notes 7 and 9) for more detailed schedules and descriptions of long-term debt and swap activity.

Events That Will Impact Financial Position

On July 18, 2007, Act 44 was enacted, creating a "public-public partnership" between the Commission and PennDOT to provide funding for roads, bridges and transit throughout the Commonwealth. Subsequently, in order to, among other things, effectuate the provisions of Act 44 requiring the Commission to make substantial annual payments to PennDOT, as described below, the Commission and PennDOT entered into a Lease and Funding Agreement (the Act 44 Funding Agreement), incorporating many of the terms of Act 44. The term of the Act 44 Funding Agreement is fifty (50) years from October 14, 2007, its effective date.

The Act 44 Funding Agreement also granted the Commission the option to lease the portion of Interstate 80 (I-80) located in the Commonwealth from PennDOT upon, among other things, the approval of the Federal Highway Administration (FHWA) of the conversion of such portion into a toll road (the Conversion). The Conversion was not approved by FHWA and neither the Commission nor PennDOT appealed the decision. The Commission did not exercise its option to lease such portion of I-80, and the period during which the Commission could exercise its option under the Act 44 Funding Agreement lapsed on October 14, 2010 without the Commission effectuating the Conversion or having the ability to do so in the future. Under existing law, including Act 89, all legal, financial and operational responsibility for I-80 remains with PennDOT.

Pursuant to Act 44 and the Act 44 Funding Agreement, because the Conversion did not occur, the Commission was obligated to make scheduled annual payments of $450.0 million to PennDOT through 2057, payable in equal quarterly installments, with $200.0 million of the scheduled annual payment supporting road and bridge projects and $250.0 million supporting transit projects throughout the Commonwealth. See the following paragraphs for subsequent changes to such annual payments.

Events That Will Impact Financial Position *(continued)*

On November 25, 2013, Act 89 was enacted providing substantial revisions to the Commission's transportation funding obligations under Act 44 and authorized the Commission and PennDOT to immediately amend the Act 44 Funding Agreement to reflect the statutory provisions of Act 89. On April 4, 2014, the Commission and PennDOT executed Amendment Number One to the Lease and Funding Agreement (the *Act 89 Amendment* and together with the Act 44 Funding Agreement, the *Original Amended Funding Agreement*). In accordance with Act 89 and the Original Amended Funding Agreement, the Commission's aggregate annual payment to PennDOT for fiscal year 2014 through fiscal year 2022 is $450.0 million and, in accordance with Act 89, the Commission must pay at least $30.0 million of such amount from current revenues with the remainder expected to be funded by bonds issued under the Subordinate Revenue Indenture. Commencing in fiscal year 2023 through the term of the Amended Funding Agreement, the Commission's aggregate annual payment to PennDOT is $50.0 million, which amount shall be paid from then current revenues of the Commission. Since 2017, by policy, the Commission has been providing $50.0 million from current revenues to fund a portion of its annual payment to PennDOT. The Amended Funding Agreement terminates on October 14, 2057.

On July 31, 2018, the Commission and PennDOT executed Amendment Number Two to the Lease and Funding Agreement (the *Amendment* and together with the Original Amended Funding Agreement, the *Amended Funding Agreement*). Pursuant to the terms of the Amendment, the Commission and PennDOT agreed to extend the due date for the Commission's July 31, 2018 Annual Base Payment of $50.0 million and Annual Additional Payment of $62.5 million to October 31, 2018 or such later date in fiscal year ending June 30, 2019 as agreed to by the Commission and PennDOT. Further, the Commission and PennDOT agreed that the due date for any subsequent Annual Base Payment and Annual Additional Payment in the fiscal year ending June 30, 2019 could also be extended to any later date, not later than June 30, 2019, as agreed to by the Commission and PennDOT. By letter agreement from the Commission to PennDOT dated April 22, 2019, PennDOT confirmed and acknowledged that the due date for the Commission's July 31, 2018, October 31, 2018, January 31, 2019 and April 30, 2019 Annual Base Payments and Annual Additional Payments was extended to June 28, 2019 or such later date, not later than June 30, 2019, as the parties mutually agreed. On June 27, 2019, the Commission paid PennDOT $450.0 million, which represented the Commission's fiscal year 2019 Act 44 and Act 89 funding obligation.

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

Events That Will Impact Financial Position *(continued)*

On June 1, 2020, the Commission submitted its financial plan for fiscal year 2021 (the Financial Plan). The Financial Plan incorporates the Commission's adopted Ten-Year Capital Plan, which provides for approximately $5.8 billion, net of federal reimbursements, in capital spending over the coming decade. The Ten-Year Capital Plan authorizes the Commission to undertake a number of capital improvements and to pursue new initiatives to maintain and improve the Turnpike System ensuring that it remains in a state of good repair. The Financial Plan indicates that in fiscal year 2020 the Commission was able to meet all of its financial covenants and obligations under Act 44 and Act 89 and progressed with its Ten-Year Capital Plan. Given the ongoing and adverse effects the COVID-19 pandemic is causing with both the national and state economies, the Commission plans to enhance the cost containment and efficiency measures it implemented within the past few years. Since mid-March 2020, the Commission has taken several steps to try and mitigate the impact of the COVID-19 pandemic. Specifically, the Commission has: 1) instituted a hiring freeze for both management and union positions; 2) reduced its capital spending by 25.0% to include Turnpike System protection projects only; 3) offered an early retirement program to management employees; 4) cut operating expenses; 5) implemented a work from home policy where feasible; 6) eliminated cash collection and in person contact in toll lanes; 7) delayed Act 44 payments until June 30, 2021 at the latest; and 8) lowered projected Fiscal Year 2021 debt service by $160.0 million through three cash defeasances (one relating to Senior Revenue Bonds and two relating to Subordinate Revenue Bonds); the final two defeasances are anticipated to occur on December 1, 2020. In response to the continuing adverse impacts of the pandemic and its resulting change in safe operating procedures, the Commissioners unanimously approved a measure on June 2, 2020 to lay off approximately 500 employees, primarily fare collection-related employees, effective June 18, 2020. The Commission will continue permanent Cashless Tolling operations. Additional measures include an anticipated increase of the planned January 2021 toll increase from 5.0% to 6.0% and would include an additional 45.0% increase for Toll By Plate customers on the ticket system and the Mon-Fayette Expressway. The proposed additional increase for Toll By Plate customers is necessary to mitigate the loss of revenue due to unpaid Toll By Plate transactions. The Commission also anticipates reducing the annual growth of its operating budget from the planned 4.0% annual level to 2.0% annually for Fiscal Years 2021-2023. With these adjustments and together with future toll increases, the Commission is expected to meet its financial covenants, Act 44 and Act 89 obligations, and capital needs during fiscal year 2021.

Events That Will Impact Financial Position *(continued)*

The Financial Plan for fiscal year 2021 reflects data contained in CDM Smith's Bring-down letter, dated May 29, 2020 (May 2020 Bring-down Letter) which can be found on the Commission's website. The Financial Plan for fiscal year 2021 along with the May 2020 Bring-down Letter include a downward revision to estimated toll revenue and traffic versus that which was contained in CDM Smith's 2018 Traffic and Revenue Forecast together with the bring-down letter dated April 2019 (a copy of which can be found on the Commission's website). As a result of COVID-19 pandemic mitigation efforts, CDM Smith was forecasting a 14.2% decline in the total number of fiscal year 2021 transactions and an 8.2% decrease in fiscal year 2021 annual net toll revenues versus estimates contained in the Financial Plan for fiscal year 2020. One assumption of the fiscal year 2021 Financial Plan was that the Commission would implement a toll increase in October 2020. However, because of the impacts of the COVID-19 pandemic, the Commission decided to delay the toll increase. As noted in the previous paragraph, the increase was approved for January 2021. Based on this delay in implementing the toll increase, a 10.6% decrease in net toll revenues versus estimates contained in the Financial Plan for fiscal year 2020 is now forecasted. The PTC will continue to monitor traffic transactions and at present, it is anticipated that the Commission will request a six-month update (December 2020) from CDM Smith to the May 2020 Bring-down Letter.

Fiscal year 2021 operating expenses are projected to be $426.0 million, which is 1.4% lower than the prior year budgeted amount of $432.0 million. The Financial Plan assumes the Commission will implement three years of below average growth (2.0%) in its annual operating budget to achieve its financial planning goals. After fiscal year 2023, the Financial Plan assumes the Commission will continue with controlled growth of 4.0% annual increases in operating expenses. Where possible, the Commission is actively managing its operations to limit the rate of growth in those operating costs directly under its control. However, significant portions (26.1%) of the Commission's operating budget are beyond its ability to control. These external cost drivers include the Commission's pension expense related to the State Employees Retirement System (SERS) and the Commission's projected expense related to the Pennsylvania State Police. With respect to specific operating expenses that are under the control of the Commission, such costs are projected to decrease nearly 1.0% in fiscal year 2021, while the Commission's Pennsylvania State Police expense is estimated to increase 4.5% ($2.5 million).

The Financial Plan also continues to include more conservative debt structuring assumptions, first included in the fiscal year 2017 Financial Plan, to reduce the Commission's interest costs. These include assuming 30-year terms versus 40-year terms to amortize principal more quickly, eliminating the planned use of capital appreciation bonds and other deferred interest products in the future, and assuming a portion of future debt issuances are based on level debt service assumptions rather than on escalating debt service. Finally, the Financial Plan maintains debt service coverage ratios for all toll revenue supported debt above policy level constraints.

Events That Will Impact Financial Position *(continued)*

The Financial Plan concludes that the Commission will continue to meet all of its indenture covenants and all of its other obligations through fiscal year 2057. However, as a forward-looking report, the Financial Plan makes certain assumptions, including future toll increases, to reach its conclusion that the financial covenants, Act 44 and Act 89 obligations and capital needs will be met beyond fiscal year 2021. Key among these assumptions is the Commission's ability to raise all tolls throughout the Turnpike System. The Financial Plan reflects the full year effects of the January 2020 toll increase and the partial year impacts of the originally proposed October 2020 toll increase. On July 21, 2020, the Commissioners voted unanimously to adopt a January 2021 toll increase of 6.0% along with the implementation of an additional 45.0% increase for Toll By Plate use on the ticket system and the Mon-Fayette Expressway, also effective in January 2021. The net effect of delaying the planned toll increase from October 2020 to the Commission's traditional January (2021) implementation date is an estimated $35.0 million decrease in the fiscal year 2021 estimated toll revenues.

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

The preceding paragraphs provide a brief overview of Act 44 and Act 89 and their requirements. Please refer to the commitments and contingencies section in the Notes to the Financial Statements (Note 9) for additional information regarding the Commission's commitments under the Amended Funding Agreement. See also Note 15 for Subsequent Events. Furthermore, legislation may be introduced that could affect the Commission and its obligations pursuant to Act 44 and Act 89. However, the Commission cannot predict what other legislation may be considered by the General Assembly during the 2020-2021 or future legislative sessions or if any other proposals or initiatives may lead to the adoption of legislation that may affect the Commission.

Litigation

On March 15, 2018, several individuals, entities and associations involved in or related to the commercial trucking industry (the Trucking Plaintiffs) filed a class action lawsuit against the Commission, several individuals in their individual capacity and in their official capacity related to the Commission, an individual in her individual capacity and in her official capacity as Chair of the Commission and as Secretary of Transportation, and Governor Wolf, in both his individual and official capacity (the Defendants). The litigation was captioned *Owner Operator Independent Drivers Association, Inc. et al. v. Pennsylvania Turnpike Commission et al.*, No. 1:18-cv-00608-SHR (United States District Court for the Middle District of Pennsylvania) (the Lawsuit). The Trucking Plaintiffs alleged that Act 44, as amended by Act 89 (Act 44/89), violated the Commerce Clause and the right to travel under the U.S. Constitution, either facially or as applied, because the Commission improperly imposes Turnpike tolls beyond that which is necessary for the operation and maintenance of the Turnpike System and that the Commission expends toll revenues for purposes other than the operation and maintenance of the Turnpike System.

Events That Will Impact Financial Position *(continued)*

Litigation (continued)

The Lawsuit sought, among other things, the following injunctive remedies: (1) a permanent injunction enjoining the Commission from issuing any further bonds or incurring any additional debt for the purpose of making Act 44/89 payments; and (2) a permanent injunction prohibiting the Commission from using toll revenues to make payments on outstanding bonds issued to meet Act 44/89 obligations. Moreover, the lawsuit sought certain monetary damages including a refund of a portion of certain tolls allegedly imposed upon the Trucking Plaintiffs' use of the Turnpike System in excess of what was reasonably necessary to pay for the cost of operating and maintaining the Turnpike System, together with any legally applicable interest and other compensation.

The Commission along with all of the other Defendants vigorously defended Act 44/89 and the propriety of the Commission's imposition and use of the Turnpike toll revenues in court.

On April 4, 2019, Judge Yvette Kane of the United States District Court for the Middle District of Pennsylvania (the District Court) issued a decision in which the District Court determined that tolls assessed by the Commission do not unduly burden interstate commerce or interfere with the constitutional right to travel and the Trucking Plaintiffs' complaint failed to state a claim upon which relief may be granted for violations of the dormant Commerce Clause or the constitutional right to travel. Accordingly, the District Court granted the Defendants' motions to dismiss the Trucking Plaintiffs' complaint. On August 13, 2019, the United States Court of Appeals for the Third Circuit affirmed the decision of the District Court, and subsequently denied the Trucking Plaintiffs' petition both for a panel rehearing and an en banc rehearing.

On December 11, 2019, the Trucking Plaintiffs filed a petition for a writ of certiorari in the United States Supreme Court (the Supreme Court) asking the Supreme Court to review the decision of the Third Circuit. On January 27, 2020, the Supreme Court denied the Trucking Plaintiffs' petition for a writ of certiorari asking the Supreme Court to review the decision of the Third Circuit. *Owner Operator Independent Drivers Association, Inc. et al. v. Pennsylvania Turnpike Commission et al.,* cert. denied *(U.S. Jan 27, 2020) (No. 19-762).* This denial by the Supreme Court left undisturbed the favorable decision of the Third Circuit. The Trucking Plaintiffs did not file a petition for rehearing, as permitted by the Supreme Court rules, and the period to file such a petition expired on February 21, 2020. Thus, the class action lawsuit has concluded favorably to the Commission.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Statements of Net Position
May 31, 2020 and 2019
(in thousands)

	2020	2019
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets		
Cash and cash equivalents	$ 198,564	$ 192,784
Investments	78,655	93,666
Accounts receivable - net of allowance of $229.6 million and $167.1 million as of May 31, 2020 and 2019, respectively	65,631	78,619
Accrued interest receivable	2,066	1,712
Inventories	24,685	19,290
Restricted current assets		
Cash and cash equivalents	707,766	807,132
Investments	341,586	521,567
Accounts receivable	3,180	11,047
Accrued interest receivable	15,049	3,538
Total current assets	1,437,182	1,729,355
Noncurrent assets		
Investments		
Investments	354,491	363,526
Investments restricted	865,449	631,999
Total investments	1,219,940	995,525
Capital assets not being depreciated		
Land and intangibles	425,643	405,643
Assets under construction	1,788,685	1,490,161
Capital assets being depreciated		
Buildings	983,739	981,115
Improvements other than buildings	151,066	150,306
Equipment	706,803	642,785
Infrastructure	8,946,265	9,044,067
Total capital assets before accumulated depreciation	13,002,201	12,714,077
Less: Accumulated depreciation	6,592,200	6,574,079
Total capital assets after accumulated depreciation	6,410,001	6,139,998
Other assets		
Prepaid bond insurance costs	5,875	4,212
Other assets	26,646	29,611
Total other assets	32,521	33,823
Total noncurrent assets	7,662,462	7,169,346
Total assets	9,099,644	8,898,701
Deferred outflows of resources from hedging derivatives	217,154	126,520
Deferred outflows of resources from refunding bonds	343,723	371,837
Deferred outflows of resources from pensions	37,837	76,692
Deferred outflows of resources from OPEB	34,446	46,056
Total deferred outflows of resources	633,160	621,105
Total assets and deferred outflows of resources	$ 9,732,804	$ 9,519,806

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

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Statements of Net Position *(continued)*
May 31, 2020 and 2019
(in thousands)

	2020	2019
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current liabilities		
Accounts payable and accrued liabilities	$ 517,240	$ 515,097
Act 44 and 89 payment due to PennDOT	-	450,000
Current portion of debt	573,880	325,205
Unearned Income	90,369	77,632
Total current liabilities	1,181,489	1,367,934
Noncurrent liabilities		
Debt, less current portion, net of unamortized premium of $1,143.1 million and $1,074.7 million in 2020 and 2019, respectively	14,383,020	13,591,404
Net pension liability	329,189	385,821
Net OPEB liability	1,845	12,934
Other noncurrent liabilities	355,661	250,097
Total noncurrent liabilities	15,069,715	14,240,256
Total liabilities	16,251,204	15,608,190
Deferred inflows of resources from service concession arrangements	106,450	115,266
Deferred inflows of resources from refunding bonds	11,634	5,845
Deferred inflows of resources from pensions	42,492	21,531
Deferred inflows of resources from OPEB	12,172	11,215
Total deferred inflows of resources	172,748	153,857
Total liabilities and deferred inflows of resources	16,423,952	15,762,047
NET POSITION		
Net investment in capital assets	(903,089)	(623,209)
Restricted for construction purposes	411,313	331,065
Restricted for debt service	42,619	51,536
Unrestricted	(6,241,991)	(6,001,633)
Total net position	$ (6,691,148)	$ (6,242,241)

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

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended May 31, 2020 and 2019
(in thousands)

	2020	2019
Operating revenues		
Fares - net of discounts of $9.8 million and $8.4 million for the years ended May 31, 2020 and 2019, respectively	$ 1,279,740	$ 1,327,031
Other	4,043	9,574
Total operating revenues	1,283,783	1,336,605
Operating expenses		
Cost of services	533,931	509,753
Depreciation	382,088	384,104
Total operating expenses	916,019	893,857
Operating income	367,764	442,748
Nonoperating revenues (expenses)		
Investment earnings	90,345	83,072
Other nonoperating revenues	22,693	22,572
Act 44 and Act 89 payments to PennDOT	(450,000)	(450,000)
Capital assets transferred to the Commonwealth	(294)	(162,982)
Interest and bond expense	(652,901)	(620,584)
Nonoperating expenses, net	(990,157)	(1,127,922)
Loss before capital contributions	(622,393)	(685,174)
Capital contributions	173,486	229,386
Decrease in net position	(448,907)	(455,788)
Net position at beginning of year, before restatement	(6,242,241)	(5,638,762)
Cumulative effect of change in accounting principle	-	(147,691)
Net position at beginning of year, as restated	(6,242,241)	(5,786,453)
Net position at end of year	$ (6,691,148)	$ (6,242,241)

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

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Statements of Cash Flows
Years Ended May 31, 2020 and 2019
(in thousands)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customer tolls and deposits	$ 1,275,558	$ 1,315,498
Cash payments for goods and services	(354,160)	(365,027)
Cash payments to employees	(161,761)	(173,267)
Cash received from other operating activities	16,572	18,605
Net cash provided by operating activities	776,209	795,809
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	4,179,110	5,035,883
Interest received on investments	35,659	31,302
Purchase of investments	(4,150,842)	(5,617,870)
Net cash provided by (used in) investing activities	63,927	(550,685)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants received from other governments	5,845	59,858
Proceeds from Motor License Registration fees	28,000	28,000
Proceeds from Oil Company Franchise Tax	141,665	141,594
Construction and acquisition of capital assets	(659,425)	(662,544)
Proceeds from sale of capital assets	2,057	1,449
Payments for bond and swap expenses	(5,118)	(7,329)
Payments for cash defeasances	-	(34,505)
Payments for debt refundings	(574,829)	(425,315)
Payments for debt maturities	(109,150)	(104,280)
Interest paid on debt	(330,711)	(313,500)
Interest subsidy from Build America Bonds	10,533	20,998
Swap suspension payments received	2,443	6,825
Proceeds from debt issuances	1,073,553	1,325,956
Net cash (used in) provided by capital and related financing activities	(415,137)	37,207
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash payments to PennDOT	(900,000)	-
Payments for bond and swap expenses	(8,636)	-
Payments for cash defeasances	(51,164)	-
Payments for debt refundings	(481,197)	-
Payments for debt maturities	(76,905)	(120,085)
Interest paid on debt	(285,859)	(278,337)
Proceeds from debt issuances	1,285,176	-
Net cash used in noncapital financing activities	(518,585)	(398,422)
Decrease in cash and cash equivalents	(93,586)	(116,091)
Cash and cash equivalents at beginning of year	999,916	1,116,007
Cash and cash equivalents at end of year	$ 906,330	$ 999,916

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

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Statements of Cash Flows *(continued)*
Years Ended May 31, 2020 and 2019
(in thousands)

	2020	2019
Reconciliation of operating income to net cash provided by (used in) operating activities		
Operating income	$ 367,764	$ 442,748
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	382,088	384,104
Change in operating assets and liabilities		
Accounts receivable	12,989	(10,114)
Inventories	(5,395)	(1,894)
Other assets	(7)	22
Deferred outflows of resources from pensions	38,855	(29,990)
Deferred outflows of resources from OPEB	11,610	(17,885)
Accounts payable and accrued liabilities	12,652	5,137
Net pension liability	(56,632)	55,825
Net OPEB liability	(11,089)	(28,796)
Other noncurrent liabilities	1,456	(1,307)
Deferred inflows of resources from pensions	20,961	(13,256)
Deferred inflows of resources from OPEB	957	11,215
Net cash provided by operating activities	$ 776,209	$ 795,809
Reconciliation of cash and cash equivalents to the statements of net position		
Cash and cash equivalents	$ 198,564	$ 192,784
Restricted cash and cash equivalents	707,766	807,132
Total cash and cash equivalents	$ 906,330	$ 999,916

Noncash Investing, Capital and Related Financing and Noncapital Financing Activities

The Commission recorded a net increase of $50.7 million and a net increase of $44.1 million in the fair value of its investments not reported as cash equivalents for the years ended May 31, 2020 and 2019, respectively.

The Commission recorded $57.7 million and $56.6 million for the amortization of bond premiums for the years ended May 31, 2020 and 2019, respectively.

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

<u>Noncash Investing, Capital and Related Financing and Noncapital Financing Activities</u> *(continued)*

As indicated in Note 7, the Commission refunded and cash defeased various bonds in both fiscal years 2020 and 2019. The fiscal year 2020 refundings and cash defeasances resulted in a $19.1 million reclassification from bond premiums (discounts) to deferred outflows of resources from refunding bonds and a $41.7 million reclassification from bond premiums (discounts) to deferred inflows of resources from refundings. The fiscal year 2019 refundings and cash defeasances resulted in a $1.2 million reclassification from bond premiums (discounts) to deferred outflows of resources from refunding bonds and a $0.6 million reclassification from bond premiums (discounts) to deferred inflows of resources from refundings. Additionally, the Commission recorded $40.7 million and $45.3 million in expenses for amortization of deferred outflows/inflows of resources from refunding bonds for the years ended May 31, 2020 and 2019, respectively.

The Commission recorded $0.3 million and $0.6 million in expenses for amortization of prepaid bond insurance costs for the years ended May 31, 2020 and 2019, respectively.

The Commission recorded an interest expense reduction of $3.4 million and $3.0 million for the years ended May 31, 2020 and 2019, respectively, related to GASB Statement No. 53 entries.

The Commission recognized total capital contributions of $173.5 million for the fiscal year ended May 31, 2020. Cash received of $175.5 million for fiscal year ended May 31, 2020 is reported in the capital and related financing activities of this statement. The $2.0 million difference between capital contributions and cash received is the result of a $7.8 million decrease in receivables related to these capital contributions and a $5.8 million noncash capital contribution related to capital assets provided by service plaza operators. The Commission recognized total capital contributions of $229.4 million for the fiscal year ended May 31, 2019. Cash received of $229.5 million for the fiscal year ended May 31, 2019 is reported in the capital and related financing activities of this statement. The $0.1 million difference between capital contributions and cash received is the result of a $5.9 million decrease in receivables related to these capital contributions and a $5.8 million noncash capital contribution related to capital assets provided by service plaza operators. The Commission entered into agreements with a food and fuel provider to totally reconstruct the service plazas; the service plaza operators provide the capital for the reconstruction in exchange for lower rental rates. See Note 2 for further discussion on capital contributions and Note 6 for further discussion on the service plazas.

During fiscal year 2020, the Commission transferred land with a book value of $0.3 million to the Pennsylvania Game Commission. The Commission did not transfer any capital assets to the Pennsylvania Game Commission during the fiscal year ended May 31, 2019.

The Commission constructed ramps to connect the Turnpike Mainline with I-95 as part of its I-95 Interchange Project (see the MD&A section of these financial statements for further discussion on this project). The ownership, of these ramp assets, was transferred to PennDOT when the project was completed and open to traffic in September 2018. The net book value of the ramp assets transferred to PennDOT during the fiscal year ended May 31, 2019 was $163.0 million. The Commission did not transfer any capital assets to PennDOT during the fiscal year ended May 31, 2020.

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

NOTE 1 FINANCIAL REPORTING ENTITY

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

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

Based on the application of the criteria set forth by the Governmental Accounting Standards Board (GASB), the Commission has determined that it has no component units based on its review of GASB Statements No. 14, *The Financial Reporting Entity*, No. 39, *Determining Whether Certain Organizations are Component Units – an amendment of GASB Statement No. 14*, No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, and No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*.

The Commission is composed of five members, one of whom is the Secretary of Transportation. The others are appointed by the Governor with the approval of two-thirds of the Senate.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting

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

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

Reclassifications

Certain amounts presented in the prior period have been reclassified to conform to the current year financial statement presentation.

Cash Equivalents

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

Investments

Investments are stated at fair value with the exception of the following: money market investments are reported at cost which does not materially differ from fair value, certain nonparticipating contracts such as repurchase agreements and other agreements structured as repurchase agreements are reported at cost which does not materially differ from fair value and guaranteed investment contracts are stated at contract value. The Commission categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. See Note 4 for further discussion.

Accounts Receivable

Accounts receivable consist primarily of toll revenue receivables from customers and other E-ZPass agencies, fee revenue receivables from customers and reimbursement receivables from other governments. A reserve for uncollectible accounts receivable is established based on specific identification and historical experience.

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

Capital Assets

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

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

Inventories

Inventories are valued at average cost.

Debt Premium/Discount and Prepaid Insurance Costs

Debt premium/discount is being amortized using the effective interest rate method over the varying terms of the bonds issued. Prepaid bond insurance costs (incurred through bond issuances) are being amortized using the straight-line method over the varying terms of the bonds issued.

Unearned Income

Unearned income is primarily related to E-ZPass customer deposits. E-ZPass customers of the Commission are required to deposit funds in advance of anticipated travel. Since this money is collected prior to the customers' travel and revenue recognition, it is recorded as unearned income. The Commission also has unearned income related to microwave tower leases. The Commission had total unearned income of $90.9 million and $78.3 million for fiscal years ended May 31, 2020 and 2019, respectively. Unearned income recorded as current liabilities was $90.4 million and $77.6 million for the fiscal years ended May 31, 2020 and 2019, respectively. Unearned income recorded as other noncurrent liabilities was $0.5 million and $0.7 million for the fiscal years ended May 31, 2020 and 2019, respectively.

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

Accounting Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts may differ from those estimates.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pennsylvania State Employees' Retirement System (SERS) and additions to / deductions from SERS' fiduciary net position have been determined on the same basis as they are reported by SERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Pennsylvania Turnpike Commission's Other Postemployment Welfare Plan Program (the Plan) and additions to / deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at cost.

Deferred Outflows/Inflows of Resources

The Statements of Net Position report separate sections for deferred outflows and deferred inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources (expense/revenue) until then. The Commission has five items that qualify for reporting in these categories: deferred outflows from its hedging derivative instruments, deferred inflows from its service concession arrangements, deferred outflows/inflows from refunding bonds, deferred outflows/inflows related to pensions and deferred outflows/inflows related to other postemployment benefits.

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

Deferred Outflows/Inflows of Resources *(continued)*

The deferred outflows of resources related to hedging derivative instruments represent the cumulative change in their fair values. Deferred inflows from the Commission's service concession arrangements represent unamortized capital contributions from service plaza operators and the present value of minimum guaranteed rent payments. Deferred outflows/inflows from refundings are the result of differences in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows/inflows of resources related to pensions are described further in Note 8. The components of deferred outflows of resources and deferred inflows of resources, other than the difference between the projected and actual earnings on investments, are amortized into pension expense over a closed period, which reflects the weighted average remaining service life of all SERS members beginning the year in which the deferred amount occurs (current year). The annual difference between the projected and actual earnings on SERS investments is amortized over a five-year closed period beginning the year in which the difference occurs (current year). Deferred outflows/inflows of resources related to OPEB are described further in Note 11. Investment (gains)/losses are recognized in OPEB expense over a period of five years; economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members.

Net Position

GASB Statement No. 63 requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included.

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

Net Position *(continued)*

Restricted – This component of net position consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets. The restrictions would be imposed by:

- External parties such as creditors, grantors and contributors,
- Laws or regulations of other governments, or
- Restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Operating Revenues

Revenues associated with operations of the Turnpike System are considered operating revenues. The principal operating revenues of the Commission are fare revenues from customers. Other operating revenues include service station, restaurant, property and other rental income, as well as revenue from various sponsorship agreements. Also included are electronic toll collection fees related to E-ZPass and Toll By Plate programs, as well as bad debt expense.

Fare Revenues

Fare revenues are recognized when vehicles exit the Turnpike System. For fiscal years 2020 and 2019, approximately 86.8% and 82.5%, respectively, of the fare revenues were realized through electronic toll collection. For fiscal years 2020 and 2019, approximately 13.2% and 17.5%, respectively, of the fare revenues were realized through cash or credit card collection.

During fiscal year 2016, the Commission implemented Toll By Plate (TBP), a license plate tolling system for customers without a valid E-ZPass. The TBP program offers cashless, nonstop travel at tolling points throughout the Turnpike System. This system utilizes high speed cameras over the roadway that capture license plate images as vehicles pass through the tolling point. The registered owner of the vehicle then receives a flat rate invoice in the mail. For fiscal years 2020 and 2019, approximately 2.8% and 1.1%, respectively, of the fare revenues were realized through TBP, which are included as a part of electronic toll collection.

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

Operating Revenues *(continued)*

Fare Revenues (continued)

Effective March 16, 2020, due to the COVID-19 pandemic, the Commission implemented all-electronic tolling across the system. With existing cameras on the entry lanes, the Commission was able to utilize the TBP system at the remaining tolling points.

Operating Expenses

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

Cost of Services

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

Utilization of Resources

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

Nonoperating Revenues (Expenses)

Nonoperating revenues include net investment earnings and other miscellaneous revenues not associated with the operations of the Turnpike System. Nonoperating expenses include: Act 44 and Act 89 payments to PennDOT, capital assets transferred to the Commonwealth, interest and bond expenses, and other miscellaneous expenses not associated with the operations of the Turnpike System.

Act 44 and Act 89 Payments to PennDOT

The Commission and PennDOT entered into a Lease and Funding Agreement, as amended, as required under the terms of Act 44 and Act 89. See Note 9 for more information regarding Act 44 and Act 89.

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

Nonoperating Revenues (Expenses) *(continued)*

Capital Assets Transferred to the Commonwealth of Pennsylvania

During the fiscal year ended May 31, 2020, the Commission transferred land to the Pennsylvania Game Commission for impacts to grassland habitats resulting from highway projects. The book value of the land transferred was $0.3 million. The Commission did not transfer any capital assets to the Pennsylvania Game Commission during the fiscal year ended May 31, 2019.

The Commission constructed ramps to connect the Turnpike Mainline with I-95 as part of its I-95 Interchange Project (see the MD&A for further discussion on this project). The ownership, of these ramp assets, was transferred to PennDOT when the project was completed and open to traffic in September 2018. The net book value of the ramp assets transferred to PennDOT during the fiscal year ended May 31, 2019 was $163.0 million. The Commission did not transfer any capital assets to PennDOT during the fiscal year ended May 31, 2020.

Capital Contributions

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

Oil Company Franchise Tax Revenues

The Commission receives 14% of the additional 55 mills of the Commonwealth's Oil Company Franchise Tax revenues pursuant to Act 26 established in 1991. The revenues totaled $133.8 million and $141.8 million for the fiscal years ended May 31, 2020 and 2019, respectively. These revenues are kept in a separate fund as required by the applicable bond indenture.

Motor License Registration Fee Revenues

The Commission received $28.0 million in registration fee revenue during each of the fiscal years ended May 31, 2020 and 2019 from the Commonwealth's Motor License Fund. These revenues are kept in a separate fund as required by the applicable bond indenture.

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

Capital Contributions *(continued)*

Reimbursements from Other Governments

The Commission receives grants from other governments for reimbursement of costs for various highway construction projects. During the fiscal years ended May 31, 2020 and 2019, the Commission recognized $5.8 million and $53.7 million, respectively, as capital contributions from the other governments. During each of the fiscal years 2020 and 2019, all of the reimbursements were received from the Federal government.

Other Capital Contributions

The Commission entered into contracts with a food and a fuel provider to totally reconstruct the service plazas. The service plaza operators provide the capital for the reconstruction in exchange for lower rental rates. The Commission recognized capital contribution revenues of $5.8 million related to these agreements for each of the fiscal years ended May 31, 2020 and 2019. See Note 6 for further discussion on service plazas.

Adoption of Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement No. 75 addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. Statement No. 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. The Commission adopted Statement No. 75 in these financial statements for its fiscal year ended May 31, 2019. It was not practical to determine the fiscal year 2018 beginning balance amounts of all deferred inflows of resources and all deferred outflows of resources related to OPEB, except for contributions made subsequent to the measurement date. The Commission recorded the cumulative effect of applying this statement as a restatement of beginning net position as of June 1, 2018 (the beginning of the financial statement period). Net position as of June 1, 2018 was decreased by $146.8 million.

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

Adoption of Accounting Pronouncements *(continued)*

Additionally, SERS adopted Statement No. 75 for its fiscal year ended December 31, 2018 and was required to record its proportionate share of net OPEB liability. This restatement resulted in a reduction in SERS net position restricted for pensions as of January 1, 2018 (beginning of its fiscal year). The Commission recorded its proportionate share of this adjustment, as a restatement of beginning net position as of June 1, 2018 (the beginning of the financial statement period). Net position as of June 1, 2018 was decreased by $0.9 million.

In total, net position as of June 1, 2018 was decreased by $147.7 million. The effect on beginning balances for fiscal year 2018 was as follows:

Description	May 31, 2018 as Previously Reported	Beginning Balance Restatement	June 1, 2018 as Restated
		(in Thousands) *[Debits / (Credits)]*	
Statement of Net Position			
OPEB asset	$ 133,248	$ (133,248)	$ -
Deferred outflows of resources from OPEB	-	28,171	28,171
Net OPEB liability	-	(41,730)	(41,730)
GASB 75 effect on net pension liability	-	(884)	(884)
Net position	5,638,762	147,691	5,786,453

See the additional disclosures in Note 11 and the Required Supplementary Information as required by this Statement.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The Commission adopted this Statement for its fiscal year ended May 31, 2019. The adoption of this Statement had no impact on the Commission's financial statements for fiscal year ending May 31, 2019.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The Commission adopted this Statement for its fiscal year ended May 31, 2019. Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). See the Required Supplementary Information section for disclosures required by this statement.

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

Adoption of Accounting Pronouncements *(continued)*

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The Commission adopted Statement No. 88 for its fiscal year ended May 31, 2019. See the updated disclosures in Note 7.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The Commission adopted Statement No. 89 for its fiscal year ended May 31, 2019 on a prospective basis; therefore, no interest was capitalized in fiscal year 2019.

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. In accordance with the guidance, the Commission adopted Statement No. 95 immediately. The effective dates of the Accounting Pronouncements Not Yet Adopted have been updated as applicable.

Accounting Pronouncements Not Yet Adopted

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The Commission is required to adopt Statement No. 84 for the fiscal year ending May 31, 2021.

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

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interest – An Amendment of GASB Statements No. 14 and No. 61*. The Commission is required to adopt Statement No. 90 for the fiscal year ending May 31, 2021.

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

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

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The Commission is required to adopt Statement No. 93 for the fiscal year ending May 31, 2022.

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

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

Accounting Pronouncements Not Yet Adopted *(continued)*

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

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The Commission is required to adopt Statement No. 97 for the fiscal year ending May 31, 2023.

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

NOTE 3 INDENTURE REQUIREMENTS AND RESTRICTIONS

The Commission's debt has been issued under the provisions of five separate Trust Indentures (collectively referred to as Indentures):

- A Senior Trust Indenture dated July 1, 1986, which was amended and restated as of March 1, 2001, as supplemented, between the Commission and U.S. Bank, N.A., as successor Trustee;
- An Oil Franchise Tax Trust Indenture, dated August 1, 1998, as supplemented, between the Commission and U.S. Bank, N.A., as successor Trustee;
- A Registration Fee Revenue Trust Indenture, dated August 1, 2005 between the Commission and U.S. Bank, N.A., as successor Trustee;
- A Subordinate Trust Indenture dated April 1, 2008, as supplemented, between the Commission and Wells Fargo Bank, N.A., as successor Trustee; and
- A Special Obligation Trust Indenture, dated September 1, 2014, between the Commission and U.S. Bank, N.A., as successor Trustee.

Accordingly, certain activities of the Commission are restricted by these Indentures.

NOTE 4 CASH AND INVESTMENTS

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

	May 31, 2020	May 31, 2019
	(In Thousands)	
Cash and cash equivalent and investment types		
U.S. Treasuries	$ 1,316,725	$ 1,108,290
GNMA mortgages	1,168	1,339
Government agency securities	73,030	123,131
Municipal bonds	39,518	44,958
Corporate obligations	204,816	321,174
Total investment securities	1,635,257	1,598,892
Investment derivatives	4,924	11,866
Cash and cash equivalents	906,330	999,916
Total cash and cash equivalents and investments	$ 2,546,511	$ 2,610,674

Cash and Cash Equivalents

Cash and cash equivalents are held in various financial institutions. Cash and cash equivalents are comprised of demand deposits, money market funds and other highly liquid investments that mature within three months of acquisition. The demand deposits are secured under Pennsylvania Act 72 which secures public deposits in excess of the FDIC insurance limits. Cash equivalents consist of permitted investments in accordance with the Indentures as noted under cash equivalents and investment securities.

The following summary presents the Commission's cash and cash equivalents:

	Bank Balance	Book Balance
	(In Thousands)	
May 31, 2020		
Demand deposits	$ 30,186	$ 32,494
Money market funds	809,903	809,903
Cash equivalents	63,933	63,933
Total cash and cash equivalents	$ 904,022	$ 906,330
May 31, 2019		
Demand deposits	$ 24,128	$ 24,678
Money market funds	860,659	860,659
Cash equivalents	114,579	114,579
Total cash and cash equivalents	$ 999,366	$ 999,916

NOTE 4 CASH AND INVESTMENTS *(continued)*

Cash Equivalents and Investment Securities

Following is a description of the valuation methodologies used for investment securities measured at fair value.

- For the fiscal years ended May 31, 2020 and 2019, U.S. Treasuries of $1,316.7 million and $1,108.3 million, respectively, categorized as Level 1 are valued using quoted market prices.

- For the fiscal years ended May 31, 2020 and 2019, GNMA mortgages of $1.2 million and $1.3 million, respectively, categorized as Level 2 are valued using models based on spreads of comparable securities.

- For the fiscal years ended May 31, 2020 and 2019, government agency securities of $73.0 million and $123.1 million, respectively, categorized as Level 2 are valued using various market and industry inputs. Callable agency-issued debt securities are valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. The fair value of agency mortgage pass-through pool securities is model-driven based on spreads of a comparable security. Collateralized mortgage obligations are valued using quoted market prices and trade data adjusted by subsequent changes in related indices for identical or comparable securities.

- For the fiscal years ended May 31, 2020 and 2019, municipal bonds of $39.5 million and $45.0 million, respectively, categorized as Level 2 are valued using recently executed transactions, market price quotations and pricing models that factor in, where applicable, interest rates, bond or credit default swap spreads and volatility.

- For the fiscal years ended May 31, 2020 and 2019, total corporate obligations were $204.8 million and $321.2 million, respectively. Of the May 31, 2020 and 2019 amounts, $18.2 million is a guaranteed investment contract which is valued at the contract value. The remaining $186.6 million and $303.0 million as of May 31, 2020 and 2019, respectively, categorized as Level 2 are valued using recently executed transactions, market price quotations (where observable), bond spreads, credit default swap spreads, at the money volatility and/or volatility skew obtained from independent external parties, such as vendors and brokers adjusted for any basis difference between cash and derivative instruments. The spread data used are for the same maturity as the bond.

- For the fiscal years ended May 31, 2020 and 2019, investment derivatives of $4.9 million and $11.9 million, respectively, categorized as Level 2 are valued using discounted future net cash flows, mid-market values, nonperformance risk and bid/offer spreads. See Note 9 for further discussion.

NOTE 4 CASH AND INVESTMENTS *(continued)*

Cash Equivalents and Investment Securities *(continued)*

The Indentures (as listed in Note 3) permit investments in obligations of, or are guaranteed by, the United States of America, its agencies, and its instrumentalities (United States Government obligations); certificates of deposit issued by institutions insured by the FDIC or fully collateralized with United States Government obligations; investment agreements with certain financial institutions; commercial paper and asset-backed securities rated in the highest category by applicable rating agencies; money market funds and auction rate certificates rated in one of the two highest categories by applicable rating agencies; corporate bonds and medium term notes with a minimum rating of “AA-”; investments in bonds or notes issued by any state or municipality which are rated by Moody’s Investors Service (Moody’s), Standard & Poor’s Ratings Group (S&P) and Fitch Investors Service (Fitch) in one of their two highest rating categories; and repurchase agreements with banks or primary government dealers reporting to the Federal Reserve Bank of New York collateralized with obligations of, or guaranteed by, the United States of America.

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

- U.S. Treasury Bills, Notes, Bonds, Strips;
- Time Deposits issued by a banking association organized and doing business under the laws of the United States of America or of any state that may have a combined capital and surplus of at least $50.0 million;
- Certificates of Deposit that are fully collateralized and issued by a bank, savings and loan or trust company organized under the laws of the United States or any state thereof;
- Investment Agreements with a bank, a bank holding company or a financial institution that has outstanding long-term indebtedness rated “AA” or better by at least two of the three rating agencies (S&P, Moody’s and Fitch);
- Obligations of any federal agencies which obligations are backed by the full faith and credit of the United States of America;
- Senior debt obligations rated a minimum “AA” by S&P and “Aa2” by Moody’s issued by the following government-sponsored enterprises: Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association;

NOTE 4 CASH AND INVESTMENTS *(continued)*

Cash Equivalents and Investment Securities *(continued)*

- Mortgage-backed securities issued by an approved federal agency and collateralized mortgage obligations so long as such securities are rated a minimum of “Aa2” by Moody’s and “AA” by S&P;

- Debt obligations of any state or local government entity, whether for itself, or as a conduit issuer, provided that the securities are rated in the “Aa/AA” category by at least two of S&P, Moody’s and Fitch and do not have a rating from any of S&P, Moody’s and Fitch below the “Aa/AA” category (without regard to subcategories of ratings), and provided that if a short-term rating is provided for the securities that they are rated in the top tier by at least two of the three of S&P (“A1” or better), Moody’s (“VMIG1” or “P1”), and Fitch (“F1”) and do not have a rating from any of the three rating agencies below such levels;

- Commercial paper rated by at least two of S&P, Moody’s and Fitch and not less than “A-1/P-1/F-1” by S&P, Moody’s and Fitch, respectively;

- Corporate bonds rated “Aa3/AA-” or better by Moody’s and S&P;

- Asset-backed securities rated “AAA” by Moody’s and S&P;

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

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

All investment ratings shall be based on security ratings at the time of purchase. The portfolio’s average credit quality should be rated “Aa3/AA-” or better by Moody’s/S&P. Investments are generally purchased with the intent of holding to maturity with flexibility to restructure and rebalance portfolio holdings to manage risk and take advantage of market opportunities. The investment policy imposes the following additional limitations:

- Investments in any single federal agency, not carrying the full faith and credit of the U.S. Government, are limited to 35% of the portfolio.

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

NOTE 4 CASH AND INVESTMENTS *(continued)*

Cash Equivalents and Investment Securities *(continued)*

- Combined exposure to commercial paper, corporate bonds, and asset-backed securities is limited to 35% of the total portfolio.
- Investments in any single issuer (excluding U.S. Treasury and federal agencies) are limited to 5% of the portfolio.

The Commission's Investment Policy also limits investments to those issues expected to mature within five years at the time of purchase, taking into consideration call, put, prepayment, or other features that may impact maturity. Similarly, the weighted average life of mortgages and asset-backed securities may not be more than 5 years. As of May 31, 2020, the Commission did not hold any securities that were not in compliance with the Investment Policy guidelines. As of May 31, 2019, the Commission held one municipal bond security with a market value of $14.1 million, which had a maturity greater than five years. This security was purchased prior to the Commission's adoption of an Investment Policy.

Credit Risk

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

Investment Type	Quality Rating as of May 31, 2020					
	AAA	AA	A	A-1	Below A	Total
	(In Thousands)					
Government agency securities	$ 5,754	$ 67,276	$ -	$ -	$ -	$ 73,030
Municipal bonds	13,734	8,191	16,098	1,495	-	39,518
Corporate obligations	36,854	132,028	20,978	14,876	80	204,816
	$ 56,342	$ 207,495	$ 37,076	$ 16,371	$ 80	$ 317,364

Investment Type	Quality Rating as of May 31, 2019					
	AAA	AA	A	A-1	Below A	Total
	(In Thousands)					
Government agency securities	$ 118,316	$ 4,815	$ -	$ -	$ -	$ 123,131
Municipal bonds	6,340	20,743	17,875	-	-	44,958
Corporate obligations	71,872	182,816	13,980	52,275	231	321,174
	$ 196,528	$ 208,374	$ 31,855	$ 52,275	$ 231	$ 489,263

Concentration of Credit Risk

Investments guaranteed by the full faith of the U.S. Government, such as U.S. Treasuries and GNMA mortgages, are not considered to have credit risk and do not require disclosure of credit quality.

As of May 31, 2020 and 2019, the Commission did not have any investments of more than 5% of its consolidated portfolio.

NOTE 4 CASH AND INVESTMENTS *(continued)*

Interest Rate Risk

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

	As of May 31, 2020	
Investment Type	**Fair Value**	**Effective Duration**
	(In Thousands)	*(In Years)*
U.S. Treasuries	$ 1,316,725	2.7168
GNMA mortgages	1,168	4.2897
Government agency securities	73,030	0.6905
Municipal bonds	39,518	2.3269
Corporate obligations	204,816	1.1416
Total investment securities	$ 1,635,257	

	As of May 31, 2019	
Investment Type	**Fair Value**	**Effective Duration**
	(In Thousands)	*(In Years)*
U.S. Treasuries	$ 1,108,290	2.2121
GNMA mortgages	1,339	4.2896
Government agency securities	123,131	0.6851
Municipal bonds	44,958	2.5456
Corporate obligations	321,174	1.1399
Total investment securities	$ 1,598,892	

Custodial Credit Risk

For deposits and investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of May 31, 2020 and 2019, $29.7 million and $23.6 million, respectively, of the Commission's demand deposits were exposed to custodial credit risk, as they were uninsured and collateralized with securities held by an agent of the pledging financial institution but not in the Commission's name. None of the Commission's investments were exposed to custodial credit risk as of May 31, 2020 or 2019.

NOTE 4 CASH AND INVESTMENTS *(continued)*

Investment Derivatives

Following is a summary of the Commission's investment derivatives as of May 31, 2020:

**	Notional Amount *(Thousands)*	Weighted Avg. Mat. *(Years)*	Effective Date	Maturity Date	Terms	Fair Value *(Thousands)*	Counterparty	Credit Ratings Moody's/ S&P's/Fitch
A	*Terminated on 06/27/19 and 07/02/19*							
	$ 112,000				Pay SIFMA, receive 63% of 1-month LIBOR + 20 bps	$ (137)	JPMorgan Chase Bank	Aa2/A+/AA
	48,000					(58)	Bank of New York Mellon	Aa2/AA-/AA
B	160,000	9.1	8/14/2003	12/1/2032		(195)		
	80,000				Pay 67% of 1-month LIBOR, receive 60.15% of the 10 year maturity of the USD-ISDA Swap rate	1,943	JPMorgan Chase Bank	Aa2/A+/AA
	80,000					1,969	Royal Bank of Canada	Aa2/AA-/AA
C	160,000	9.0	9/19/2006	11/15/2032		3,912		
D	115,810	11.8	6/1/2010	6/1/2039	Pay SIFMA, receive 99.68% of 3-month LIBOR	566	Goldman Sachs MMDP	Aa2/AA-/NR
E	115,810	11.8	6/1/2010	6/1/2039	Pay SIFMA, receive 99.80% of 3-month LIBOR	641	Deutsche Bank	A3/BBB+/BBB
						$ 4,924		

1-month LIBOR was 0.18250% as of May 31, 2020.
3-month LIBOR was 0.34400% as of May 31, 2020.
10-year maturity of the USD-ISDA swap rate was 0.657% as of May 31, 2020.
SIFMA was 0.14% as of May 31, 2020.

** Letters are used as references in Note 9 (Commitments and Contingencies).

NOTE 4 CASH AND INVESTMENTS *(continued)*

Investment Derivatives *(continued)*

Following is a summary of the Commission's investment derivatives as of May 31, 2019:

**	Notional Amount *(Thousands)*	Weighted Avg. Mat. *(Years)*	Effective Date	Maturity Date	Terms	Fair Value *(Thousands)*	Counterparty	Credit Ratings Moody's/ S&P's/Fitch
	$ 60,384	6.1				$ 449	JPMorgan Chase Bank	Aa2/A+/AA
	60,384	6.1			Pay 67% of 1-month LIBOR, receive	454	Merrill Lynch CS*	A2/A-/A+
	60,384	6.1			60.08% of the 10 year maturity of the	449	PNC Bank	A2/A/A+
	75,478	6.1			USD-ISDA Swap Rate	569	Bank of New York Mellon	Aa2/AA-/AA
A	256,630		7/1/2007	12/1/2030		1,921		
	112,000				Pay SIFMA, receive 63% of 1-month	(1,034)	JPMorgan Chase Bank	Aa2/A+/AA
	48,000				LIBOR + 20 bps	(442)	Bank of New York Mellon	Aa2/AA-/AA
B	160,000	10.1	8/14/2003	12/1/2032		(1,476)		
	80,000				Pay 67% of 1-month LIBOR, receive	1,003	JPMorgan Chase Bank	Aa2/A+/AA
	80,000				60.15% of the 10 year maturity of the	1,018	Royal Bank of Canada	Aa2/AA-/AA
C	160,000	10.0	9/19/2006	11/15/2032	USD-ISDA Swap rate	2,021		
D	115,810	12.8	6/1/2010	6/1/2039	Pay SIFMA, receive 99.68% of 3-month LIBOR	4,403	Goldman Sachs MMDP	Aa2/AA-/NR
E	115,810	12.8	6/1/2010	6/1/2039	Pay SIFMA, receive 99.80% of 3-month LIBOR	4,997	Deutsche Bank	A3/BBB+/BBB+
						$ 11,866		

1-month LIBOR was 2.43050% as of May 31, 2019.
3-month LIBOR was 2.50250% as of May 31, 2019.
10-year maturity of the USD-ISDA swap rate was 2.124% as of May 31, 2019.
SIFMA was 1.42% as of May 31, 2019.

* On November 15, 2012, the Commission executed an amendment to the swap agreements to include Merrill Lynch Derivative Products as guarantor. Merrill Lynch Derivative Products credit ratings were Aa3/AA/NR (Moody's/S&P/Fitch) as of May 31, 2019.
** Letters are used as references in Note 9 (Commitments and Contingencies).

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

NOTE 5 CAPITAL ASSETS

Summaries of changes to capital assets for the years ended May 31, 2020 and 2019 are as follows:

	Balance May 31, 2019	Additions	Transfers (In Thousands)	Reductions	Balance May 31, 2020
Capital assets not being depreciated (cost)					
Land and intangibles	$ 405,643	$ 20,420	$ -	$ 420	$ 425,643
Assets under construction	1,490,161	620,870	(322,346)	-	1,788,685
Total capital assets not being depreciated	1,895,804	641,290	(322,346)	420	2,214,328
Capital assets being depreciated (cost)					
Buildings	981,115	-	2,624	-	983,739
Improvements other than buildings	150,306	-	760	-	151,066
Equipment	642,785	11,273	64,253	11,508	706,803
Infrastructure	9,044,067	-	254,709	352,511	8,946,265
Total capital assets being depreciated	10,818,273	11,273	322,346	364,019	10,787,873
Less accumulated depreciation for					
Buildings	435,971	23,078	-	-	459,049
Improvements other than buildings	83,828	6,198	-	-	90,026
Equipment	539,630	39,826	-	11,457	567,999
Infrastructure	5,514,650	312,986	-	352,510	5,475,126
Total accumulated depreciation	6,574,079	382,088	-	363,967	6,592,200
Total capital assets being depreciated, net	4,244,194	(370,815)	322,346	52	4,195,673
Total capital assets	$ 6,139,998	$ 270,475	$ -	$ 472	$ 6,410,001

	Balance May 31, 2018	Additions	Transfers (In Thousands)	Reductions	Balance May 31, 2019
Capital assets not being depreciated (cost)					
Land and intangibles	$ 380,837	$ 25,178	$ -	$ 372	$ 405,643
Assets under construction	1,517,692	635,288	(662,819)	-	1,490,161
Total capital assets not being depreciated	1,898,529	660,466	(662,819)	372	1,895,804
Capital assets being depreciated (cost)					
Buildings	980,744	-	9,839	9,468	981,115
Improvements other than buildings	124,960	-	32,988	7,642	150,306
Equipment	621,430	10,119	14,297	3,061	642,785
Infrastructure	8,809,493	-	605,695	371,121	9,044,067
Total capital assets being depreciated	10,536,627	10,119	662,819	391,292	10,818,273
Less accumulated depreciation for					
Buildings	422,553	22,886	-	9,468	435,971
Improvements other than buildings	86,916	4,555	-	7,643	83,828
Equipment	514,325	28,240	-	2,935	539,630
Infrastructure	5,394,366	328,423	-	208,139	5,514,650
Total accumulated depreciation	6,418,160	384,104	-	228,185	6,574,079
Total capital assets being depreciated, net	4,118,467	(373,985)	662,819	163,107	4,244,194
Total capital assets	$ 6,016,996	$ 286,481	$ -	$ 163,479	$ 6,139,998

NOTE 6 SERVICE CONCESSION ARRANGEMENTS

There are 17 service plazas along the Turnpike System providing gasoline and diesel fuel, other automotive supplies and services, and restaurant services. The Commission has entered into long term service plaza redevelopment agreements with HMSHost Restaurants, LLC and Sunoco Retail LLC to design, reconstruct, finance, operate and maintain all of the service plazas. During fiscal year 2018, the agreement with Sunoco Retail LLC was assigned to 7-Eleven, Inc. All terms of the contract remained the same. The Commission has no responsibility for maintaining the service plazas under the agreements. The Commission maintains the ability to approve and/or modify the services that the operators can provide and the rates that can be charged. The service plaza operators are compensated by the users of the services and share a portion of the revenue with the Commission as rental payments. Upon completion of construction, the reconstructed assets are recognized by the Commission. The current contracts with HMSHost Restaurants, LLC and 7-Eleven, Inc. expire on August 25, 2036 and January 31, 2022, respectively. 7-Eleven Inc.'s lease may be extended for three additional five-year periods. The first extension shall be at the discretion of 7-Eleven Inc., and the second and third extensions shall be mutually agreed to by both parties.

As of May 31, 2020, the Commission had capitalized $125.4 million in capital assets representing all 17 service plazas that had fully completed construction and recorded deferred inflows of resources of $79.9 million related to these assets in accordance with GASB Statement No. 60. Also, as of May 31, 2020 and in accordance with GASB Statement No. 60, the Commission recognized a receivable and deferred inflow of resources in the amount of $26.6 million for the present value of guaranteed minimum rent payments. Due to the COVID-19 pandemic, in a letter dated April 8, 2020, the Commission waived the payment of minimum annual rent as set forth in the lease agreement for calendar year 2020. The receivable and deferred inflow of resources have been adjusted for this waiver.

As of May 31, 2019, the Commission had capitalized $125.4 million in capital assets representing all 17 service plazas that had fully completed construction and recorded deferred inflows of resources of $85.7 million related to these assets in accordance with GASB Statement No. 60. Also, as of May 31, 2019 and in accordance with GASB Statement No. 60, the Commission recognized a receivable and deferred inflow of resources in the amount of $29.6 million for the present value of guaranteed minimum rent payments scheduled to begin upon completion of all construction. Since the final service plaza was completed at the end of fiscal year 2018, guaranteed minimum rental payment requirements began in fiscal year 2019.

NOTE 7 DEBT

Following is a summary of debt outstanding:

	May 31, 2020	May 31, 2019
	(In Thousands)	
Mainline Senior Debt		
Mainline Senior Bonds		
2009 Series A Build America Bonds: Issued $275,000 in July 2009 at 6.105%, due in varying installments through June 1, 2039. Interest paid each June 1 and December 1.	$ 275,000	$ 275,000
2009 Series B: Issued $375,010 in December 2009 at 3.00% to 5.00%, due in varying installments through December 1, 2025. Interest paid each June 1 and December 1. Fully refunded in December 2019.	-	232,325
2010 Series B Build America Bonds: Issued $600,000 in September 2010 at 5.5%, due in varying installments through December 1, 2049. Interest paid each June 1 and December 1.	600,000	600,000
2011 Series A: Issued $68,660 in April 2011 at 4.00% to 5.00% due in varying installments through December 1, 2023. Interest paid each June 1 and December 1. Partially defeased in May 2019.	51,935	51,935
2012 Series A: Issued $200,215 in July 2012 at 3.00% to 5.00%, due in varying installments through December 1, 2042. Interest paid each June 1 and December 1. Partially refunded in October 2017, December 2017 and January 2020. Partially defeased in May 2019.	19,730	123,255
2013 Series B: Issued $265,155 in July 2013 at a variable rate (based on SIFMA + .40% to 1.27%, reset weekly, paid the 1st of each month). Due in varying installments through December 1, 2020. Partially refunded in June 2015 and June 2019.	100,000	200,000
2013 Series C: Issued $222,935 in August 2013 at 3.00% to 5.50%, due in varying installments through December 1, 2043. Interest paid each June 1 and December 1. Partially refunded in October 2017, December 2017 and January 2020.	48,135	164,850
2014 Series A: Issued $236,115 in April 2014 at 4.00% to 5.00%, due in varying installments through December 1, 2044. Interest paid each June 1 and December 1. Partially refunded in October 2017.	231,905	231,970
2014 Series B-1: Issued $444,280 in May 2014 at a variable rate (based on SIFMA + .05% to .98%, reset weekly, paid the 1st of each month). Due in varying installments through December 1, 2021. Partially refunded in June 2015, June 2016, October 2017, July 2018 and June 2019.	250,000	289,150
2014 Series Refunding: Issued $239,620 in November 2014 at 5.00%, due in varying installments through December 1, 2034. Interest paid each June 1 and December 1.	239,620	239,620
2014 Series C: Issued $294,225 in December 2014 at 2.25% to 5.00%, due in varying installments through December 1, 2044. Interest paid each June 1 and December 1. Partially refunded in October 2017.	284,200	285,950
2015 Series A-1: Issued $385,095 in June 2015 at 4.00% to 5.00%, due in varying installments through December 1, 2045. Interest paid each June 1 and December 1.	385,095	385,095
2015 Series A-2: Issued $115,635 in June 2015 at a variable rate (based on SIFMA + .15% to .90%, reset weekly, paid the 1st of each month). Due in varying installments through December 1, 2021.	25,000	50,000
2015 Series B: Issued $304,005 in December 2015 at 2.50% to 5.00%, due in varying installments through December 1, 2045. Interest paid each June 1 and December 1.	302,810	303,645
2016 Series A-1: Issued $447,850 in June 2016 at 3.00% to 5.00% due in varying installments through December 1, 2046. Interest is paid each June 1 and December 1.	447,850	447,850
2017 Series A-1: Issued $365,895 in October 2017 at 3.00% to 5.00% due in varying installments through December 1, 2047. Interest is paid each June 1 and December 1.	354,205	360,130
2017 Series A-2 Refunding: Issued $133,060 in October 2017 at 5.00% due in varying installments through December 1, 2030. Interest is paid each June 1 and December 1.	133,060	133,060
2018 Series A-1: Issued $182,455 in June 2018 at a variable rate (based on SIFMA + .35% to .60%, reset weekly, paid the 1st of each month). Due in varying installments through December 1, 2023.	182,455	182,455
2018 Series A-2: Issued $307,935 in June 2018 at 5% due in varying installments through December 1, 2048. Interest is paid each June 1 and December 1.	307,935	307,935
2018 Series B: Issued $141,200 in November 2018 at a variable rate (based on SIFMA + .50% to .70 %, reset weekly, paid the 1st of each month). Due in varying installments through December 1, 2023.	141,200	141,200
2019 First Series: Issued $84,365 in February 2019 at 5% due in varying installments through December 1, 2033. Interest is paid each June 1 and December 1.	84,365	84,365
2019 Second Series: Issued $139,815 in June 2019 at a variable rate (determined by the Remarketing Agent in accordance with the procedures detailed in the Bond Official Statement, paid the 1st of each month). Due in one installment on December 1, 2038.	139,815	-
2019 Series A: Issued $341,325 in August 2019 at 2.00% to 5.00% due in varying installments through December 1, 2049. Interest is paid each June 1 and December 1.	341,325	-
2019 Forward Delivery Series: Issued $179,815 in September 2019 at 5.00% due in varying installments through December 1, 2025. Interest is paid each June 1 and December 1.	179,815	-
2020 First Series: Issued $234,320 in January 2020 at 1.81% to 3.44% due in varying installments through December 1, 2043. Interest is paid each June 1 and December 1.	234,320	-
Total Mainline Senior Bonds	5,359,775	5,089,790

NOTE 7 DEBT *(continued)*

Following is a summary of debt outstanding: *(continued)*

	May 31, 2020	May 31, 2019
	(In Thousands)	
Mainline Senior Direct Placements & Direct Borrowings		
2016 EB-5 Loan (1st-3rd Tranches): Issued $150,000 in March 2016 at 2.00% due on March 18, 2021. Interest is paid each June 1 and December 1.	$ 150,000	$ 150,000
2016 EB-5 Loan (4th Tranche): Issued $50,000 in May 2016 at 2.00%, due on May 12, 2021. Interest is paid each June 1 and December 1.	50,000	50,000
2018 EB-5 Loan (1st Tranche): Issued $50,000 in February 2018 at 2.00% due on February 21, 2023. Interest is paid each June 1 and December 1.	50,000	50,000
2018 EB-5 Loan (2nd Tranche): Issued $45,000 in November 2018 at 2.00% due on November 13, 2023. Interest is paid each June 1 and December 1.	45,000	45,000
2019 EB-5 Loan (3rd Tranche): Issued $52,000 in November 2019 at 2.00% due on November 5, 2024. Interest is paid each June 1 and December 1.	52,000	-
2020 EB-5 Loan (4th Tranche): Issued $36,500 in January 2020 at 2.00% due on January 21, 2025. Interest is paid each June 1 and December 1.	36,500	-
Total Mainline Senior Direct Placements & Direct Borrowings	383,500	295,000
Total Mainline Senior Debt	5,743,275	5,384,790
Mainline Subordinate Debt (consisting of Subordinate Revenue Debt and Motor License Fund-Enhanced Subordinate Special Revenue Debt)		
Mainline Subordinate Revenue Debt		
Mainline Subordinate Bonds		
2008 Sub-Series A-2 Subordinate Revenue (Federally Taxable): Issued $68,290 in April 2008 at 3.74% to 6.41%, due in varying installments through June 1, 2022. Interest paid each June 1 and December 1. Partially refunded in October 2016.	-	5,835
2008 Sub-Series B-1, B-2 Subordinate Revenue (B-2 Federally Taxable): Issued $233,905 in July 2008 at 5.00% to 7.47%, due in varying installments through June 1, 2036. Interest paid each June 1 and December 1. Sub-series B-1 was partially refunded in February 2016, April 2016, and final refunding in June 2016. Sub-series B-2 was partially refunded in October 2016 and fully defeased in May 2020.	-	14,640
2009 Series A Subordinate Revenue: Issued $308,035 in January 2009 at 3.00% to 5.00%, due in varying installments through June 1, 2039. Interest paid each June 1 and December 1. Partially refunded in February 2016, April 2016, June 2016, October 2016, May 2017 and July 2017.	-	7,120
2009 Series B Subordinate Revenue: Issued $856,735 in July 2009 at 3.00% to 5.75%, due in varying installments through June 1, 2039. Interest paid each June 1 and December 1. Partially refunded in February 2016, April 2016, June 2016, October 2016 and July 2017.	-	23,065
2009 Series C Subordinate Revenue: Issued $99,998 in July 2009 at 6.25%, due in varying installments through June 1, 2033. Interest compounded semi-annually until June 1, 2016, thereafter paid each June 1 and December 1. Series C issued as Capital Appreciation Bonds (CABs). Compounded interest to be paid at maturity or earlier redemption.	152,355	152,355
2009 Series D Subordinate Revenue: Issued $324,745 in October 2009 at 4.00% to 5.50%, due in varying installments through December 1, 2041. Interest paid each June 1 and December 1. Partially refunded in February 2016, June 2016, October 2016, and May 2017.	-	4,560
2009 Series E Subordinate Revenue: Issued $200,005 in October 2009 at 6.00% to 6.375%, due in varying installments through December 1, 2038. Interest compounded semi-annually until December 1, 2017, thereafter paid each June 1 and December 1. Series E issued as CABs. The compounded interest to be paid at maturity or earlier redemption.	329,975	329,975
2010 Sub-Series B-1, B-2 Subordinate Revenue: Issued $273,526 in July 2010 at 5.00%. Sub-Series B-1 due in varying installments through December 1, 2037. Sub-Series B-2 issued as convertible CABs. Interest compounded semi-annually until December 1, 2015, thereafter paid each June 1 and December 1. Compounded interest paid at maturity or earlier redemption. Sub-Series B-1 was partially refunded in June 2016, November 2017 and final refunding in March 2020. Sub-Series B-2 was partially refunded in June 2016 and October 2016 and final refunding in July 2017.	-	11,285

NOTE 7 DEBT *(continued)*

Following is a summary of debt outstanding: *(continued)*

	May 31, 2020	May 31, 2019
	(In Thousands)	
2010 Sub-Series C-1, C-2, C-3 Subordinate Revenue: Issued $138,916 in October 2010 at 4.25% to 5.45%. Sub-Series C-1 due in varying installments through December 1, 2040. Sub-Series C-2 issued as convertible CABs. Interest compounded semi-annually until December 1, 2015, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption. Sub Series C-3 issued as CABs with interest paid at maturity or earlier redemption. Sub-series C-2 partially refunded in June 2016, July 2017 and final refunding in November 2017. Sub-Series C-1 partially refunded in December 2017 and final refunding in November 2019.	$ 24,291	$ 24,735
2011 Series B Subordinate Revenue: Issued $126,740 in October 2011 at 2.00% to 5.25%, due in varying installments through December 1, 2041. Interest paid each June 1 and December 1. Partially refunded in December 2017, November 2019 and February 2020.	15,050	62,680
2012 Series A Subordinate Revenue: Issued $123,545 in April 2012 at 3.00% to 5.00%, due in varying installments through December 1, 2042. Interest paid each June 1 and December 1. Partially refunded in July 2017, December 2017, November 2019 and February 2020.	12,770	71,740
2012 Series B Subordinate Revenue: Issued $121,065 in October 2012 at 2.00% to 5.00%, due in varying installments through December 1, 2042. Interest paid each June 1 and December 1. Partially refunded in December 2017, November 2019 and February 2020.	55,170	100,720
2013 Series A Subordinate Revenue: Issued $71,702 in April 2013 at 3.125% to 5.00%, due in varying installments through December 1, 2043. Sub-Series A-1 Serial bond interest paid each June 1 and December 1. Sub-Series A-1 Term bond interest paid each June 1 and December 1. Sub-Series A-2 issued as convertible CABs. Interest to be compounded semi-annually until December 1, 2018, thereafter paid each June 1 and December 1. Partially refunded February 2020.	52,965	82,845
2013 Sub-Series B-1, B-2, B-3 Subordinate Revenue: Issued $108,708 in October 2013 at 2.00% to 6.10%, due in varying installments through December 1, 2043. Sub-Series B-1 interest paid each June 1 and December 1. Sub-Series B-2 issued as convertible CABs. Interest to be compounded semi-annually until December 1, 2028, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption. Sub-Series B-3 interest paid each June 1 and December 1. Sub-Series B-3 partially refunded in December 2017 and final refunding in February 2020. Sub Series B-1 partially refunded in February 2020.	83,452	110,788
2014 Sub-Series A-1, A-2, A-3 Subordinate Revenue: Issued $148,300 in April 2014 at 2.00% to 5.44%, due in varying installments through December 1, 2043. Sub-Series A-1 interest paid each June 1 and December 1. Sub-Series A-2 issued as convertible CABs. Interest to be compounded semi-annually until June 1, 2024, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption. Sub-Series B-3 issued as CABs with interest paid at maturity or earlier redemption.	157,452	156,742
2014 Series B Subordinate Revenue: Issued $201,395 in October 2014 at 5.00% to 5.25% due in varying installments through December 1, 2044. Interest paid each June 1 and December 1.	201,395	201,395
2015 Series A-1 Subordinate Revenue: Issued $209,010 in April 2015 at 3.00% to 5.25% due in varying installments through December 1, 2045. Interest is paid each June 1 and December 1.	209,010	209,010
2015 Series B Subordinate Revenue: Issued $192,215 in October 2015 at 4.00% to 5.00% due in varying installments through December 1, 2045. Interest is paid each June 1 and December 1. Partially refunded in July 2017, November 2017 and December 2017.	131,070	131,160
2016 First Series Subordinate Revenue Refunding: Issued $360,990 in February 2016 at 3.00% to 5.00% due in varying installments through June 1, 2038. Interest is paid each June 1 and December 1. Partially defeased in May 2020.	313,210	360,560
2016 Series A-1 Subordinate Revenue: Issued $203,700 in April 2016 at 3.00% to 5.00% due in varying installments through December 1, 2046. Interest is paid each June 1 and December 1.	203,700	203,700
2016 Series A-2 Subordinate Revenue: Issued $185,455 in April 2016 at 5.00% due in varying installments through June 1, 2033. Interest is paid each June 1 and December 1.	185,455	185,455
2016 Second Series Subordinate Revenue Refunding: Issued $649,545 in June 2016 at 3.00% to 5.00% due in varying installments through June 1, 2039. Interest is paid each June 1 and December 1.	649,545	649,545
2016 Third Series Sub-Series A Subordinate Revenue Refunding: Issued $255,455 in October 2016 at 3.375% to 5.00% due in varying installments through December 1, 2041. Interest is paid each June 1 and December 1.	255,455	255,455
2016 Third Series Sub-Series B Subordinate Revenue Refunding (Federally Taxable): Issued $75,755 in October 2016 at 1.175% to 2.928% due in varying installments through December 1, 2025. Interest is paid each June 1 and December 1.	69,660	71,720

NOTE 7 DEBT *(continued)*

Following is a summary of debt outstanding: *(continued)*

	May 31, 2020	May 31, 2019
	(In Thousands)	
2017 Series A Subordinate Revenue: Issued $284,275 in January 2017 at 4.00% to 5.50% due in varying installments through December 1, 2046. Interest is paid each June 1 and December 1.	$ 284,275	$ 284,275
2017 Series B-1 Subordinate Revenue: Issued $379,115 in July 2017 at 5.00% To 5.25%. Due in varying installments through June 1, 2047. Interest paid each June 1 and December 1.	379,115	379,115
2017 Series B-2 Subordinate Revenue: Issued $371,395 in July 2017 at 4.00% to 5.00%. Due in varying installments through June 1, 2039. Interest paid each June 1 and December 1. Partially defeased in May 2020.	370,795	371,205
2017 Second Series Subordinate Revenue Refunding: Issued $150,425 in November 2017 at 5.00%. Due in varying installments through December 1, 2037. Interest paid each June 1 and December 1.	150,425	150,425
2017 Third Series Subordinate Revenue Refunding: Issued $143,585 in December 2017 at 4.00% to 5.00%. Due in varying installments through December 1, 2040. Interest paid each June 1 and December 1.	143,585	143,585
2019 Series A Subordinate Revenue: Issued $722,970 in June 2019 at 4.00% to 5.00%. Due in varying installments through December 1, 2049. Interest paid each June 1 and December 1.	722,970	-
2019 First Series Subordinate Revenue Refunding (Federally Taxable): Issued $86,730 in November 2019 at 2.16% to 3.78%. Due in varying installments through December 1, 2042. Interest paid each June 1 and December 1.	86,730	-
2020 First Series Subordinate Revenue Refunding (Federally Taxable): Issued $134,310 in February 2020 at 1.81% to 3.45%. Due in varying installments through December 1, 2043. Interest paid each June 1 and December 1.	134,310	-
Total Mainline Subordinate Bonds	5,374,185	4,755,690
Mainline Subordinate Direct Placements & Direct Borrowings		
2017 First Series Subordinate Revenue Refunding: Issued $291,850 in May 2017 at a variable rate (based on SIFMA + .60% reset weekly, paid the 1st of each month commencing on June 1, 2017). Due in varying installments through December 1, 2041.	291,850	291,850
Total Mainline Subordinate Direct Placements & Direct Borrowings	291,850	291,850
Total Mainline Subordinate Debt	5,666,035	5,047,540
Motor License Fund-Enhanced Subordinate Special Revenue Debt		
2010 Sub-Series A-1, A-2, A-3 Motor License Fund-Enhanced Subordinate Special Revenue: Issued $187,816 in July 2010 at 4.50% to 5.50%. Sub-Series A-1 due in varying installments through December 1, 2038. Interest paid each June 1 and December 1. Sub-Series A-2 issued as convertible CABs. Interest compounded semi-annually until December 1, 2015, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption. Sub-Series A-3 issued as CABs. Compounded interest to be paid at maturity or earlier redemption. Sub-Series A-2 was partially refunded in October 2016 and final refunding in November 2017. Sub-Series A-1 was partially refunded in November 2017 and final refunding in December 2017.	43,483	41,263
2010 Sub-Series B-1, B-2, B-3 Motor License Fund-Enhanced Subordinate Special Revenue: Issued $105,299 in October 2010 at 3.95% to 5.125%, due in varying installments through December 1, 2040. Sub-Series B-1 interest paid each June 1 and December 1. Sub-Series B-2 issued as convertible CABs. Interest compounded semi-annually until December 1, 2015, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption. Sub-Series B-3 issued as CABs with interest paid at maturity or earlier redemption. Sub-Series B-2 was partially refunded in October 2016 and July 2017 and final refunding in November 2017. Sub-Series B-1 was partially refunded in December 2017, November 2019 and fully refunded in February 2020.	24,945	46,467
2011 at 3.00% to 5.00%, due in varying installments through December 1, 2041. Interest paid each June 1 and December 1. Partially refunded in July 2017, November 2017, December 2017, November 2019 and February 2020.	4,930	29,560
2012 Series A Motor License Fund-Enhanced Subordinate Special Revenue: Issued $94,935 in April 2012 at 2.00% to 5.00%, due in varying installments through December 1, 2042. Interest paid each June 1 and December 1. Partially refunded in July 2017, November 2017, December 2017, November 2019 and February 2020.	4,855	36,260
2012 Series B Motor License Fund-Enhanced Subordinate Special Revenue: Issued $92,780 in October 2012 at 3.00% to 5.00%, due in varying installments through December 1, 2042. Interest paid each June 1 and December 1. Partially refunded in July 2017 and December 2017, November 2019 and February 2020.	17,965	69,495
2013 Series A Motor License Fund-Enhanced Subordinate Special Revenue: Issued $92,465 in April 2013 at 3.00% to 5.00%, due in varying installments through December 1, 2043. Interest paid each June 1 and December 1. Partially refunded in July 2017, November 2017, December 2017, November 2019 and February 2020.	7,585	69,105

NOTE 7 DEBT *(continued)*

Following is a summary of debt outstanding: *(continued)*

	May 31, 2020	May 31, 2019
	(In Thousands)	
2013 Sub-Series B-1, B-2, B-3 Motor License Fund-Enhanced Subordinate Special Revenue: Issued $101,731 in October 2013 at 2.00% to 5.875%, due in varying installments through December 1, 2043. Sub-Series B-1 interest paid each June 1 and December 1. Sub-Series B-2 issued as convertible CABs. Interest to be compounded semi-annually until December 1, 2028, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption. Sub-Series B-3 interest paid each June 1 and December 1. Partially refunded in July 2017, November 2017, December 2017 and February 2020.	$ 46,129	$ 83,691
2014 Series A Motor License Fund-Enhanced Subordinate Special Revenue: Issued $59,740 in April 2014 at 4.50% to 4.90%, due in varying installments through December 1, 2044. Series A were issued as convertible CABs. Interest to be compounded semi-annually until December 1, 2021, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption.	79,231	75,640
2016 First Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding: Issued $79,865 in October 2016 at 5.00% due in varying installments through December 1, 2036. Interest is paid each June 1 and December 1.	79,865	79,865
2017 First Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding: Issued $45,390 in July 2017 at 5.00%, due in varying installments through June 1, 2028. Interest due each June 1 and December 1.	45,390	45,390
2017 Second Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding: Issued $243,675 in November 2017 at 5.00%, due in varying installments through December 1, 2041. Interest due each June 1 and December 1.	243,675	243,675
2017 Third Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding: Issued $164,240 in December 2017 at 4.00% to 5.00%, due in varying installments through December 1, 2040. Interest due each June 1 and December 1.	164,240	164,240
2019 First Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding (Federally Taxable): Issued $151,130 in November 2019 at 2.01% to 3.58%, due in varying installments through December 1, 2043. Interest due each June 1 and December 1.	151,130	-
2020 First Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding (Federally Taxable): Issued $92,750 in February 2020 at 1.76% to 3.25%, due in varying installments through December 1, 2043. Interest due each June 1 and December 1.	92,750	-
Total Motor License Fund-Enhanced Subordinate Special Revenue Debt	1,006,173	984,651
Total Mainline Subordinate Debt (consisting of Subordinate Revenue Debt and Motor License Fund-Enhanced Subordinate Special Revenue Debt)	6,672,208	6,032,191
Total Mainline Senior and Subordinate Debt	12,415,483	11,416,981
Oil Franchise Tax Senior Debt		
2009 Series A, B, C Oil Franchise Tax Revenue: Issued $164,181 in October 2009. Series A issued at 2.00% to 5.85%, due in varying installments through December 1, 2023. Series B (Build America Bonds, Issuer Subsidy, Federally Taxable) issued at 5.85%, due in varying installments through December 1, 2037. Interest paid each June 1 and December 1. Series C issued as CABs at 5.30%. Interest on the CABs is deferred until maturity on December 1, 2039. Sub-Series A-2 partially refunded in September 2016.	159,173	159,413
2013 Series A Oil Franchise Tax Revenue Refunding: Issued $27,785 in October 2013 at 2.50% to 5.00%, due in varying installments through December 1, 2024. Interest paid each June 1 and December 1.	23,120	23,120
2016 Series A Oil Franchise Tax Revenue Refunding: Issued $198,595 in September 2016 at 4.00% to 5.00% due in varying installments through December 1, 2032. Interest paid each June 1 and December 1.	171,105	180,640
2018 Series A Oil Franchise Tax Revenue : Issued $231,385 in June 2018 at 5.00% to 5.25% due in varying installments through December 1, 2048. Interest paid each June 1 and December 1.	231,385	231,385
Total Oil Franchise Tax Senior Debt	584,783	594,558

NOTE 7 DEBT *(continued)*

Following is a summary of debt outstanding: *(continued)*

	May 31, 2020	May 31, 2019
	(In Thousands)	
Oil Franchise Tax Subordinate Debt		
2009 Series D, E Subordinate Oil Franchise Tax Revenue: Issued $134,065 in October 2009. Series D issued at 2.00% to 5.00%, due in varying installments through December 1, 2027. Series E (Build America Bonds, Issuer Subsidy, Federally Taxable) issued at 6.378%, due in varying installments through December 1, 2037. Sub-Series D-2 partially refunded in September 2016.	$ 123,045	$ 124,075
2013 Series B Subordinate Oil Franchise Tax Revenue: Issued $32,035 in October 2013 at 2.00% and 5.00%, due in varying installments through December 1, 2025. Interest paid each June 1 and December 1.	24,215	24,215
2016 Series B Subordinate Oil Franchise Tax Revenue Refunding: Issued $115,395 in September 2016 at 4.00% to 5.00% due in varying installments through December 1, 2032. Interest paid each June 1 and December 1.	95,925	102,725
2018 Series B Subordinate Oil Franchise Tax Revenue : Issued $210,480 in June 2018 at 5.00% to 5.25% due in varying installments through December 1, 2048. Interest paid each June 1 and December 1.	210,480	210,480
Total Oil Franchise Tax Subordinate Debt	453,665	461,495
Total Oil Franchise Tax Senior and Subordinate Debt	1,038,448	1,056,053
Motor License Registration Fee Debt		
Motor License Registration Fee Bonds		
2005 Series A: Issued $234,135 in August 2005 at 3.25% to 5.25%, due in varying installments through July 15, 2030. Interest paid each January 15 and July 15. Partially defeased in March 2019.	128,400	137,470
Total Motor License Registration Fee Bonds	128,400	137,470
Motor License Registration Fee Direct Placement & Direct Borrowings		
2005 Series B, C, D: Issued $231,425 in August 2005 and remarketed in October 2015 with a direct placement at a variable rate (based on 70% of 1-month LIBOR + .85%, reset monthly, paid the 15th of each month), due in varying installments through July 15, 2041.	231,425	231,425
Total Motor License Registration Fee Direct Placement & Direct Borrowings	231,425	231,425
Total Motor License Registration Fee Debt Payable	359,825	368,895
Total Debt Payable	13,813,756	12,841,929
Unamortized premium/discount	1,143,144	1,074,680
Total debt, net of unamortized premium/discount	14,956,900	13,916,609
Less: Current portion	573,880	325,205
Debt, noncurrent portion	$ 14,383,020	$ 13,591,404

As of May 31, 2020, the Commission had $906,775 in outstanding Direct Placements and Direct Borrowings.
SIFMA was 0.14% on May 31, 2020
1-month LIBOR was 0.18250% on May 31, 2020

As of May 31, 2019, the Commission had $818,275 in outstanding Direct Placements and Direct Borrowings.
SIFMA was 1.42% on May 31, 2019
1-month LIBOR was 2.43050% on May 31, 2019

NOTE 7 DEBT *(continued)*

The tables below summarize the total additions and total reductions in debt during fiscal years 2020 and 2019. Additions are the result of new debt issuances and bond accretion related to capital appreciation bonds. Reductions are the result of principal payments and bond refundings / defeasances.

	Balance at May 31, 2019	Additions	Reductions (In Thousands)	Balance at May 31, 2020	Due Within One Year
Mainline debt					
Mainline bonds	$ 10,830,131	$ 2,098,182	$ 1,188,180	$ 11,740,133	$ 345,615
Mainline direct placements & borrowings	586,850	88,500	-	675,350	200,000
Total Mainline debt	11,416,981	2,186,682	1,188,180	12,415,483	545,615
Oil Franchise Tax debt					
Oil Franchise Tax bonds	1,056,053	1,375	18,980	1,038,448	18,720
Total Oil Franchise Tax debt	1,056,053	1,375	18,980	1,038,448	18,720
Motor License Registration Fee debt					
Motor License Registration Fee bonds	137,470	-	9,070	128,400	9,545
Motor License Registration Fee direct placements and borrowings	231,425	-	-	231,425	-
Total Motor License Registration Fee debt	368,895	-	9,070	359,825	9,545
	12,841,929	2,188,057	1,216,230	13,813,756	573,880
Premium (discount), net	1,074,680	187,064	118,600	1,143,144	-
Totals	$ 13,916,609	$ 2,375,121	$ 1,334,830	$ 14,956,900	$ 573,880

	Balance at May 31, 2018	Additions	Reductions (In Thousands)	Balance at May 31, 2019	Due Within One Year
Mainline debt					
Mainline bonds	$ 10,499,280	$ 731,346	$ 400,495	$ 10,830,131	$ 297,155
Mainline direct placements & borrowings	785,500	45,000	243,650	586,850	-
Total Mainline debt	11,284,780	776,346	644,145	11,416,981	297,155
Oil Franchise Tax debt					
Oil Franchise Tax bonds	631,054	443,169	18,170	1,056,053	18,980
Total Oil Franchise Tax debt	631,054	443,169	18,170	1,056,053	18,980
Motor License Registration Fee debt					
Motor License Registration Fee bonds	155,085	-	17,615	137,470	9,070
Motor License Registration Fee direct placements and borrowings	231,425	-	-	231,425	-
Total Motor License Registration Fee debt	386,510	-	17,615	368,895	9,070
	12,302,344	1,219,515	679,930	12,841,929	325,205
Premium (discount), net	1,009,927	123,136	58,383	1,074,680	-
Totals	$ 13,312,271	$ 1,342,651	$ 738,313	$ 13,916,609	$ 325,205

NOTE 7 DEBT *(continued)*

Debt service requirements subsequent to May 31, 2020 related to all sections of debt are as follows:

Year Ending May 31	Bonds Principal Maturities	Bonds Interest	Bonds Total	Direct Borrowings and Direct Placements Principal Maturities	Direct Borrowings and Direct Placements Interest	Direct Borrowings and Direct Placements Total	Total Debt Principal Maturities	Total Debt Interest	Total Debt Total
					(In Thousands)				
2021	$ 373,880	$ 581,013	$ 954,893	$ 200,000	$ 13,455	$ 213,455	$ 573,880	$ 594,468	$ 1,168,348
2022	477,910	573,184	1,051,094	-	8,223	8,223	477,910	581,407	1,059,317
2023	253,065	567,110	820,175	50,000	8,445	58,445	303,065	575,555	878,620
2024	458,470	554,464	1,012,934	45,000	7,188	52,188	503,470	561,652	1,065,122
2025	286,666	544,491	831,157	88,500	6,348	94,848	375,166	550,839	926,005
2026-2030	1,661,328	2,529,717	4,191,045	-	22,771	22,771	1,661,328	2,552,488	4,213,816
2031-2035	2,392,080	2,063,350	4,455,430	71,650	21,083	92,733	2,463,730	2,084,433	4,548,163
2036-2040	3,104,174	1,464,597	4,568,771	199,075	14,470	213,545	3,303,249	1,479,067	4,782,316
2041-2045	2,638,963	764,042	3,403,005	252,550	1,583	254,133	2,891,513	765,625	3,657,138
2046-2050	1,260,445	154,469	1,414,914	-	-	-	1,260,445	154,469	1,414,914
	$12,906,981	$ 9,796,437	$ 22,703,418	$ 906,775	$ 103,566	$ 1,010,341	$ 13,813,756	$ 9,900,003	$ 23,713,759

The Commission's purpose for issuing debt is as follows:

- Mainline Senior Debt is issued for the purpose of financing the costs of various capital projects in the Commission's Ten-Year Capital Plan and for refunding outstanding Mainline Senior Debt.

  In fiscal year 2020, the Commission issued $983,775,000 of Mainline Senior Debt; $429,825,000 was issued to finance the costs of various capital projects, and $553,950,000 was issued to refund outstanding Mainline Senior Debt.

  In fiscal year 2019, the Commission issued $760,955,000 of Mainline Senior Debt; $352,935,000 was issued to finance the costs of various capital projects, and $408,020,000 was issued to refund outstanding Mainline Senior Debt.

- Mainline Subordinate Debt is issued for the purpose of financing a portion of the costs of making payments to the Pennsylvania Department of Transportation in accordance with Act 44 and Act 89 and for refunding outstanding Subordinate Debt. See Note 9 for additional information regarding Act 44 and Act 89.

  In fiscal year 2020, the Commission issued $1,187,890,000 of Mainline Subordinate Debt; $722,970,000 was issued to finance the costs of Act 44 and Act 89, and $464,920,000 was issued to refund outstanding Mainline Subordinate Debt.

  The Commission did not issue any Mainline Subordinate Debt in fiscal year 2019.

NOTE 7 DEBT *(continued)*

- Oil Franchise Tax Debt and Motor License Registration Fee Debt are issued for the purpose of financing the costs of capital expenditures related to the Mon/Fayette and Southern Beltway expansion projects and to refund outstanding Oil Franchise Tax Debt and Motor License Registration Fee Debt.

  The Commission did not issue any Oil Franchise Tax Debt or Motor License Registration Fee Debt in fiscal year 2020.

  In fiscal year 2019, the Commission issued $441,865,000 of Oil Franchise Tax Debt to finance the costs of capital expenditures related to the Mon/Fayette and Southern Beltway expansion projects. The Commission did not issue any Motor License Registration Fee Debt in fiscal year 2019.

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

Mainline Debt Requirements and Recent Activity

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

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

The Commission's Mainline Senior Debt (including Direct Placements and Borrowings) contains a provision that in an unresolved event of default and following a vote of the bondholders, outstanding amounts become immediately due if the Commission is unable to make payment.

NOTE 7 DEBT *(continued)*

Mainline Debt Requirements and Recent Activity *(continued)*

In fiscal year 2013, the Commission entered into a loan agreement to borrow up to $200.0 million in four tranches of up to $50.0 million each through the Immigrant Investor Program (known as the EB-5 visa program) administered by the U.S. Citizenship and Immigration Services. The Commission is borrowing this money to fund a portion of the I-95 Interchange Project. Such debt is issued under the Senior Indenture on parity with the Turnpike Revenue Bonds. As of May 31, 2020, and 2019, the Commission has borrowed all $200.0 million under the agreement.

In fiscal year 2017, the Commission entered into a second loan agreement to borrow, over a possible eight-year period, up to $800.0 million in 16 tranches of up to $50.0 million each through the EB-5 visa program. The Commission is borrowing this money to fund a portion of the costs of certain capital projects included in the Commission's current Ten-Year Capital Plan. Such debt, if borrowed, would be issued under the Senior Indenture on parity with the Turnpike Revenue Bonds. The outstanding principal related to these EB-5 borrowings was $183.5 million and $95.0 million as of May 31, 2020 and 2019, respectively.

NOTE 7 DEBT *(continued)*

Mainline Debt Requirements and Recent Activity *(continued)*

Under the Commonwealth's Act 44 of 2007 (Act 44), the Commission may issue up to $5.0 billion of Special Revenue Bonds guaranteed by the Commonwealth's Motor License Fund. The Special Revenue Bonds authorized by Act 44 are subject to various limitations, including, among others, the following: the aggregate amount of such Special Revenue Bonds is limited to $5.0 billion; no more than $600.0 million of Special Revenue Bonds may be issued in any calendar year; debt service on the Special Revenue Bonds shall be payable from any available funds of the Commission, but are additionally secured by amounts payable from the Commonwealth's Motor License Fund which is required to pay any debt service shortfall. All Special Revenue Bond debt service payments are subordinate obligations of the Commission payable solely from certain money in, or periodically released from, the General Reserve Fund after meeting all other Commission requirements pursuant to any financial documents, financial covenants, insurance policies, liquidity policies or agreements in effect at the Commission. Pursuant to the Commonwealth's Act 89 of 2013, Special Revenue Bonds may not be issued by the Commission to fund any portion of its annual payment obligation to PennDOT after July 1, 2014, although Special Revenue Refunding Bonds may be issued. The outstanding principal related to these Special Revenue Bonds was $1,006.2 million and $984.7 million as of May 31, 2020 and 2019, respectively. The commitment of the Commonwealth's Motor License Fund to provide additional security to pay any Special Revenue Bond debt service shortfall shall continue until the retirement or defeasance of any Special Revenue Bonds or until October 13, 2057, whichever is sooner. To date, the Commission has made all required Special Revenue Bond debt service payments. No funds have been drawn or requested from the Commonwealth's Motor License Fund for Special Revenue Bond debt service during the current reporting period or any prior reporting periods. In the event that the Commonwealth's Motor License Fund would be required to make a Special Revenue Bond debt service payment, a provision of the Amended Lease and Funding Agreement, executed between the Commission and PennDOT, requires the Commission to reimburse the Motor License Fund for any Special Revenue Bond debt service payments plus interest accruing to the date of the Commission's failure to pay the debt service. The obligation of the Commission to reimburse the Motor License Fund for any Special Revenue Bond debt service payment is a subordinate obligation of the Commission and is payable only from amounts, if any, in the Commission's General Reserve Fund as permitted by any Commission financing documents, financial covenants, insurance policies, liquidity policies or agreements in effect at the Commission.

NOTE 7 DEBT *(continued)*

Mainline Debt Requirements and Recent Activity *(continued)*

In June 2018, the Commission issued $182,455,000 2018 Series A-1 Senior Revenue Bonds at a variable rate with a maturity date of December 1, 2023. The 2018 Series A-1 Senior Revenue Bonds were issued primarily for the current refunding of the December 1, 2018 maturity of the Commission's 2013 Series A Senior Revenue Bonds ($76,075,000), the current refunding of the December 1, 2018 maturity of the Commission's 2014 Series B-1 Senior Revenue Bonds ($65,000,000), the current refunding of the December 1, 2018 maturity of the Commission's 2016 Series A-2 Senior Revenue Bonds ($40,590,000) and for paying the costs of issuing the 2018 Series A-1 Senior Revenue Bonds.

In June 2018, the Commission issued $307,935,000 2018 Series A-2 Senior Revenue Bonds at a fixed rate with a maturity date of December 1, 2048. The 2018 Series A-2 Senior Revenue Bonds were issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to, the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges and for paying the costs of issuing the 2018 Series A-2 Senior Revenue Bonds.

In November 2018, the Commission issued $141,200,000 2018 Series B Senior Revenue Bonds at a variable rate with a maturity date of December 1, 2023. The 2018 Series B Senior Revenue Bonds were issued primarily for the current refunding of the December 1, 2020 maturity of the Commission's 2017 Series B-1 Senior Revenue Bonds ($40,000,000) which were issued as a Direct Placement; the current refunding of the December 1, 2021 maturity of the Commission's 2017 Series B-2 Senior Revenue Bonds ($100,320,000), which were issued as a Direct Placement; and for paying the costs of issuing the 2018 Series B Senior Revenue Bonds.

In November 2018, the Commission issued, as a Direct Borrowing, $45,000,000 2018 EB-5 Loan (Second Tranche) at a fixed rate with a maturity date of November 13, 2023. The Commission is borrowing this money to fund a portion of the costs of certain capital projects included in the Commission's current Ten-Year Capital Plan and for paying the costs of issuing the 2018 EB-5 Loan.

In February 2019, the Commission issued $84,365,000 2019 First Series Senior Revenue Bonds at a fixed rate with a maturity date of December 1, 2033. The 2019 First Series Senior Revenue Bond were issued primarily for the current refunding of the Commission's 2017 Series C Senior Revenue Bonds ($103,330,000), which were issued as a Direct Placement, and for paying the costs of issuing the 2019 First Series Senior Revenue Bonds. The current refunding of 2017 Series C Senior Revenue Bonds allowed the Commission to reduce its debt service by approximately $8.6 million. The transaction resulted in an economic gain of $3.4 million.

NOTE 7 DEBT *(continued)*

Mainline Debt Requirements and Recent Activity *(continued)*

In May 2019, the Commission cash defeased the December 1, 2021 maturity of the Commission's 2012 Series A Senior Revenue Bonds ($4,525,000). This cash defeasance of the 2012 Series A Senior Revenue Bonds allowed the Commission to reduce its debt service by approximately $5.2 million. The transaction resulted in an economic gain of $0.3 million.

In May 2019, the Commission cash defeased the December 1, 2021 maturity of the Commission's 2011 Series A Senior Revenue Bonds ($16,725,000). This cash defeasance of the 2011 Series A Senior Revenue Bonds allowed the Commission to reduce its debt service by approximately $19.2 million. The transaction resulted in an economic gain of $1.0 million.

In June 2019, the Commission issued $139,815,000 of 2019 Second Series Senior Revenue Bonds at a variable rate with a maturity date of December 1, 2038. The 2019 Second Series Senior Revenue Bonds were issued to refund a portion of the 2013 Series B Senior Revenue Bonds ($100,000,000), 2014 Series B-1 Senior Revenue Bonds ($39,150,000), and for paying the costs of issuing the 2019 Second Series Senior Revenue Bonds.

In June 2019, the Commission issued $722,970,000 of 2019 Series A Subordinate Revenue Bonds at a fixed rate with a maturity date of December 1, 2049. The 2019 Series A Subordinate Revenue Bonds were issued primarily to finance a portion of the cost of making payments to PennDOT in accordance with Act 44 and Act 89 and for paying the costs of issuing the 2019 Series A Subordinate Revenue Bonds.

In August 2019, the Commission issued $341,325,000 of 2019 Series A Senior Revenue Bonds at a fixed rate with a maturity date of December 1, 2049. The 2019 Series A Senior Revenue Bonds were issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges and for paying the costs of issuing the 2019 Series A Senior Revenue Bonds.

In September 2019, the Commission issued $179,815,000 of the 2019 Forward Delivery Series Senior Revenue Bonds at a fixed rate with a maturity date of December 1, 2025. The 2019 Forward Delivery Series Senior Revenue Bonds were issued primarily for the current refunding of the 2009 Series B Senior Revenue Bonds ($190,080,000) and for paying the costs of issuing the 2019 Forward Delivery Series Senior Revenue Bonds. The current refunding of 2009 Series B Senior Revenue Bonds allowed the Commission to reduce its debt service by approximately $14.8 million. The transaction resulted in an economic gain of $10.7 million.

NOTE 7 DEBT *(continued)*

Mainline Debt Requirements and Recent Activity *(continued)*

In November 2019, the Commission issued, as a Direct Borrowing, $52,000,000 2019 EB-5 Loan (Third Tranche) at a fixed rate with a maturity date of November 5, 2024. The Commission is borrowing this money to fund a portion of the costs of certain capital projects included in the Commission's current Ten-Year Capital Plan and for paying the costs of issuing the 2019 EB-5 Loan.

In November 2019, the Commission issued $86,730,000 of 2019 First Series Subordinate Revenue Refunding Bonds (Federally Taxable) at a fixed rate with a maturity date of December 1, 2042. The 2019 First Series Subordinate Revenue Refunding Bonds were issued to provide funds for refunding a portion of the Commission's 2010 Series C-1 Subordinate Revenue Bonds ($1,540,000), 2011 Series B Subordinate Revenue Bonds ($40,130,000), 2012 Series A Subordinate Revenue Bonds ($25,910,000), 2012 Series B Subordinate Revenue Bonds ($12,685,000) and for paying the costs of issuing the 2019 First Series Subordinate Revenue Refunding Bonds. The advanced refunding of 2010 Series C-1 Subordinate Revenue Bonds, 2011 Series B Subordinate Revenue Bonds, 2012 Series A Subordinate Revenue Bonds, 2012 Series B Subordinate Revenue Bonds, and 2013 Series A Subordinate Revenue Bonds allowed the Commission to reduce its debt service by approximately $12 million. The transaction resulted in an economic gain of $8.4 million.

In November 2019, the Commission issued $151,130,000 of 2019 First Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding Bonds (Federally Taxable) at a fixed rate with a maturity date of December 1, 2043. The 2019 First Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding Bonds were issued to provide funds for refunding a portion of the Commission's 2010 Series B-1 Motor License Fund-Enhanced Subordinate Special Revenue Bonds ($13,780,000), 2011 Series B Motor License Fund-Enhanced Subordinate Special Revenue Bonds ($23,340,000), 2012 Series A Motor License Fund-Enhanced Subordinate Special Revenue Bonds ($28,610,000), 2012 Series B Motor License Fund-Enhanced Subordinate Special Revenue Bonds ($35,270,000), and 2013 Series A Motor License Fund-Enhanced Subordinate Special Revenue Bonds ($39,765,000) and for paying the costs of issuing the 2019 First Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding Bonds. The advanced refunding of 2010 Series B-1 Motor License Fund-Enhanced Subordinate Special Revenue Bonds, 2011 Series B Motor License Fund-Enhanced Subordinate Special Revenue Bonds, 2012 Series A Motor License Fund-Enhanced Subordinate Special Revenue Bonds, 2012 Series B Motor License Fund-Enhanced Subordinate Special Revenue Bonds, and 2013 Series A Motor License Fund-Enhanced Subordinate Special Revenue Bonds allowed the Commission to reduce its debt service by approximately $28.1 million. The transaction resulted in an economic gain of $16.7 million.

NOTE 7 DEBT *(continued)*

Mainline Debt Requirements and Recent Activity *(continued)*

In January 2020, the Commission issued, as a Direct Borrowing, $36,500,000 2020 EB-5 Loan (Fourth Tranche) at a fixed rate with a maturity date of January 21, 2025. The Commission is borrowing this money to fund a portion of the costs of certain capital projects included in the Commission's current Ten-Year Capital Plan and for paying the costs of issuing the 2020 EB-5 Loan.

In January 2020, the Commission issued $234,320,000 of 2020 First Series Senior Revenue Bonds (Federally Taxable) at a fixed rate with a maturity date of December 1, 2043. The 2020 First Series Senior Revenue Bonds were issued to refund a portion of the 2012 Series A Senior Revenue Bonds ($99,380,000), 2013 Series C Senior Revenue Bonds ($115,580,000), and for paying the costs of issuing the 2020 First Series Senior Revenue Bonds. The advanced refunding 2012 Series A Senior Revenue Bonds and 2013 Series C Senior Revenue Bonds allowed the Commission to reduce its debt service by approximately $44.5 million. The transaction resulted in an economic gain of $25.7 million.

In February 2020, the Commission issued $134,310,000 of 2020 First Series Subordinate Revenue Refunding Bonds (Federally Taxable) at a fixed rate with a maturity date of December 1, 2043. The 2020 First Series Subordinate Revenue Refunding Bonds were issued to provide funds for refunding a portion of the Commission's 2010 Series B-1 Subordinate Revenue Bonds ($11,285,000), 2011 Series B Subordinate Revenue Bonds ($3,820,000), 2012 Series A Subordinate Revenue Bonds ($29,555,000), 2012 Series B Subordinate Revenue Bonds ($29,240,000), 2013 Series A Subordinate Revenue Bonds ($28,555,000), 2013 Series B-1 Subordinate Revenue Bonds ($18,200,000), 2013 Series B-3 Subordinate Revenue Bonds ($10,215,000) and for paying the costs of issuing the 2020 First Series Subordinate Revenue Refunding Bonds. The current refunding of 2010 Series B-1 Subordinate Revenue Bonds and the advanced refunding of 2011 Series B Subordinate Revenue Bonds, 2012 Series A Subordinate Revenue Bonds, 2012 Series B Subordinate Revenue Bonds, 2013 Series A Subordinate Revenue Bonds, 2013 Series B-1 Subordinate Revenue Bonds, and 2013 Series B-3 Subordinate Revenue Bonds allowed the Commission to reduce its debt service by approximately $32.4 million. The transaction resulted in an economic gain of $13.8 million.

NOTE 7 DEBT *(continued)*

Mainline Debt Requirements and Recent Activity *(continued)*

In February of 2020, the Commission issued $92,750,000 of 2020 First Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding Bonds (Federally Taxable) at a fixed rate with a maturity of December 1, 2043. The 2020 First Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding Bonds were issued to provide funds for refunding a portion of the Commission's 2010 Series B-1 Motor License Fund-Enhanced Subordinate Special Revenue Bonds ($8,790,000), 2011 Series B Motor License Fund-Enhanced Subordinate Special Revenue Bonds ($25,000), 2012 Series A Motor License Fund-Enhanced Subordinate Special Revenue Bonds ($1,805,000), 2012 Series B Motor License Fund-Enhanced Subordinate Special Revenue Bonds ($15,230,000), 2013 Series A Motor License Fund-Enhanced Subordinate Special Revenue Bonds ($20,330,000), 2013 Series B Motor License Fund-Enhanced Subordinate Special Revenue Bonds ($38,080,000) and for paying the costs of issuing the 2020 First Series Motor License Fund-Enhanced Subordinate Revenue Refunding Bonds. The advanced refunding of 2010 Series B Motor License Fund-Enhanced Subordinate Special Revenue Bonds, 2011 Series B Motor License Fund-Enhanced Subordinate Special Revenue Bonds, 2012 Series A Motor License Fund-Enhanced Subordinate Special Revenue Bonds, 2012 Series B Motor License Fund-Enhanced Subordinate Special Revenue Bonds, 2013 Series A Motor License Fund-Enhanced Subordinate Special Revenue Bonds and 2013 Series B Motor License Fund-Enhanced Subordinate Special Revenue Bonds allowed the Commission to reduce its debt service by approximately $21.7 million. The transaction resulted in an economic gain of $13.7 million.

In May 2020, the Commission cash defeased the June 1, 2020 maturity of the Commission's 2008 Series B Subordinate Revenue Bonds ($7,595,000), 2016 First Series Subordinate Revenue Refunding Bonds ($42,020,000), and 2017 Series B-2 Subordinate Revenue Bonds ($210,000). This cash defeasance of the Subordinate Revenue Bonds allowed the Commission to reduce its debt service by approximately $51.2 million. The transaction resulted in an economic loss of $0.1 million, which essentially represented transaction fees incurred as a result of the cash defeasance.

NOTE 7 DEBT *(continued)*

Mainline Debt Requirements and Recent Activity *(continued)*

Debt service requirements subsequent to May 31, 2020 related to the Mainline debt are as follows:

Year Ending May 31	Bonds Principal Maturities	Bonds Interest	Bonds Total	Direct Borrowings and Direct Placements Principal Maturities	Direct Borrowings and Direct Placements Interest	Direct Borrowings and Direct Placements Total	Total Debt Principal Maturities	Total Debt Interest	Total Debt Total
					(In Thousands)				
2021	$ 345,615	$ 521,074	$ 866,689	$ 200,000	$ 11,062	$ 211,062	$ 545,615	$ 532,136	$ 1,077,751
2022	448,195	514,673	962,868	-	5,830	5,830	448,195	520,503	968,698
2023	220,510	510,099	730,609	50,000	6,052	56,052	270,510	516,151	786,661
2024	424,255	499,102	923,357	45,000	4,788	49,788	469,255	503,890	973,145
2025	250,226	490,862	741,088	88,500	3,955	92,455	338,726	494,817	833,543
2026-2030	1,449,848	2,291,622	3,741,470	-	10,798	10,798	1,449,848	2,302,420	3,752,268
2031-2035	2,194,340	1,876,632	4,070,972	-	10,798	10,798	2,194,340	1,887,430	4,081,770
2036-2040	2,919,271	1,292,674	4,211,945	90,025	9,299	99,324	3,009,296	1,301,973	4,311,269
2041-2045	2,390,938	682,802	3,073,740	201,825	1,227	203,052	2,592,763	684,029	3,276,792
2046-2050	1,096,935	133,250	1,230,185	-	-	-	1,096,935	133,250	1,230,185
	$ 11,740,133	$ 8,812,790	$ 20,552,923	$ 675,350	$ 63,809	$ 739,159	$ 12,415,483	$ 8,876,599	$ 21,292,082

Oil Franchise Tax Debt Requirements and Recent Activity

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

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

The Commission's Oil Franchise Tax Debt contains a provision that in an unresolved event of default and following a vote of the bondholders, outstanding amounts become immediately due if the Commission is unable to make payment.

In June 2018, the Commission issued $231,385,000 2018 Series A Oil Franchise Tax Senior Revenue Bonds at a fixed rate with a maturity date of December 1, 2048. The 2018 Series A Oil Franchise Tax Senior Revenue Bonds were issued to finance the costs of various capital expenditures for the Turnpike System as set forth in the Commission's current or any prior Independently Funded Capital Plan, including but not limited to, the funding of capital expenditures related to the Southern Beltway or the Mon-Fayette Expressway and for paying the costs of issuing the 2018 Series A Oil Franchise Tax Senior Revenue Bonds.

NOTE 7 DEBT *(continued)*

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

In June 2018, the Commission issued $210,480,000 2018 Series B Oil Franchise Tax Subordinate Revenue Bonds at a fixed rate with a maturity date of December 1, 2048. The 2018 Series B Oil Franchise Tax Subordinate Revenue Bonds were issued to provide funds to finance the costs of capital expenditures related to the Southern Beltway or the Mon-Fayette Expressway, funding necessary reserves or similar funds to the extent required for such financing and for paying the costs of issuing the 2018 Series B Oil Franchise Tax Subordinate Revenue Bonds.

Debt service requirements subsequent to May 31, 2020 related to Oil Franchise Tax debt are as follows:

	Bonds			Direct Borrowings and Direct Placements			Total Debt		
Year Ending May 31	Principal Maturities	Interest	Total	Principal Maturities	Interest	Total	Principal Maturities	Interest	Total
					(In Thousands)				
2021	$ 18,720	$ 53,449	$ 72,169	$ -	$ -	$ -	$ 18,720	$ 53,449	$ 72,169
2022	19,670	52,535	72,205	-	-	-	19,670	52,535	72,205
2023	21,980	51,576	73,556	-	-	-	21,980	51,576	73,556
2024	23,090	50,497	73,587	-	-	-	23,090	50,497	73,587
2025	24,725	49,363	74,088	-	-	-	24,725	49,363	74,088
2026-2030	143,010	226,923	369,933	-	-	-	143,010	226,923	369,933
2031-2035	190,815	186,536	377,351	-	-	-	190,815	186,536	377,351
2036-2040	184,903	171,923	356,826	-	-	-	184,903	171,923	356,826
2041-2045	248,025	81,240	329,265	-	-	-	248,025	81,240	329,265
2046-2050	163,510	21,219	184,729	-	-	-	163,510	21,219	184,729
	$ 1,038,448	$ 945,261	$ 1,983,709	$ -	$ -	$ -	$ 1,038,448	$ 945,261	$ 1,983,709

Motor License Registration Fee Debt Requirements and Recent Activity

Pursuant to Section 20 of Act 3, the Commonwealth appropriates $28.0 million of Act 3 revenues to the Commission annually. The $28.0 million is payable to the Commission in the amount of $2.3 million per month. The Motor License Registration Fee Revenue Bonds are secured by a pledge and assignment by the Commission to the Trustee of any receipts, revenues and other moneys received by the Trustee on or after the date of the Indenture from the Commission's allocation of Act 3 revenues and any income earned on any fund or account established pursuant to the Indenture.

The Commission's Motor License Registration Fee Debt (including Direct Placements and Borrowings) contains a provision that in an unresolved event of default and following a vote of the bondholders, outstanding amounts become immediately due if the Commission is unable to make payment.

In July 2018, the Commission executed the First Amendment to Continuing Covenant Agreement and Supplemental Trust Indenture No. 3 relating to modifications of the 2005 Series B, C and D Motor License Registration Fee Revenue Bonds. These amendments modified various terms of the agreement.

NOTE 7 DEBT *(continued)*

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

In February 2019, the Commission executed a further restructuring of the 2005 Series B, C and D Motor License Registration Fee Revenue Bonds. This included converting from a LIBOR based calculation to a SIFMA based calculation and remarketing these bonds to another direct purchaser.

In March 2019, the Commission cash defeased the July 15, 2030 maturity of the Commission's 2005 Series A Motor License Registration Fee Revenue Bonds ($9,000,000). The cash defeasance of 2005 Series A Motor License Registration Fee Revenue Bonds allowed the Commission to reduce its debt service by approximately $14.4 million. The transaction resulted in an economic gain of $3.0 million.

Debt service requirements subsequent to May 31, 2020 related to Motor License Registration Fee debt are as follows:

Year Ending May 31	Bonds Principal Maturities	Bonds Interest	Bonds Total	Direct Borrowings and Direct Placements Principal Maturities	Direct Borrowings and Direct Placements Interest	Direct Borrowings and Direct Placements Total	Total Debt Principal Maturities	Total Debt Interest	Total Debt Total
					(In Thousands)				
2021	$ 9,545	$ 6,490	$ 16,035	$ -	$ 2,393	$ 2,393	$ 9,545	$ 8,883	$ 18,428
2022	10,045	5,976	16,021	-	2,393	2,393	10,045	8,369	18,414
2023	10,575	5,435	16,010	-	2,393	2,393	10,575	7,828	18,403
2024	11,125	4,865	15,990	-	2,400	2,400	11,125	7,265	18,390
2025	11,715	4,266	15,981	-	2,393	2,393	11,715	6,659	18,374
2026-2030	68,470	11,172	79,642	-	11,973	11,973	68,470	23,145	91,615
2031-2035	6,925	182	7,107	71,650	10,285	81,935	78,575	10,467	89,042
2036-2040	-	-	-	109,050	5,171	114,221	109,050	5,171	114,221
2041-2045	-	-	-	50,725	356	51,081	50,725	356	51,081
	$ 128,400	$ 38,386	$ 166,786	$ 231,425	$ 39,757	$ 271,182	$ 359,825	$ 78,143	$ 437,968

Defeased Bonds

In both the current and prior years, the Commission defeased certain revenue bonds by placing funds in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds were not included in the Commission's financial statements. As of May 31, 2020 and 2019, the Commission had $2,199.2 million and $2,968.2 million, respectively, of defeased bonds outstanding.

NOTE 7 DEBT *(continued)*

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt debt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. The arbitrage liability recorded as other noncurrent liabilities is $0.2 million and $0.8 million for the fiscal years ended May 31, 2020 and 2019, respectively.

Swap Payments and Associated Debt

Net swap payments and related debt service requirements related to all sections subsequent to May 31, 2020, assuming current interest rates remain the same for the term of the agreements, are as follows:

	Bonds				Direct Borrowings and Direct Placements				Total Debt			
Year Ending May 31	Principal Maturities	Interest	Hedging	Total	Principal Maturities	Interest	Hedging	Total	Principal Maturities	Interest	Hedging	Total
						(In Thousands)						
2021	$ 225,000	$ 5,261	$ 22,303	$ 252,564	$ -	$ 4,549	$ 16,008	$ 20,557	$ 225,000	$ 9,810	$ 38,311	$ 273,121
2022	259,710	2,818	22,690	285,218	-	4,553	16,007	20,560	259,710	7,371	38,697	305,778
2023	-	1,637	22,648	24,285	-	4,553	14,004	18,557	-	6,190	36,652	42,842
2024	188,945	905	22,603	212,453	-	4,563	14,003	18,566	188,945	5,468	36,606	231,019
2025	-	168	22,134	22,302	-	4,549	14,005	18,554	-	4,717	36,139	40,856
2026-2030	-	839	92,369	93,208	-	22,771	70,024	92,795	-	23,610	162,393	186,003
2031-2035	-	839	50,655	51,494	71,650	21,083	63,391	156,124	71,650	21,922	114,046	207,618
2036-2040	139,815	587	16,913	157,315	199,075	14,470	40,104	253,649	338,890	15,057	57,017	410,964
2041-2045	-	-	3,384	3,384	252,550	1,583	4,012	258,145	252,550	1,583	7,396	261,529
2046-2050	-	-	1,475	1,475	-	-	-	-	-	-	1,475	1,475
2051-2055	-	-	44	44	-	-	-	-	-	-	44	44
	$ 813,470	$ 13,054	$ 277,218	$ 1,103,742	$ 523,275	$ 82,674	$ 251,558	$ 857,507	$ 1,336,745	$ 95,728	$ 528,776	$ 1,961,249

Mainline net swap payments and related debt service requirements subsequent to May 31, 2020 for the 2013 Series B Senior Revenue Bonds, 2014 Series B-1 Senior Revenue Bonds, 2017 First Series Subordinate Revenue Refunding Bonds (Direct Placement), 2018 Series A-1 Senior Revenue Bonds, 2018 Series B Senior, 2019 First Series Senior Revenue Bonds and 2020 Series A Senior Revenue Bonds (swap payments only - see Note 9 and Note 15 for more information) are as follows:

	Bonds				Direct Borrowings and Direct Placements				Total Debt			
Year Ending May 31	Principal Maturities	Interest	Hedging	Total	Principal Maturities	Interest	Hedging	Total	Principal Maturities	Interest	Hedging	Total
						(In Thousands)						
2021	$ 225,000	$ 5,261	$ 22,303	$ 252,564	$ -	$ 2,156	$ 6,608	$ 8,764	$ 225,000	$ 7,417	$ 28,911	$ 261,328
2022	259,710	2,818	22,690	285,218	-	2,160	6,608	8,768	259,710	4,978	29,298	293,986
2023	-	1,637	22,648	24,285	-	2,160	4,605	6,765	-	3,797	27,253	31,050
2024	188,945	905	22,603	212,453	-	2,163	4,604	6,767	188,945	3,068	27,207	219,220
2025	-	168	22,134	22,302	-	2,156	4,605	6,761	-	2,324	26,739	29,063
2026-2030	-	839	92,369	93,208	-	10,798	23,027	33,825	-	11,637	115,396	127,033
2031-2035	-	839	50,655	51,494	-	10,798	23,026	33,824	-	11,637	73,681	85,318
2036-2040	139,815	587	16,913	157,315	90,025	9,299	19,821	119,145	229,840	9,886	36,734	276,460
2041-2045	-	-	3,384	3,384	201,825	1,227	2,616	205,668	201,825	1,227	6,000	209,052
2046-2050	-	-	1,475	1,475	-	-	-	-	-	-	1,475	1,475
2051-2055	-	-	44	44	-	-	-	-	-	-	44	44
	$ 813,470	$ 13,054	$ 277,218	$ 1,103,742	$ 291,850	$ 42,917	$ 95,520	$ 430,287	$ 1,105,320	$ 55,971	$ 372,738	$ 1,534,029

NOTE 7 DEBT *(continued)*

Swap Payments and Associated Debt *(continued)*

Motor License net swap payments and related debt service requirements subsequent to May 31, 2020 for the 2005 Series B, C, and D Motor License Registration Fee Bonds (Direct Placement) are as follows:

Year Ending May 31	Bonds Principal Maturities	Bonds Interest	Bonds Hedging	Bonds Total	Direct Borrowings and Direct Placements Principal Maturities	Direct Borrowings and Direct Placements Interest	Direct Borrowings and Direct Placements Hedging	Direct Borrowings and Direct Placements Total	Total Debt Principal Maturities	Total Debt Interest	Total Debt Hedging	Total Debt Total
						(In Thousands)						
2021	$ -	$ -	$ -	$ -	$ -	$ 2,393	$ 9,400	$ 11,793	$ -	$ 2,393	$ 9,400	$ 11,793
2022	-	-	-	-	-	2,393	9,399	11,792	-	2,393	9,399	11,792
2023	-	-	-	-	-	2,393	9,399	11,792	-	2,393	9,399	11,792
2024	-	-	-	-	-	2,400	9,399	11,799	-	2,400	9,399	11,799
2025	-	-	-	-	-	2,393	9,400	11,793	-	2,393	9,400	11,793
2026-2030	-	-	-	-	-	11,973	46,997	58,970	-	11,973	46,997	58,970
2031-2035	-	-	-	-	71,650	10,285	40,365	122,300	71,650	10,285	40,365	122,300
2036-2040	-	-	-	-	109,050	5,171	20,283	134,504	109,050	5,171	20,283	134,504
2041-2045	-	-	-	-	50,725	356	1,396	52,477	50,725	356	1,396	52,477
	$ -	$ -	$ -	$ -	$ 231,425	$ 39,757	$ 156,038	$ 427,220	$ 231,425	$ 39,757	$ 156,038	$ 427,220

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

NOTE 8 RETIREMENT BENEFITS

General Information about the Pension Plan

Plan Description

Pennsylvania State Employees' Retirement System (SERS) is the administrator of two mandatory-participation retirement plans: the Defined Benefit Plan and the Defined Contribution Plan (investment plan). The Defined Benefit Plan is a cost-sharing multiple-employer plan, for which the assets are held in the State Employees' Retirement Fund (pension fund). The investment plan was established by Act 2017-5; the law also established two new side-by-side hybrid defined benefit/defined contribution options and a new defined contribution only option. Assets in the investment plan are held in individual member investment accounts. Both the pension fund and investment plan were established to provide retirement benefits for employees of state government and certain independent agencies. Membership in SERS is mandatory for most Commission (and other state) employees. Additionally, most employees, who first enter SERS membership on or after January 1, 2019 are required to participate in one of the new investment plan options that were established under Act 2017-5 and became effective on this date. Article II of the Commonwealth's constitution assigns the authority to establish and amend the benefit provision of the plan to the General Assembly. Separately issued financial statements for SERS can be obtained at www.sers.pa.gov.

NOTE 8 RETIREMENT BENEFITS *(continued)*

General Information about the Pension Plan *(continued)*

Benefits Provided

SERS provides retirement, death, and disability benefits. Member retirement benefits of the pension plan are determined by taking years of credited service multiplied by final average salary multiplied by 2.0% multiplied by class of service multiplier. Commission employees participate in one of the following class of service categories: Class A, Class AA, Class A3, Class A4, Class A5 or Class A6. Class A5 and Class A6 became effective January 1, 2019. These classes are considered part of the Hybrid Plan as they include participation in both the pension fund and the investment plan. Employees are also eligible to elect participation solely in the investment plan, under the 401(a) DC class of service. According to the State Employees' Retirement Code (SERC), all obligations of SERS will be assumed by the Commonwealth should SERS terminate.

Contributions

Section 5507 of the SERC (71 Pa. C.S. §5507) requires that all SERS participating employers make contributions to the pension fund on behalf of all active members and annuitants necessary to fund the liabilities and provide the annuity reserves required to pay benefits. Section 5806 of the SERC (71 Pa. C.S. §5806) requires that all SERS-participating employers make contributions to the investment plan that shall be credited to the active participant's individual investment account. SERS funding policy, as set by the State Employees' Retirement Board (SERB), provides for periodic active member contributions at statutory rates for both the pension fund and investment plan. The SERS funding policy also provides for periodic employer contributions at actuarially determined rates based on SERS funding valuation, expressed as a percentage of annual retirement covered payroll, such that they, along with employee contributions and an actuarially determined rate of investment return, are adequate to accumulate assets to pay benefits when due. The Commission's retirement contribution, as a percentage of covered payroll, by class is as follows:

Year Ended June 30	Class A	Class AA	Class A3	Class A4	Class A5*	Class A6*	401(a) DC*
2020	28.84%	36.04%	24.92%	24.92%	19.18%	19.18%	19.12%
2019	27.71%	34.63%	23.94%	23.94%	18.42%	18.42%	18.39%
2018	27.55%	34.44%	23.80%	23.80%	N/A	N/A	N/A
2017	23.96%	29.95%	20.70%	20.70%	N/A	N/A	N/A

* *New plans effective January 1, 2019.*

NOTE 8 RETIREMENT BENEFITS *(continued)*

General Information about the Pension Plan *(continued)*

Contributions (continued)

Contributions to the pension fund from the Commission were $37.7 million and $37.8 million for the fiscal years ended May 31, 2020 and 2019, respectively. Contributions to the investment plan from the Commission were $97,900 and $5,900 for the fiscal years ended May 31, 2020 and 2019, respectively. There were $5,000 of forfeitures for the fiscal year ended May 31, 2020 related the investment plan. There were no forfeitures related to the investment plan for the fiscal year ended May 31, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of May 31, 2020, the Commission reported a liability of $329.2 million for its proportionate share of the net pension liability of the pension fund. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on a projected-contribution method. This methodology applies the most recently calculated contribution rates for Commonwealth fiscal year 2020-2021, from the December 31, 2019 funding valuation, to the expected funding payroll for the allocation of the 2019 amounts. As of December 31, 2019, the Commission's proportionate share of the net pension liability was 1.81%, which was a decrease of 0.04% from its proportion measured as of December 31, 2018.

For the fiscal year ended May 31, 2020, the Commission recognized pension expense of $40.9 million related to the pension fund. For the fiscal year ended May 31, 2020, the Commission recognized pension expense of $98,100 related to the investment plan.

NOTE 8 RETIREMENT BENEFITS *(continued)*

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions *(continued)*

As of May 31, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	(In Thousands)	
Differences between expected and actual experience	$ 4,105	$ 2,230
Net difference between projected and actual investment earnings on pension plan investments	-	23,477
Changes of assumptions	12,685	-
Differences between employer contributions and proportionate share of contributions	635	177
Changes in proportion	2,160	16,608
Commission contributions subsequent to measurement date	18,252	-
	$ 37,837	$ 42,492

The $18.3 million reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending May 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as net increases or (decreases) in pension expense as follows:

Year Ending May 31	*(in Thousands)*
2021	$ (4,220)
2022	(8,109)
2023	503
2024	(11,314)
2025	233

NOTE 8 RETIREMENT BENEFITS *(continued)*

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions *(continued)*

As of May 31, 2019, the Commission reported a liability of $385.8 million for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on a projected-contribution method. This methodology applies the most recently calculated contribution rates for Commonwealth fiscal year 2019-2020, from the December 31, 2018 funding valuation, to the expected funding payroll for the allocation of the 2018 amounts. At December 31, 2018, the Commission's proportionate share of the net pension liability was 1.85%, which was a decrease of 0.05% from its proportion measured as of December 31, 2017.

For the fiscal year ended May 31, 2019, the Commission recognized pension expense of $50.4 million related to the pension fund. For the fiscal year ended May 31, 2019, the Commission recognized pension expense of $8,400 related to the investment plan.

As of May 31, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	(In Thousands)	
Differences between expected and actual experience	$ 5,790	$ 4,181
Net difference between projected and actual investment earnings on pension plan investments	37,538	-
Changes of assumptions	10,279	-
Differences between employer contributions and proportionate share of contributions	592	431
Changes in Commission's proportion	3,960	16,919
Commission contributions subsequent to measurement date	18,533	-
	$ 76,692	$ 21,531

NOTE 8 RETIREMENT BENEFITS *(continued)*

Actuarial Method and Assumptions

Every five years, SERS is required to conduct an actuarial experience study to determine whether the assumptions used in its annual actuarial valuations remain accurate based on current and anticipated demographic trends and economic conditions. The *18th Investigation of Actuarial Experience* study for the period 2011 – 2015 was released in March 2016. The actuary, under oversight of the Pennsylvania State Employees' Retirement Board (SERB), reviewed economic assumptions (such as the assumed future investment returns and salary increases) as well as demographic assumptions (such as employee turnover, retirement, disability, and death rates).

The SERB adopted the actuarial assumptions set forth in the *18th Investigation of Actuarial Experience* at its March 2016 meeting. The study can be viewed at www.SERS.pa.gov.

In addition to the five-year experience study, SERS reviews its investment return assumption in light of economic conditions every year. In June 2019, the SERB approved a reduction in the investment rate of return to 7.125% for the December 31, 2019 valuation from 7.25% for the December 31, 2018 valuation.

The following methods and assumptions were used in the actuarial valuation for the December 31, 2019 and 2018 measurement dates (except as noted in the previous paragraph):

Actuarial cost method	Entry age
Amortization method	Straight-line amortization of investments over five years and amortization of assumption changes and non-investment gains/losses over the average expected remaining service lives of all employees that are provided benefits
Investment rate of return	7.125% net of manager fees including inflation
Projected salary increases	Average of 5.60% with range of 3.70% - 8.90%, including inflation
Asset valuation method	Fair (market) value
Inflation	2.60%
Mortality rate	Projected RP-2000 Mortality Tables adjusted for actual plan experience and future improvement
Cost-of-living adjustments (COLA)	Ad hoc

NOTE 8 RETIREMENT BENEFITS *(continued)*

Actuarial Methods and Assumptions *(continued)*

The long-term expected real rate of return on pension plan investments is determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of manager fees and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's current and target asset allocation as of December 31, 2019 and 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Private Equity	16.00%	7.25%
Global Public Equity	48.00%	5.15%
Real Estate	12.00%	5.26%
Multi-Strategy	10.00%	4.44%
Fixed Income	11.00%	1.26%
Cash	3.00%	-
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was reduced to 7.125% as of December 31, 2019 from 7.25% as of December 31, 2018. The projection of cash flows used to determine the discount rate assumed that employee contributions from pension plan members will be made at the current contribution rate and that contributions from participating employers will be made at actuarially determined rates as set by statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current pension plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 8 RETIREMENT BENEFITS *(continued)*

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Change in the Discount Rate

The following schedules presents the Commission's proportionate share of the 2019 and 2018 net pension liability calculated using the discount rate of 7.125% and 7.25%, respectively. It also shows what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease to 6.125%	Current Discount Rate of 7.125%	1% Increase to 8.125%
		(in Thousands)	
Commission's share of the net pension liability as of the 12/31/19 measurement date	$ 418,288	$ 329,189	$ 252,909

	1% Decrease to 6.25%	Discount Rate of 7.25%	1% Increase to 8.25%
		(in Thousands)	
Commission's share of the net pension liability as of the 12/31/18 measurement date	$ 473,757	$ 385,821	$ 310,465

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements for SERS.

Payables to the Pension Plan

As of May 31, 2020 and 2019, the Commission reported a $18.3 million and $7.7 million liability, respectively, within accounts payable and accrued liabilities on the Statement of Net Position for the Commission's share of contributions that had not yet been paid to SERS. As of May 31, 2020, $7,800 of the amount payable to SERS was allocated to the investment plan with the remainder allocated to the pension fund. As of May 31, 2019, $2,600 of the amount payable to SERS was allocated to the investment plan with the remainder allocated to the pension fund.

NOTE 9 COMMITMENTS AND CONTINGENCIES

<u>Litigation</u>

On March 15, 2018, several individuals, entities and associations involved in or related to the commercial trucking industry (the Trucking Plaintiffs) filed a class action lawsuit against the Commission, several individuals in their individual capacity and in their official capacity related to the Commission, an individual in her individual capacity and in her official capacity as Chair of the Commission and as Secretary of Transportation, and Governor Wolf, in both his individual and official capacity (the Defendants). The litigation was captioned Owner Operator Independent Drivers Association, Inc. et al. v. Pennsylvania Turnpike Commission et al., No. 1:18-cv-00608-SHR (United States District Court for the Middle District of Pennsylvania) (the Lawsuit). The Trucking Plaintiffs alleged that Act 44, as amended by Act 89 (Act 44/89), violated the Commerce Clause and the right to travel under the U.S. Constitution, either facially or as applied, because the Commission improperly imposes Turnpike tolls beyond that which is necessary for the operation and maintenance of the Turnpike System and that the Commission expends toll revenues for purposes other than the operation and maintenance of the Turnpike System.

The Lawsuit sought, among other things, the following injunctive remedies: (1) a permanent injunction enjoining the Commission from issuing any further bonds or incurring any additional debt for the purpose of making Act 44/89 payments; and (2) a permanent injunction prohibiting the Commission from using toll revenues to make payments on outstanding bonds issued to meet Act 44/89 obligations. Moreover, the lawsuit sought certain monetary damages including a refund of a portion of certain tolls allegedly imposed upon the Trucking Plaintiffs' use of the Turnpike System in excess of what was reasonably necessary to pay for the cost of operating and maintaining the Turnpike System, together with any legally applicable interest and other compensation.

The Commission along with all of the other Defendants vigorously defended Act 44/89 and the propriety of the Commission's imposition and use of the Turnpike toll revenues in court.

On April 4, 2019, Judge Yvette Kane of the United States District Court for the Middle District of Pennsylvania (the District Court) issued a decision in which the District Court determined that tolls assessed by the Commission do not unduly burden interstate commerce or interfere with the constitutional right to travel and the Trucking Plaintiffs' complaint failed to state a claim upon which relief may be granted for violations of the dormant Commerce Clause or the constitutional right to travel. Accordingly, the District Court granted the Defendants' motions to dismiss the Trucking Plaintiffs' complaint. On August 13, 2019, the United States Court of Appeals for the Third Circuit affirmed the decision of the District Court, and subsequently denied the Trucking Plaintiffs' petition both for a panel rehearing and an en banc rehearing.

NOTE 9 COMMITMENTS AND CONTINGENCIES *(continued)*

Litigation *(continued)*

On December 11, 2019, the Trucking Plaintiffs filed a petition for a writ of certiorari in the United States Supreme Court (the Supreme Court) asking the Supreme Court to review the decision of the Third Circuit. On January 27, 2020, the Supreme Court denied the Trucking Plaintiffs' petition for a writ of certiorari asking the Supreme Court to review the decision of the Third Circuit. Owner Operator Independent Drivers Association, Inc. et al. v. Pennsylvania Turnpike Commission et al., cert. denied (U.S. Jan 27, 2020) (No. 19-762). This denial by the Supreme Court left undisturbed the favorable decision of the Third Circuit. The Trucking Plaintiffs did not file a petition for rehearing, as permitted by the Supreme Court rules, and the period to file such a petition expired on February 21, 2020. Thus, the class action lawsuit has concluded favorably to the Commission.

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

Act 44 and Act 89

On July 18, 2007, Act 44 was enacted, creating a "public-public partnership" between the Commission and PennDOT to provide funding for roads, bridges and transit throughout the Commonwealth. Subsequently, in order to, among other things, effectuate the provisions of Act 44 requiring the Commission to make substantial annual payments to PennDOT, as described below, the Commission and PennDOT entered into a Lease and Funding Agreement (the Act 44 Funding Agreement), incorporating many of the terms of Act 44. The term of the Funding Agreement is fifty (50) years from October 14, 2007, its effective date.

NOTE 9 COMMITMENTS AND CONTINGENCIES *(continued)*

Act 44 and Act 89 *(continued)*

The Act 44 Funding Agreement also granted the Commission the option to lease the portion of Interstate 80 (I-80) located in the Commonwealth from PennDOT upon, among other things, the approval of the Federal Highway Administration (FHWA) of the conversion of such portion into a toll road (the Conversion). The Conversion was not approved by FHWA, and neither the Commission nor PennDOT appealed the decision. The Commission did not exercise its option to lease such portion of I-80, and the period during which the Commission could exercise its option under the Act 44 Funding Agreement lapsed on October 14, 2010 without the Commission effectuating the Conversion or having the ability to do so in the future. Under existing law, including Act 89, all legal, financial and operational responsibility for I-80 remains with PennDOT.

Pursuant to Act 44 and the Act 44 Funding Agreement, because the Conversion did not occur, the Commission was obligated to make scheduled annual payments of $450.0 million to PennDOT through 2057, payable in equal quarterly installments, with $200.0 million of the scheduled annual payment supporting road and bridge projects and $250.0 million supporting transit projects throughout the Commonwealth. See the following paragraphs for subsequent changes to such annual payments.

On November 25, 2013, Act 89 was enacted providing substantial revisions to the Commission's transportation funding obligations under Act 44 and authorized the Commission and PennDOT to immediately amend the Act 44 Funding Agreement to reflect the statutory provisions of Act 89. On April 4, 2014, the Commission and PennDOT executed Amendment Number One to the Lease and Funding Agreement (the *Act 89 Amendment* and together with the Act 44 Funding Agreement, the *Original Amended Funding Agreement*). In accordance with Act 89 and the Original Amended Funding Agreement, the Commission's aggregate annual payment to PennDOT for fiscal year 2014 through fiscal year 2022 is $450.0 million and, in accordance with Act 89, the Commission must pay at least $30.0 million of such amount from current revenues with the remainder expected to be funded by bonds issued under the Subordinate Revenue Indenture.

NOTE 9 COMMITMENTS AND CONTINGENCIES *(continued)*

Act 44 and Act 89 *(continued)*

On July 31, 2018, the Commission and PennDOT executed Amendment Number Two to the Lease and Funding Agreement (the *Amendment* and together with the Original Amended Funding Agreement, the *Amended Funding Agreement*). Pursuant to the terms of the Amendment, the Commission and PennDOT agreed to extend the due date for the Commission's July 31, 2018 Annual Base Payment of $50.0 million and Annual Additional Payment of $62.5 million to October 31, 2018 or such later date in the fiscal year ended June 30, 2019, as agreed to by the Commission and PennDOT. Further, the Commission and PennDOT agreed that the due date for any subsequent Annual Base Payment and Annual Additional Payment in the fiscal year ended June 30, 2019 could also be extended to any later date, not later than June 30, 2019, as agreed to by the Commission and PennDOT. In addition, the Amendment replaced the reference therein to "bondholder, debt holders, or creditors having such status as of the Effective Date" with "current bondholders, debt holders or creditors." Other various terms of the agreement were modified as well.

By letter agreement from the Commission to PennDOT, dated April 22, 2019, PennDOT confirmed and acknowledged that the due date for the Commission's July 31, 2018, October 31, 2018, January 31, 2019 and April 30, 2019 Annual Base Payments and Annual Additional Payments was extended to June 28, 2019 or such later date, not later than June 30, 2019, as the parties mutually agreed.

Commencing in fiscal year 2023 through the term of the Amended Funding Agreement, the Commission's aggregate annual payment to PennDOT is $50.0 million, which amount shall be paid from then current revenues of the Commission. Since 2017, by policy, the Commission has been providing $50.0 million from current revenues to fund a portion of its annual payment to PennDOT. The Amended Funding Agreement terminates on October 14, 2057.

As of May 31, 2019, the Commission accrued $450.0 million for the fiscal year 2019 scheduled payments that were not made to PennDOT during fiscal year 2019. This amount was included in current liabilities at May 31, 2019, and the payment was made on June 27, 2020. All regularly scheduled payments for the fiscal year ended May 31, 2020 were made. For both fiscal years, the amounts are recorded as nonoperating expenses.

NOTE 9 COMMITMENTS AND CONTINGENCIES *(continued)*

Act 44 and Act 89 *(continued)*

The Commission is required by the terms of the Amended Funding Agreement and Act 44 to fix and adjust tolls at levels that will generate revenues (together with other available moneys) sufficient to pay, among other things, amounts to PennDOT pursuant to the Amended Funding Agreement when due and other obligations of the Commission, and the Commission has covenanted in the Subordinate Indenture to set tolls at a level sufficient to meet its coverage obligations taking into account any additional debt incurred in order to make such payments.

Due to the significance of the quarterly payments under Act 44 and Act 89, the Commission currently does not have excess cash from operations to fully fund its required payments to PennDOT from current revenues. Therefore, the Commission plans to continue to increase toll rates annually and to issue debt through fiscal year 2022 to finance the majority of these payments. There can be no assurance that the Commission will be able to continue to issue debt on terms that are acceptable, or at all, to finance these obligations. The sole and exclusive remedy for the failure to make the required payments to PennDOT under the Amended Funding Agreement is that all actions of the Commission taken by a vote of the Commissioners thereafter must be approved by a unanimous vote of all Commissioners until such time as the payment is made. However, a unanimous vote is not required if it would prevent the Commission from complying with covenants with "current bondholders, debt holders or creditors." These voting procedures have never been used as the Commission has not missed any payments under the Amended Funding Agreement.

Act 44 and Act 89 provide that all required payments under the Amended Funding Agreement or as required by Act 44 or Act 89 shall be subordinate obligations of the Commission payable solely from the General Reserve Fund after meeting all other Commission requirements pursuant to any financial documents, financial covenants, liquidity policies or agreements in effect at the Commission.

Open Purchase Order Commitments

The Commission had open purchase order commitments of approximately $1.2 billion as of each of the fiscal years ended May 31, 2020 and 2019.

NOTE 9 COMMITMENTS AND CONTINGENCIES *(continued)*

Interest Rate Swaps

The fair value and notional amounts of derivative instruments outstanding as of May 31, 2020 and May 31, 2019, classified by type and the changes in fair value of such derivative instruments for the years then ended as reported in the fiscal year 2020 and 2019 financial statements are as follows:

		Changes in Fair Value		Fair Value at May 31, 2020		
	May 31, 2019	Classification	Amount	Classification	Amount	Notional
			(In Thousands)		*(In Thousands)*	
Cash flow hedges						
Pay-fixed interest rate swap	$ (126,520)	Deferred (outflows)/inflows	$ (90,634)	Noncurrent liabilities	$ (217,154)	$ 1,077,805
Investment derivative instruments						
Basis swaps	11,866	Investment earnings/(losses)	(6,942)	Noncurrent investments	4,924	551,620
Total PTC	$ (114,654)		$ (97,576)		$ (212,230)	

		Changes in Fair Value		Fair Value at May 31, 2019		
	May 31, 2018	Classification	Amount	Classification	Amount	Notional
			(In Thousands)		*(In Thousands)*	
Cash flow hedges						
Pay-fixed interest rate swap	$ (66,430)	Deferred (outflows)/inflows	$ (60,090)	Noncurrent liabilities	$ (126,520)	$ 977,305
Investment derivative instruments						
Basis swaps	11,572	Investment earnings/(losses)	294	Noncurrent investments	11,866	808,250
Total PTC	$ (54,858)		$ (59,796)		$ (114,654)	

Fair Values

As of May 31, 2020 and 2019, the fair values of the Commission's derivative instruments were estimated beginning with the mid-market valuation. The mid-market valuation of the Commission's derivative instruments was estimated using the zero-coupon discounting method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bonds due on the date of each future net settlement payments on the swaps.

The fair value under GASB Statement No. 72 is then incorporated into the above described mid-market valuation: 1) the credit risk of either the Commission or its counterparty (for a liability position or asset position, respectively) i.e. nonperformance risk; and 2) the bid/offer spread that would be charged to the Commission in order to transact. As the valuations are based on discounting future net cash flows to a single current amount, the approach being utilized is the income approach. The fair values rely primarily on Level 2 Inputs (observable inputs) – such as LIBOR rates to build the yield curve.

NOTE 9 COMMITMENTS AND CONTINGENCIES *(continued)*

Interest Rate Swaps *(continued)*

Recent Activity – Cash Flow Hedges

On June 28, 2018, the Commission issued 2018 Series A-1 Variable Rate Senior Revenue Bonds primarily to refund various maturing variable rate bonds. The 2018 Series A-2 Variable Rate Senior Revenue Bonds specifically included refunding the December 1, 2018 maturity of the 2014 Series B-1 Variable Rate Senior Revenue Bonds. As a result, $10.9 million notional amount of the Commission's Mainline SIFMA Fixed Payer swaps associated with those bonds were deemed terminated and are now associated with the 2018 Series A-1 Variable Rate Senior Revenue Bonds. The fair values at the time of deemed termination were a negative $0.2 million with respect to the Goldman Sachs MMDP swap, a negative $0.2 million with respect to the Merrill Lynch CS swap, and a negative $0.2 million with respect to the Morgan Stanley CS swap. These amounts are being amortized until December 1, 2038, which is the final maturity of the swaps.

On November 6, 2018, the Commission issued 2018 Series B Variable Rate Senior Revenue Bonds primarily to refund the outstanding 2017 Series B-1 and B-2 Variable Rate Senior Revenue Bonds (Direct Placement). As a result, the $86.3 million notional amount of the Commission's Mainline LIBOR Fixed Payer swaps associated with the 2017 Series B-2 Variable Rate Senior Revenue Bonds were deemed terminated and are now associated with the 2018 Series B Variable Rate Senior Revenue Bonds. The fair values at the time of deemed termination were $1.1 million with respect to the Bank of America swap, $1.1 million with respect to the Bank of New York Mellow swap, and $2.1 million with respect to the JPMorgan Chase Bank swap. These amounts are being amortized until December 1, 2030, which is the final maturity of the swaps.

On June 4, 2019, the Commission issued 2019 Second Series Senior Revenue Bonds; one purpose was to refund a portion of the Commission's outstanding 2014 Series B-1 Senior Revenue Bonds. As a result, the $39.2 million notional amount of the Commission's Mainline Senior SIFMA Fixed Payer swaps associated with the 2014 Series B-1 Senior Revenue Bonds were deemed terminated and are now associated with the 2019 Second Series Senior Revenue Bonds. The fair values at the time of deemed termination were $1.8 million with respect to the Goldman Sachs MMDP swap, $1.8 million with respect to the Merrill Lynch swap and $1.8 million with respect to the Morgan Stanley swap. These amounts are being amortized until December 1, 2038, which is the final maturity of the swaps.

NOTE 9 COMMITMENTS AND CONTINGENCIES *(continued)*

Interest Rate Swaps *(continued)*

Recent Activity – Cash Flow Hedges (continued)

On November 18, 2019, the Commission restructured its cancellable LIBOR Fixed Payer swap with Royal Bank of Canada on the Mainline Subordinate credit by delaying the first exercise date on the Commission's par call option from June 1, 2022 to June 1, 2029. In connection with this change, the fixed rate payable by the Commission beginning June 1, 2022 was lowered from 2.5125% to 1.8265%. The mark-to-market value of the swap at the time of the amendment was negative $12.0 million. This amount will be amortized until December 1, 2041, which is the final maturity of the swap.

On January 17, 2020, the Commission entered into a forward-starting cancellable SIFMA Fixed Payer swap, with an effective date of August 20, 2020, with Barclay's on the Mainline Senior credit, in anticipation of hedging a portion of expected new money variable-rate bonds. The 2020 Series A Senior Revenue Bonds were issued on August 20, 2020.

Recent Activity – Investment Derivatives

On June 1, 2018, the reversal of the Mainline SIFMA/LIBOR basis swap with Deutsche Bank expired. As a result, the ongoing cash flows under the transaction resumed. On October 22, 2018, the Commission partially terminated a portion of this Mainline SIFMA/LIBOR basis swap with Deutsche Bank; in exchange for receiving a termination payment of $3.4 million, the periodic cash flows on the swap were suspended until September 1, 2021. The notional amount on this investment derivative was $115.8 million as of each of the fiscal years ended May 31, 2020 and 2019.

On July 2, 2018, the reversals of the Mainline CMS trades with JPMorgan Chase Bank and PNC Bank expired. As a result, the ongoing cash flows under the transaction resumed. The notional amount on both of these investment derivatives was $60.4 million as of May 31, 2019.

On September 1, 2018, the reversal of the Mainline SIFMA/LIBOR basis swap with Goldman Sachs MMDP expired. On October 16, 2018, the Commission partially terminated a portion of this Mainline SIFMA/LIBOR basis swap with Goldman Sachs MMDP; in exchange for receiving a termination payment of $3.4 million, the periodic cash flows on the swap were suspended until September 1, 2021. The notional amount on this investment derivative was $115.8 million as of each of the fiscal years ended May 31, 2020 and 2019.

On November 15, 2018, the Oil Franchise Tax CMS reversal with Wells Fargo matured as scheduled. The notional amount on that investment derivative was $80.0 million as of May 31, 2018.

NOTE 9 COMMITMENTS AND CONTINGENCIES *(continued)*

Interest Rate Swaps *(continued)*

Recent Activity – Investment Derivatives (continued)

On January 2, 2019, the reversals of the Mainline CMS trades with Bank of New York Mellon and Merrill Lynch CS expired. As a result, the ongoing cash flows under the transactions have resumed. The notional amounts on these investment derivatives were $75.5 million (Bank of New York Mellon) and $60.4 million (Merrill Lynch CS).

On June 27, 2019, the Commission fully terminated its Mainline LIBOR/CMS basis swaps with JPMorgan Chase Bank and PNC Bank in exchange for receiving termination payments totaling $1.1 million. The notional amounts at the time of termination were as follows:

- JPMorgan Chase Bank - $60.4 million
- PNC Bank - $60.4 million

On July 2, 2019, the Commission fully terminated its Mainline LIBOR/CMS basis swaps with Bank of New York Mellon and Merrill Lynch CS in exchange for receiving termination payments totaling $1.3 million. The notional amounts at the time of termination were as follows:

- Bank of New York Mellon - $75.5 million
- Merrill Lynch CS - $60.4 million

NOTE 9 COMMITMENTS AND CONTINGENCIES *(continued)*

Interest Rate Swaps *(continued)*

Following is a summary of the hedging derivatives in place as of May 31, 2020 and 2019. All items are fixed interest rate swap types. These hedging derivatives contain risks and collateral requirements as described below (in thousands).

As of May 31, 2020:

Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty	Moody's/ S&P/Fitch	Book Fair Value
1. Hedge of changes of cash	$ 57,860	12/20/2013	7/15/2041		Bank of New York Mellon	Aa2/AA-/AA	$ (19,548)
flows on the 2005 Series B, C,	57,845	8/17/2005	7/15/2041	Pay 4.2015%,	JPMorgan Chase Bank	Aa2/A+/AA	(25,836)
D, Bonds	57,860	8/17/2005	7/15/2041	receive SIFMA	Merrill Lynch CS*	A2/A-/A+	(25,843)
	57,860	8/17/2005	7/15/2041		Morgan Stanley CS	A3/BBB+/A	(25,843)
	231,425						(97,070)
2. Hedge of changes of cash	16,944	7/23/2013	12/1/2030	Pay 4.403%,	Bank of America*	Aa2/A+/AA-	(1,960)
flows of 2013 Series B Bonds	33,865	7/23/2013	12/1/2030	receive 67.00%	JPMorgan Chase Bank	Aa2/A+/AA	(3,916)
(formerly 2009 Series C & 2011	16,944	7/23/2013	12/1/2030	of 1-month	Bank of New York Mellon	Aa2/AA-/AA	(1,960)
Series D Bonds)	67,753			LIBOR			(7,836)
3. Hedge of changes of cash	83,333	5/20/2014	12/1/2038		Goldman Sachs MMDP	Aa2/AA-/NR	(20,198)
flows of 2014 Series B-1 Bonds	83,333	5/20/2014	12/1/2038	Pay 4.887%,	Merrill Lynch CS*	A2/A-/A+	(20,206)
(formerly 2008 Series B-1 &	83,334	5/20/2014	12/1/2038	receive SIFMA	Morgan Stanley CS	A3/BBB+/A	(20,195)
2011 Series C Bonds)	250,000						(60,599)
4. Hedge of changes of cash				Pay 2.5125%,			
flows on the 2017 Series A				receive 70.00%			
Subordinate Bonds				of 3-month			
	291,850	5/2/2017	12/1/2041	LIBOR	Royal Bank of Canada	Aa2/AA-/AA	(24,923)
5. Hedge of changes of cash							
flows of 2018 Series A-1 Bonds	3,617	6/28/2018	12/1/2038	Pay 4.887%,	Goldman Sachs MMDP	Aa2/AA-/NR	(670)
(formerly 2014 Series B-1, 2008	3,617	6/28/2018	12/1/2038	receive SIFMA	Merrill Lynch CS*	A2/A-/A+	(669)
Series B-1 & 2011 Series C	3,616	6/28/2018	12/1/2038		Morgan Stanley CS	A3/BBB+/A	(670)
Bonds)	10,850						(2,009)
6. Hedge of changes of cash				Pay 4.403%,			
flows of 2018 Series B Bonds	21,576	11/6/2018	12/1/2030	receive 67.00%	Bank of America*	Aa2/A+/AA-	(2,744)
(formerly 2017 Series B-2, 2016	21,576	11/6/2018	12/1/2030	of 1-month	Bank of New York Mellon	Aa2/AA-/AA	(2,744)
Series A-2, 2014 Series B-2 &	43,125	11/6/2018	12/1/2030	LIBOR	JPMorgan Chase Bank	Aa2/A+/AA	(5,485)
2012 Series B Bonds)	86,277						(10,973)
7. Hedge of changes of cash flow							
on the 2nd Series of 2019	13,050	6/4/2019	12/1/2038	Pay 4.887%,	Goldman Sachs MMDP	Aa2/AA-/NR	(1,493)
(formerly 2014 B-1,	13,050	6/4/2019	12/1/2038	receive SIFMA	Merrill Lynch CS*	A2/A-/A+	(1,493)
formerly2008 B-1 & 2011 C	13,050	6/4/2019	12/1/2038		Morgan Stanley CS	A3/BBB+/A	(1,492)
Bonds)	39,150						(4,478)
8. Hedge of changes of cash							
flows on the 2020 Series A				Pay 1.995%,			
Bonds (new money)	100,500	8/20/2020	12/1/2050	receive SIFMA	Barclay's	A1/A/A+	(9,266)
Total	$ 1,077,805						$ (217,154)

1-month LIBOR was 0.1825% as of May 31, 2020
3-month LIBOR was 0.3440% as of May 31, 2020
SIFMA was 0.14% as of May 31, 2020

* On November 15, 2012, the Commission executed an amendment to the swap agreements to include Merrill Lynch Derivative Products as guarantor. Merrill Lynch Derivative Products credit ratings were Aa3/AA/NR (Moody's/S&P/Fitch) as of May 31, 2020.

NOTE 9 COMMITMENTS AND CONTINGENCIES *(continued)*

Interest Rate Swaps *(continued)*

As of May 31, 2019:

Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty	Moody's/ S&P/Fitch	Book Fair Value
1. Hedge of changes of cash	$ 57,860	12/20/2013	7/15/2041		Bank of New York Mellon	Aa2/AA-/AA	$ (12,855)
flows on the 2005 Series B, C,	57,845	8/17/2005	7/15/2041	Pay 4.2015%,	JPMorgan Chase Bank	Aa2/A+/AA	(19,371)
D, Bonds	57,860	8/17/2005	7/15/2041	receive SIFMA	Merrill Lynch CS*	A2/A-/A+	(19,375)
	57,860	8/17/2005	7/15/2041		Morgan Stanley CS	A3/BBB+/A	(19,375)
	231,425						(70,976)
2. Hedge of changes of cash	16,944	7/23/2013	12/1/2030	Pay 4.403%,	Bank of America*	Aa2/A+/AA-	(822)
flows of 2013 Series B Bonds	33,865	7/23/2013	12/1/2030	receive 67.00%	JPMorgan Chase Bank	Aa2/A+/AA	(1,643)
(formerly 2009 Series C & 2011	16,944	7/23/2013	12/1/2030	of 1-month	Bank of New York Mellon	Aa2/AA-/AA	(822)
Series D Bonds)	67,753			LIBOR			(3,287)
3. Hedge of changes of cash	96,383	5/20/2014	12/1/2038		Goldman Sachs MMDP	Aa2/AA-/NR	(13,103)
flows of 2014 Series B-1 Bonds	96,383	5/20/2014	12/1/2038	Pay 4.887%,	Merrill Lynch CS*	A2/A-/A+	(13,113)
(formerly 2008 Series B-1 &	96,384	5/20/2014	12/1/2038	receive SIFMA	Morgan Stanley CS	A3/BBB+/A	(13,100)
2011 Series C Bonds)	289,150						(39,316)
4. Hedge of changes of cash flows on the 2017 Series A Subordinate Bonds	291,850	5/2/2017	12/1/2041	Pay 2.5125%, receive 70.00% of 3-month LIBOR	Royal Bank of Canada	Aa2/AA-/AA	(6,834)
5. Hedge of changes of cash							
flows of 2018 Series A-1 Bonds	3,617	6/28/2018	12/1/2038	Pay 4.887%,	Goldman Sachs MMDP	Aa2/AA-/NR	(280)
(formerly 2014 Series B-1, 2008	3,617	6/28/2018	12/1/2038	receive SIFMA	Merrill Lynch CS*	A2/A-/A+	(280)
Series B-1 & 2011 Series C	3,616	6/28/2018	12/1/2038		Morgan Stanley CS	A3/BBB+/A	(280)
Bonds)	10,850						(840)
6. Hedge of changes of cash							
flows of 2018 Series B Bonds	21,576	11/6/2018	12/1/2030	Pay 4.403%,	Bank of America*	Aa2/A+/AA-	(1,317)
(formerly 2017 Series B-2, 2016	21,576	11/6/2018	12/1/2030	receive 67.00% of 1-month	Bank of New York Mellon	Aa2/AA-/AA	(1,317)
Series A-2, 2014 Series B-2 &	43,125	11/6/2018	12/1/2030	LIBOR	JPMorgan Chase Bank	Aa2/A+/AA	(2,633)
2012 Series B Bonds)	86,277						(5,267)
Total	$ 977,305						$ (126,520)

1-month LIBOR was 2.43050% as of May 31, 2019
3-month LIBOR was 2.50250% as of May 31, 2019
SIFMA was 1.42% as of May 31, 2019

* On November 15, 2012, the Commission executed an amendment to the swap agreements to include Merrill Lynch Derivative Products as guarantor. Merrill Lynch Derivative Products credit ratings were Aa3/AA/NR (Moody's/S&P/Fitch) as of May 31, 2019.

NOTE 9 COMMITMENTS AND CONTINGENCIES *(continued)*

Interest Rate Swaps *(continued)*

- ***Credit Risk*** – The Commission is at risk that a counterparty will not fulfill their obligations under the agreement. Specifically, the Commission is exposed to credit risk for hedging derivatives that have positive full values from the counterparty and investment derivatives (see Note 4) that have positive fair values. As of May 31, 2020, the Commission has credit risk exposure with respect to the (C), (D) and (E) investment derivatives listed in Note 4. However, should interest rates change and the fair values of the other swaps become positive, the Commission would have additional credit risk exposure.

  To mitigate the exposure to credit risk, the swap agreements include collateral provisions in the event of downgrades to the swap counterparties' credit ratings along with the values of the swaps exceeding certain thresholds specified in the swap agreement. The Commission's derivative agreements contain netting provisions, under which transactions executed with a single counterparty within a credit are netted to determine collateral amounts. Collateral would be posted with a bank custodian and would be in the form of cash, U.S. Treasury Obligations, or U.S. Government Agency Securities. As of May 31, 2020, the Commission had net credit risk exposure to three counterparties pursuant to the provisions of the respective derivative agreements. One counterparty has posted collateral in the amount of $0.8 million. The other two counterparties were not required to post collateral either due to their credit ratings or because the swap value at year end was below the collateral threshold levels.

- ***Interest Rate Risk*** – The Commission will be exposed to variable interest rates if the swap provider for a variable-to-fixed swap agreement defaults or if a variable-to-fixed swap is terminated.

- ***Market-access Risk*** – The Commission will be exposed to market-access risk for the hedging derivatives 2, 3, 5 and 6 in the summary of hedging derivatives table because the maturity date of these derivatives is longer than the maturity date of the related debt.

NOTE 9 COMMITMENTS AND CONTINGENCIES *(continued)*

Interest Rate Swaps *(continued)*

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

  (A) – To the extent 67% of 1-month LIBOR exceeds 60.08% of the 10-year maturity of the USD-ISDA Swap Rate *(fiscal year 2019 only)*

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

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

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

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

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

- ***Collateral Requirements*** – The Commission's derivative instruments related to its Mainline Turnpike Revenue Bonds require the Commission to post collateral in the form of eligible securities or cash if its senior credit rating falls below specified thresholds. These thresholds vary from agreement to agreement, with most in the "A3" (Moody's) and "A-" (S&P and Fitch) levels. The Commission's Mainline Senior Bond rating was "A1" from Moody's, "A+" from S&P and "A+" from Fitch at May 31, 2020. The Commission's Mainline Subordinate Bond rating was "A3" from Moody's, "A" from S&P and "A-" from Fitch as of May 31, 2020. Based on May 31, 2020 full values, the Commission could be required to post $256.8 million in collateral for its derivate instruments if its ratings fall below the agreement thresholds.

NOTE 9 COMMITMENTS AND CONTINGENCIES *(continued)*

Interest Rate Swaps *(continued)*

The Commission's derivative instruments related to its Oil Franchise Tax Revenue Bonds require the Commission to post collateral in the form of eligible securities or cash if its credit rating falls below specifies thresholds. These thresholds vary from agreement to agreement, with most in the "A3" (Moody's) and "A-" (S&P and Fitch) levels. The Commission's Oil Franchise Tax Senior Bond rating was "Aa3" from Moody's, "AA-" from S&P and "AA" from Fitch as of May 31, 2020. Based on May 31, 2020 full values, the Commission could be required to post $0.1 million in collateral for its derivative instruments if its ratings fall below the agreements thresholds.

The Commission's derivative instruments related to its Motor License Registration Fee Revenue Bonds require the Commission to post collateral in the form of eligible securities or cash if its credit rating falls below specified thresholds and/or in the event of certain uncured insurer events of default. These thresholds vary from agreement to agreement. The Commission's Motor License Registration Fee Revenue Bond rating was "A1" from Moody's, "A+" from S&P and "AA-" from Fitch as of May 31, 2020. Based on May 31, 2020 full values, the Commission could be required to post $124.0 million in collateral for its derivative instruments if its ratings fall below the agreement thresholds.

NOTE 10 RELATED-PARTY TRANSACTIONS

The Commission incurred charges of $57.9 million and $53.2 million for the fiscal years ended May 31, 2020 and 2019, respectively, primarily related to its use of the Commonwealth's State Police in patrolling the Turnpike System.

In fiscal year 2019, $10.1 million was paid to PennDOT under an Interagency Contribution Agreement to share the costs associated with the design and construction of a replacement bridge to carry Freedom Road (SR 3020) over the Turnpike Mainline. The Commission did not make any payments to PennDOT under this agreement during fiscal year 2020.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Commission maintains an Other Postemployment Welfare Plan Program (the Plan), for the purpose of providing benefits to eligible retirees and their dependents. The Plan is a single employer, defined benefit plan. The Commission established the Pennsylvania Turnpike Commission Retiree Medical Trust (the Trust) on May 30, 2008 as an irrevocable trust, tax-exempt under the Internal Revenue Code, to provide funding of the Plan's other postemployment benefits (OPEB).

The Trust is administered by the Trustees. PNC Bank serves as custodian of the assets of the Plan. Disbursement of Plan assets are made by the custodian at the direction of the Trustees. The Plan's financial statements are not included in the financial statements of a public employee retirement system. The Plan issues a stand-alone financial report, which can be obtained by contacting the Commission's Accounting & Financial Reporting Department.

Plan benefit provisions and retiree and dependent contribution rates are established and may be amended by the Commission.

Management and Supervisory Union Employees/Retirees

The benefits funded by the Trust include certain postemployment medical, prescription drug, dental and vision benefits to management and supervisory union employees based upon their date of hire and years of service. Eligibility categories include:

- Employees hired before March 1, 2016, who have reached 20 years of service and are under age 60; benefit eligibility changes from 20 to 10 years for retirees 60 years of age or older. The last five years of service must be with the Commission.

- Employees hired on or after March 1, 2016, who have reached 30 years of service and are under age 60; benefit eligibility changes from 30 to 25 years for retirees 60 years of age or older. The last 10 years of service must be with the Commission. (Some current and previous Commonwealth employees hired on or after this date would be grandfathered under the first eligibility category.)

The same coverage is provided to surviving spouses or domestic partners and dependents of management and supervisory union retirees who retired on or after March 1, 2001. Surviving spouses or domestic partners of retirees who retired prior to March 1, 2001 may purchase medical coverage at the group rate and dependents are offered coverage under COBRA. Medicare Part B premiums are paid by the retiree, spouse or dependent if age 65 or over, or under age 65 and disabled.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS *(continued)*

Plan Description *(continued)*

Non-Supervisory Union Employees/Retirees

The benefits also include certain postemployment medical and prescription drug benefits to non-supervisory union employees who have satisfied the age and/or Credited Service eligibility requirements in the applicable collective bargaining agreement. Credited Service is defined as one year of service earned when an employee works 1,650 hours or more in a calendar year. Eligibility categories include:

- For Local 30 professionals who were hired prior to January 1, 2011 and Local 250 and 77 employees who were hired prior to January 27, 2016, the earlier of completion of 20 years of credited service or the later of attainment of age 60 and completion of 10 years of credited service. The last five years of credited service must be with the Commission.

- For Local 30 professionals who were hired on or after January 1, 2011 and Local 250 and 77 employees who were hired on or after January 27, 2016, the earlier of completion of 30 years of credited service or the later of attainment of age 60 and completion of 25 years of credited service. The last 10 years of credited service must be with the Commission. (Some current and previous Commonwealth employees hired on or after this date for Local 30 professionals would be grandfathered under the first eligibility category.)

The same coverage is provided to spouses or domestic partners and dependents of eligible non-supervisory union retirees until the death of the retiree. Surviving spouses or domestic partners are required to contribute the full cost of coverage and dependents are offered coverage under COBRA.

Employees Covered by Benefit Terms

As of May 31, 2019 (the measurement date), the following employees were covered by the benefit terms.

Inactive plan members or beneficiaries currently receiving benefit payments	1,626
Inactive plan members entitled to but not yet receiving benefit payments	70
Active plan members	1,812
Total	3,508

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS *(continued)*

Employees Covered by Benefit Terms *(continued)*

As of May 31, 2018 (the measurement date), the following employees were covered by the benefit terms.

Inactive plan members or beneficiaries currently receiving benefit payments	1,555
Inactive plan members entitled to but not yet receiving benefit payments	56
Active plan members	1,882
Total	3,493

Contributions

The Commission has adopted a Retiree Medical Trust Funding Policy, effective September 17, 2008, whereby the Commission anticipates approving an annual contribution to the Trust in the amount of the Annual Required Contribution (ARC) as determined by the Commission's actuary in accordance with GASB Statement No. 45, during the approval of its annual operating budget. With the implementation of GASB Statement No. 75, the Commission will now refer to the Actuarially Determined Contribution (ADC) instead of the ARC.

Retiree and spouse contribution rates at May 31, 2019 and 2018 are as follows:

- Management and supervisory union employees who retired prior to July 1, 1998 and union employees who retired prior to October 1, 1997 – the retiree/spouse contributes the full cost of coverage less the Commission's monthly subsidy of $19.28 once the retiree turns 65.
- Union employees who retired on October 1, 1997 or later – the retiree/spouse contributes the full cost of coverage less the Commission's monthly subsidy of $73.50 when the retiree or spouse reach age 65.
- Management and supervisory union employees who retire on or after March 1, 2016, and Local 250 and 77 employees who retire after February 1, 2016, as well as Local 30 professionals who retire after January 1, 2014, must participate in a wellness program or contribute 5% of the premium if less than age 65.
- Surviving spouses and domestic partners are paying 100% of the premiums, except for surviving spouses of management and supervisory union employees who retired after March 1, 2001.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS *(continued)*

Net OPEB Liability

As of May 31, 2020 and 2019, the Commission recorded a net OPEB liability of $1.8 million and $12.9 million, respectively.

Actuarial Assumptions and Discount Rate

The total OPEB liability for the fiscal years ended May 31, 2020 and 2019 were determined by actuarial valuations as of May 31, 2019 and June 1, 2017, respectively. The June 1, 2017 valuation was projected forward to the May 31, 2018 measurement date. These valuations were calculated based on the discount rate and actuarial assumptions below. There have been no significant changes between the valuation dates and the fiscal year ends.

	May 31, 2019	**May 31, 2018**
Discount rate	6.0%	6.0%
Long-term expected rate of return, net of investment expense	6.0%	6.0%

The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the long-term expected rate of return.

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

Measurement date	May 31, 2019	May 31, 2018
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation	2.5%	2.3%
Salary increases for union members	3.0%	3.0%
Salary increases for management members	3.3%	3.3%
Amortization method	Level dollar amortization over a period of 10 years	
Asset Valuation method	Market value plus receivable contributions made attributable to a prior fiscal year	

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS *(continued)*

Net OPEB Liability *(continued)*

Actuarial Assumptions and Discount Rate (continued)

The healthcare cost trend assumption is based on the Society of Actuaries Getzen Model version 2017.2 utilizing the baseline assumptions included in the model for medical and prescription drug benefits. Adjustments are applied based on percentage of costs associated with administrative expenses, aging factors, potential excise taxes due to healthcare reform, and other healthcare reform provisions.

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

Valuation Year	Pre-65 Trend	Post-65 Trend
2019	5.2%	5.2%
2020	4.9	4.9
2025	4.8	4.7
2030	5.5	4.8
2035	5.5	4.8
2040	5.6	4.9
2050	5.2	4.7
2060	5.0	4.9
2070	4.3	4.8

Mortality rates were based on the RP-2014 Total Mortality Tables adjusted to reflect Mortality Improvement Scale MP-2018 (MP-2017 for the May 31, 2018 measurement date) and projected forward on a generational basis (based on recommendation of Society of Actuaries' Retirement Plans Experience Committee), with employee rates before benefit commencement and healthy annuitant rates after benefit commencement, and reflecting mortality improvements both before and after the valuation date.

In fiscal year 2019, revisions were made to various aspects of the Investment Policy Statement for the Other Postemployment Welfare Plan Program including both asset allocations and performance benchmarks.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS *(continued)*

Net OPEB Liability *(continued)*

Actuarial Assumptions and Discount Rate (continued)

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

As of May 31, 2019:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	27%	4.81%
International equity	18%	5.97
Rates/credit	25%	1.82
Real assets	19%	3.67
Multi-asset	10%	2.14
Cash	1%	0.20

As of May 31, 2018:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	29%	4.8%
International equity	15%	6.4
Fixed income	15%	1.8
Real estate	15%	3.8
Global tactical asset allocation	10%	5.0
Hedge fund of funds	10%	2.1
Commodities	5%	3.0
Cash reserves	1%	0.2

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS *(continued)*

Changes in the Net OPEB Liability

	Increases (Decreases)		
	Total OPEB Liability	**Plan Fiduciary Net Position**	**Net OPEB Liability (a) – (b)**
		(in Thousands)	
Balances as of May 31, 2018	$ 437,477	$ 424,543	$ 12,934
Changes for the year			
Service cost	11,254	-	11,254
Interest on OPEB liability	26,371	-	26,371
Effect of economic / demographic gains or losses	8,487	-	8,487
Effect of assumptions changes or inputs	(4,358)	-	(4,358)
Benefit payments	(17,032)	(17,032)	-
Employer contributions	-	46,056	46,056
Net investment income	-	6,789	6,789
Administrative expenses	-	(2)	(2)
Balances as of May 31, 2019	$ 462,199	$ 460,354	$ 1,845

	Increases (Decreases)		
	Total OPEB Liability	**Plan Fiduciary Net Position**	**Net OPEB Liability (a) – (b)**
		(in Thousands)	
Balances as of May 31, 2017	$ 421,775	$ 380,045	$ 41,730
Changes for the year			
Service cost	10,926	-	10,926
Interest on OPEB liability	25,431	-	25,431
Effect of economic / demographic gains or losses	(2,671)	-	(2,671)
Benefit payments	(17,984)	(17,984)	-
Employer contributions	-	28,171	28,171
Net investment income	-	34,322	34,322
Administrative expenses	-	(11)	(11)
Balances as of May 31, 2018	$ 437,477	$ 424,543	$ 12,934

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS *(continued)*

Changes in the Net OPEB Liability *(continued)*

Sensitivity Analysis

The following presents the net OPEB liability of the Commission, calculated using the discount rate of 6.0%, as well as what the Commission's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.0%) or one percentage point higher (7.0%) than the current discount rate.

	1% Decrease (5%)	Current Discount Rate (6%)	1% Increase (7%)
		(in Thousands)	
Net OPEB liability (asset) as of May 31, 2019	$ 58,238	$ 1,845	$ (44,812)
Net OPEB liability (asset) as of May 31, 2018	$ 71,848	$ 12,934	$ (35,589)

The following presents the net OPEB liability of the Commission, calculated using the current healthcare cost trend rates as well as what the net OPEB liability would be if it were calculated using trend rates that are one percentage point lower or one percentage point higher than the current trend rates.

	1% Decrease	Current Trend Rate	1% Increase
		(in Thousands)	
Net OPEB (asset) liability as of May 31, 2019	$ (48,861)	$ 1,845	$ 64,200
Net OPEB (asset) liability as of May 31, 2018	$ (41,459)	$ 12,934	$ 80,340

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Pennsylvania Turnpike Commission Other Postemployment Welfare Plan Program financial statements. The stand-alone Plan financial statements can be obtained by contacting the Commission's Accounting & Financial Reporting Department.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS *(continued)*

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

For the year ended May 31, 2020, the Commission recognized OPEB expense of $13.2 million. As of May 31, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	(In Thousands)	
Differences between expected and actual experience	$ 7,072	$ 1,809
Changes of Assumptions	-	3,632
Net difference between projected and actual earnings on OPEB plan investments	15,644	6,731
Contributions subsequent to measurement date	11,730	-
	$ 34,446	$ 12,172

The $11.7 million reported as deferred outflows of resources related to OPEB resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability during the year ending May 31, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as net increases in OPEB expense as follows:

Year Ending May 31	*(in Thousands)*
2021	$ 1,925
2022	1,925
2023	1,924
2024	4,168
2025	602
Thereafter	-

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS *(continued)*

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

For the year ended May 31, 2019, the Commission recognized OPEB expense of $10.6 million. As of May 31, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	(In Thousands)	
Differences between expected and actual experience	$ -	$ 2,240
Net difference between projected and actual earnings on OPEB plan investments	-	8,975
Contributions subsequent to measurement date	46,056	-
	$ 46,056	$ 11,215

The $46.1 million reported as deferred outflows of resources related to OPEB resulting from Commission contributions subsequent to the measurement date was recognized as a reduction of the net OPEB liability during the fiscal year ended May 31, 2020.

NOTE 12 SELF-INSURANCE

The Commission is exposed to various risks of losses such as theft of, damage to, and destruction of assets, errors and omissions, torts, injuries to employees and natural disasters. The Commission has purchased commercial all risk property insurance and stop loss insurance for employee medical and prescription benefits coverage. The Commission remains self-insured for dental and vision benefits, torts and injuries to employees as well as medical and prescription benefits up to stop loss coverages. No settlements exceeded insurance coverage for each of the past three years.

NOTE 12 SELF-INSURANCE *(continued)*

The Commission recorded a liability of $38.8 million and $37.9 million for loss and loss adjustment expenses for claims relating to workers' compensation, motor vehicle and tort self-insurance that have been incurred and for claims incurred but not reported as of May 31, 2020 and 2019, respectively. The workers' compensation, motor vehicle and tort self-insurance liabilities recorded as accounts payable and accrued liabilities are $4.0 million and $3.9 million for the fiscal years ended May 31, 2020 and 2019, respectively. The workers' compensation, motor vehicle and tort self-insurance liabilities recorded as other noncurrent liabilities are $34.8 million and $34.0 million for the fiscal years ended May 31, 2020 and 2019, respectively. This liability is based on GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be recorded if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability is calculated based on the Commission's past loss experience. The liability for vehicle and general tort was not discounted. The liability for workers' compensation was discounted using a rate of 1.5% and 2.5% for the fiscal years ended May 31, 2020 and 2019, respectively. The liability includes amounts for claims adjustment expense and is net of any recoveries and subrogation. Recoveries and subrogation were not material for the years ended May 31, 2020 and 2019. The Commission believes the liability established is reasonable and appropriate to provide for settlement of losses and related loss adjustment expenses.

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

NOTE 12 SELF-INSURANCE *(continued)*

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

			Incurred Claims		Paid Claims			
	May 31, 2019 Liability	Effects of Discount as of June 1, 2019	Current Year	Prior Years	Current Year	Prior Years	Effects of Discount as of May 31, 2020	May 31, 2020 Liability
Year ended May 31, 2020				*(In Thousands)*				
Workers' compensation	$ 8,704	$ 945	$ 1,272	$ 2,434	$ (592)	$ (2,767)	$ (1,169)	$ 8,827
Motor vehicle/general tort	29,209	-	230	1,332	(75)	(735)	-	29,961
	$ 37,913	$ 945	$ 1,502	$ 3,766	$ (667)	$ (3,502)	$ (1,169)	$ 38,788

			Incurred Claims		Paid Claims			
	May 31, 2018 Liability	Effects of Discount as of June 1, 2018	Current Year	Prior Years	Current Year	Prior Years	Effects of Discount as of May 31, 2019	May 31, 2019 Liability
Year ended May 31, 2019				*(In Thousands)*				
Workers' compensation	$ 9,464	$ 1,098	$ 982	$ 1,599	$ (268)	$ (3,226)	$ (945)	$ 8,704
Motor vehicle/general tort	29,998	-	62	(480)	(27)	(344)	-	29,209
	$ 39,462	$ 1,098	$ 1,044	$ 1,119	$ (295)	$ (3,570)	$ (945)	$ 37,913

The foregoing reflects an adjustment for an increase of $3.8 million and an increase of $1.1 million for the fiscal years ended May 31, 2020 and 2019, respectively, in the provision for events of prior fiscal years (Incurred Claims – Prior Years) that resulted from a change in estimate as more information became available.

NOTE 13 COMPENSATED ABSENCES

Sick leave is earned at a rate of 3.08 hours every two weeks, or 10 days per year. Unused sick leave may be carried over from year to year, up to a maximum of 18 days. In November of each year, employees are reimbursed for all accumulated unused sick leave above the maximum. Sick leave payouts were $1.7 million during each of the fiscal years ended May 31, 2020 and 2019.

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

Upon termination of employment, all unused sick and vacation leave is paid to the employee. The compensated absences liabilities were $17.4 million and $15.9 million for the fiscal years ended May 31, 2020 and 2019, respectively. The compensated absences liabilities recorded as accounts payable and accrued liabilities were $9.6 million and $8.7 million for the fiscal years ended May 31, 2020 and 2019, respectively. The compensated absences liabilities recorded as other noncurrent liabilities were $7.8 million and $7.2 million for the fiscal years ended May 31, 2020 and 2019, respectively.

NOTE 13 COMPENSATED ABSENCES *(continued)*

A summary of changes to compensated absences for the years ended May 31, 2020 and 2019 is as follows:

Fiscal Year Ended May 31	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
			(In Thousands)		
2020	$ 15,885	$ 12,562	$ 11,061	$ 17,386	$ 9,562
2019	15,874	12,362	12,351	15,885	8,737

NOTE 14 LETTERS OF CREDIT

Pennsylvania insurance law requires a letter of credit, surety bond, or escrow from entities that self-insure their Workers' Compensation. As of May 31, 2020, the Commission has one standby letter of credit to satisfy the PA Turnpike's collateral requirement under the expired Owner Controlled Insurance Program (OCIP) with Zurich American Insurance; there have been no draws against the letter of credit. The Letter of Credit is $375,000 with Wells Fargo Bank, N.A. for beneficiary Zurich American Insurance for the Uniontown to Brownsville Phase II OCIP.

In May 2017, in lieu of a letter of credit, the Commission placed $2.0 million into an escrow account with Wells Fargo (naming Liberty Mutual as beneficiary) for the new OCIP on the U.S. 22 to I-79 portion of the Southern Beltway currently under construction.

NOTE 15 SUBSEQUENT EVENTS

On June 2, 2020, the Commission approved the layoff of Fare Collection Department employees and Ticket Systems Audit Department employees due to the implementation of All Electronic Tolling (AET). On this same date, the Commission so informed representatives of Teamsters Local Union Nos. 77 and 250 (collectively the *Union*). The resulting layoff of approximately 492 bargaining unit employees was implemented effective as of June 18, 2020. In accordance with terms negotiated with the Union, the laid off employees may receive severance based on their years of seniority upon execution of a release of claims. On or about June 25, 2020, the Union submitted three grievances challenging the layoff of the bargaining unit employees due to the implementation of AET. In the grievances, the Union contends that the above referenced layoff violated provisions of the applicable collective bargaining agreements and terms of the Memoranda of Understanding and/or purported oral promises relating to the layoff of employees. In particular, the Union contends that the Commission was not permitted to lay off employees due to the implementation of AET until January 2022. The Union is requesting that the laid off employees be reinstated to their former positions and be made whole (including back pay). The Commission contends that it has: (a) not violated any provisions of the applicable collective bargaining agreements, (b) not violated any provisions of the Memoranda of Understanding relating to the layoff of employees, and (c) acted consistently with the applicable provisions of the collective bargaining agreements and Memoranda of Understanding relating to the layoffs resulting from the implementation of AET. Accordingly, the Commission intends to vigorously defend its legal and contractual rights to implement AET and to lay off employees due to such implementation. An arbitration in this matter is currently scheduled to be held on November 11, 2020.

Due to the COVID-19 pandemic, in a letter dated June 2, 2020, the Commission and HMSHost agreed to defer HMSHost's service plaza payments of calendar year 2020 Percentage Rent for the remaining accounting cycles of 2020. These deferred payments will be paid in twelve equal, monthly installments in 2021 beginning on January 20, 2021.

On June 3, 2020, in order to assure liquidity throughout the COVID-19 pandemic mitigation efforts, the Commission obtained a one-year, $200.0 million line of credit for operating expenses from PNC Bank, N.A.

NOTE 15 SUBSEQUENT EVENTS *(continued)*

In response to the impacts of the COVID-19 pandemic, in particular, declines in Commission traffic and revenue and disruptions in the capital markets, PennDOT and the Commission negotiated an Amendment Number Three to the Lease and Funding Agreement, which was executed by all parties on June 11, 2020 (the *Amendment Three*, and together with the Original Amended Funding Agreement and the Amendment, the *Amended Funding Agreement*). Pursuant to the terms of the Amendment Three, the Commission and PennDOT agreed to extend the due date for the Commission's July 31, 2020 Annual Base Payment of $50.0 million and Annual Additional Payment of $62.5 million to October 31, 2020 or such later date in the fiscal year ending June 30, 2021 as may be agreed to by the Commission and PennDOT. Further, the Commission and PennDOT agreed that the due date for any subsequent Annual Base Payment and Annual Additional Payment in the fiscal year ending June 30, 2021 may also be extended to any later date, not later than June 30, 2021, as may be agreed to by the Commission and PennDOT.

On June 23, 2020, the Commission issued $225,820,000 of 2020 Second Series Senior Revenue Bonds at a variable rate with a maturity date of December 1, 2039. The 2020 Second Series Senior Revenue Bonds were issued to refund a portion of the 2013 Series B Senior Revenue Bonds ($100,000,000), 2014 Series B-1 Senior Revenue Bonds ($100,000,000), 2018 Series A-1 ($25,000,000), and for paying the costs of issuing the 2020 Second Series Senior Revenue Bonds.

On August 20, 2020, the Commission issued $100,500,000 of 2020 Series A Senior Revenue Bonds at a variable rate with a maturity date of December 1, 2050. The 2020 Series A Senior Revenue Bonds were issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges, and for paying the costs of issuing the 2020 Series A Senior Revenue Bonds.

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REQUIRED SUPPLEMENTARY INFORMATION

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Schedule of Commission's Proportionate Share of the Net Pension Liability –
Pennsylvania State Employees' Retirement System – Pension Fund (Unaudited)

Last 10 Fiscal Years*
(Dollar Amounts in Thousands)

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

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

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Schedule of Commission's Contributions –
Pennsylvania State Employees' Retirement System – Pension Fund (Unaudited)

Last 10 Fiscal Years*
(Dollar Amounts in Thousands)

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

* The Commission adopted GASB Statement No. 68 on a prospective basis in fiscal year 2015; therefore, only the available years are presented in the above schedule.

^ Classes A5 and A6 became effective on January 1, 2019 and are now included in covered payroll due to the Hybrid plan including a pension fund contribution component.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Schedule of Changes in the Commission's Net OPEB Liability
and Related Ratios (Unaudited)

Last 10 Fiscal Years*
(Dollar Amounts in Thousands)

Fiscal Year Ended	**05/31/20**	**05/31/19**
Measurement Date	**05/31/19**	**05/31/18**
Total OPEB Liability		
Service cost	$ 11,254	$ 10,926
Interest on total OPEB liability	26,371	25,431
Effect of economic/demographic gains or losses	8,487	(2,671)
Effect of assumptions changes or inputs	(4,358)	-
Benefit payments	(17,032)	(17,984)
Net change in total OPEB liability	24,722	15,702
Total OPEB liability, beginning	437,477	421,775
Total OPEB liability, ending (a)	462,199	437,477
Plan fiduciary net position		
Employer contributions	46,056	28,171
Net investment income	6,789	34,322
Benefit payments	(17,032)	(17,984)
Administrative expenses	(2)	(11)
Net change in plan fiduciary net position	35,811	44,498
Plan fiduciary net position, beginning	424,543	380,045
Plan fiduciary net position, ending (b)	460,354	424,543
Commission's net OPEB liability, ending = (a) – (b)	$ 1,845	$ 12,934
Plan fiduciary net position as a % of total OPEB liability	99.6%	97.0%
Covered payroll	$ 119,730	$ 119,391
Commission's net OPEB liability as a % of covered payroll	1.5%	10.8%

* The Commission adopted GASB Statement No. 75 in fiscal year 2019; therefore, only the available years are presented in the above schedule.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Schedule of Commission Contributions to the Other Postemployment Welfare Plan Program (Unaudited)

Last 10 Fiscal Years
(Dollar Amounts in Thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	$ 11,729	$ 13,970	$ 8,384	$ 11,121	$ 11,368	$ 12,683	$ 18,353	$ 23,423	$ 28,821	$ 26,703
Contributions in relation to the actuarially determined contribution	11,730	46,056	28,171	28,176	28,143	46,180	44,228	54,768	54,397	28,505
Contribution deficiency (excess)	$ (1)	$ (32,086)	$ (19,787)	$ (17,055)	$ (16,775)	$ (33,497)	$ (25,875)	$ (31,345)	$ (25,576)	$ (1,802)
Covered-employee payroll	$ 118,560	$ 119,730	$ 119,391	$ 117,818	$ 117,391	$ 116,829	$ 118,507	$ 116,716	$ 112,408	$ 111,694
Contributions as a % of covered-employee payroll	9.9%	38.5%	23.6%	23.9%	24.0%	39.5%	37.3%	46.9%	48.4%	25.5%

Notes to Schedule

Full actuarial valuations are performed every other year.

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

The Actuarially Determined Contribution for the fiscal year ended May 31, 2019 was calculated based on a June 1, 2017 full valuation and then projected forward to the May 31, 2018 measurement date.

The Actuarially Determined Contribution (formerly Annual Required Contribution) for the fiscal year ended May 31, 2018 was calculated based on a January 1, 2017 interim valuation that was rolled forward from the January 1, 2016 full valuation.

The Actuarially Determined Contribution (formerly Annual Required Contribution) for the fiscal year ended May 31, 2017 was calculated based on a January 1, 2016 full valuation.

Notes to Schedule *(continued)*

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

	June 1, 2017 Full Valuation	**January 1, 2016 Full Valuation**
Actuarial cost method	Entry Age Normal	Projected-unit credit
Discount rate	6.0%	6.5%
Rate of return on assets	6.0%	6.5%
Inflation rate	2.3%	2.5%
Amortization method	Level dollar amortization over a period of 10 years	Level dollar
Amortization period		
▪ - UAAL as of March 1, 2012	N/A	10 years (closed)
▪ - Subsequent changes	N/A	10 years (open)
Asset valuation method	Market value plus receivable contributions made attributable to a prior fiscal year	Fair value
Health cost trend rates	Varying rates between 4.3% and 6.3% for medical and pharmacy benefits. 4.0% for dental and vision benefits.	Varying rates between 4.6% and 6.2% for medical and pharmacy benefits. 4.0% for dental and vision benefits.
Salary increases	Union – 3.0%, Management – 3.3%	Not considered as OPEB benefits are not based upon pay.
Mortality	RPH-2014 total Dataset Mortality Tables adjusted to reflect Mortality Improvement Scale MP-2017 from 2006 base year and projected forward on a generational basis, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement, and reflecting mortality improvements both before and after the valuation date.	RP-2000 Healthy Annuitant Mortality Table projected on a generational basis using Scale AA to allow for past and future improvements in mortality. The Employee table is used for pre-retirement. Rates vary by age and gender.

Other Significant Changes

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

OTHER SUPPLEMENTARY INFORMATION

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

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

The Oil Franchise section consists of revenues received from the Commission's allocation of the Commonwealth's Oil Company Franchise Tax. This revenue is pledged against the Oil Franchise Tax Debt as listed in Note 7 to the financial statements.

The Motor License section consists of an annual income of $28.0 million, which has been provided to the Commission pursuant to Section 20 of Act 3 of the Commonwealth of Pennsylvania. This income is pledged against the Motor License Registration Fee Debt as listed in Note 7 to the financial statements.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Section Information *(continued)*
Schedule of Net Position

	May 31, 2020			
	Mainline	Oil Franchise	Motor License	Total
	(In Thousands)			
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current assets:				
Cash and cash equivalents	$ 198,564	$ -	$ -	$ 198,564
Investments	78,655	-	-	78,655
Accounts receivable	65,631	-	-	65,631
Accrued interest receivable	2,066	-	-	2,066
Inventories	24,685	-	-	24,685
Restricted current assets				
Cash and cash equivalents	545,031	148,780	13,955	707,766
Investments	295,525	28,984	17,077	341,586
Accounts receivable	-	3,180	-	3,180
Accrued interest receivable	11,148	3,745	156	15,049
Total current assets	1,221,305	184,689	31,188	1,437,182
Noncurrent assets				
Investments				
Investments	354,491	-	-	354,491
Investments restricted	556,700	275,631	33,118	865,449
Total investments	911,191	275,631	33,118	1,219,940
Capital assets not being depreciated				
Land and intangibles	425,643	-	-	425,643
Assets under construction	1,788,685	-	-	1,788,685
Capital assets being depreciated				
Buildings	983,739	-	-	983,739
Improvements other than buildings	151,066	-	-	151,066
Equipment	706,803	-	-	706,803
Infrastructure	8,946,265	-	-	8,946,265
Total capital assets before accumulated depreciation	13,002,201	-	-	13,002,201
Less: Accumulated depreciation	6,592,200	-	-	6,592,200
Total capital assets after accumulated depreciation	6,410,001	-	-	6,410,001
Other assets				
Prepaid bond insurance costs	4,763	18	1,094	5,875
Other assets	26,646	-	-	26,646
Total other assets	31,409	18	1,094	32,521
Total noncurrent assets	7,352,601	275,649	34,212	7,662,462
Total assets	8,573,906	460,338	65,400	9,099,644
Deferred outflows of resources from hedging derivatives	120,084	-	97,070	217,154
Deferred outflows of resources from refunding bonds	319,193	10,714	13,816	343,723
Deferred outflows of resources from pensions	37,837	-	-	37,837
Deferred outflows of resources from OPEB	34,446	-	-	34,446
Total deferred outflows of resources	511,560	10,714	110,886	633,160
Total assets and deferred outflows of resources	$ 9,085,466	$ 471,052	$ 176,286	$ 9,732,804

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Section Information *(continued)*
Schedule of Net Position *(continued)*

	May 31, 2020			
	Mainline	Oil Franchise	Motor License	Total
	(In Thousands)			
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Current liabilities				
Accounts payable and accrued liabilities	$ 457,609	$ 56,597	$ 3,034	$ 517,240
Current portion of debt	545,615	18,720	9,545	573,880
Unearned income	90,369	-	-	90,369
Total current liabilities	1,093,593	75,317	12,579	1,181,489
Noncurrent liabilities				
Debt, less current portion, net of unamortized premium	12,884,059	1,138,797	360,164	14,383,020
Net pension liability	329,189	-	-	329,189
Net OPEB liability	1,845	-	-	1,845
Other noncurrent liabilities	252,023	(66)	103,704	355,661
Total noncurrent liabilities	13,467,116	1,138,731	463,868	15,069,715
Total liabilities	14,560,709	1,214,048	476,447	16,251,204
Deferred inflows of resources from service concession arrangements	106,450	-	-	106,450
Deferred inflows of resources from refunding bonds	9,829	1,805	-	11,634
Deferred inflows of resources from pensions	42,492	-	-	42,492
Deferred inflows of resources from OPEB	12,172	-	-	12,172
Total deferred inflows of resources	170,943	1,805	-	172,748
Total liabilities and deferred inflows of resources	14,731,652	1,215,853	476,447	16,423,952
NET POSITION				
Net investment in capital assets	564,948	(1,106,604)	(361,433)	(903,089)
Restricted for construction purposes	-	350,041	61,272	411,313
Restricted for debt service	30,857	11,762	-	42,619
Unrestricted	(6,241,991)	-	-	(6,241,991)
Total net position	$ (5,646,186)	$ (744,801)	$ (300,161)	$ (6,691,148)

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Section Information *(continued)*
Schedule of Revenues, Expenses, and Changes in Net Position

	May 31, 2020			
	Mainline	**Oil Franchise**	**Motor License**	**Total**
		(In Thousands)		
Operating revenues				
Net fares	$ 1,279,740	$ -	$ -	$ 1,279,740
Other	4,043	-	-	4,043
Total operating revenues	1,283,783	-	-	1,283,783
Operating expenses				
Cost of services	530,740	3,191	-	533,931
Depreciation	382,088	-	-	382,088
Total operating expenses	912,828	3,191	-	916,019
Operating income (loss)	370,955	(3,191)	-	367,764
Nonoperating revenues (expenses)				
Investment earnings	64,177	23,889	2,279	90,345
Other nonoperating revenues	18,091	4,602	-	22,693
Act 44 and Act 89 payments to PennDOT	(450,000)	-	-	(450,000)
Capital assets transferred to the Commonwealth	(294)	-	-	(294)
Interest and bond expense	(585,828)	(48,601)	(18,472)	(652,901)
Nonoperating expenses, net	(953,854)	(20,110)	(16,193)	(990,157)
Loss before capital contributions	(582,899)	(23,301)	(16,193)	(622,393)
Capital contributions	11,688	133,798	28,000	173,486
(Decrease) increase in net position	(571,211)	110,497	11,807	(448,907)
Net position at beginning of year, before restatement	(5,333,360)	(595,913)	(312,968)	(6,242,241)
Cumulative effect of change in accounting principle	-	-	-	-
Net position at beginning of year, as restated	(5,333,360)	(595,913)	(312,968)	(6,242,241)
Intersection transfers	258,385	(259,385)	1,000	-
Net position at end of year	$ (5,646,186)	$ (744,801)	$ (300,161)	$ (6,691,148)

Schedule of Cash Flows

	May 31, 2020			
	Mainline	**Oil Franchise**	**Motor License**	**Total**
		(In Thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customer tolls and deposits	$ 1,275,558	$ -	$ -	$ 1,275,558
Cash payments for goods and services	(353,071)	(1,089)	-	(354,160)
Cash payments to employees	(159,661)	(2,100)	-	(161,761)
Cash received from other operating activities	16,572	-	-	16,572
Net cash provided by (used in) operating activities	779,398	(3,189)	-	776,209
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	3,212,888	957,528	8,694	4,179,110
Interest received on investments	27,965	6,560	1,134	35,659
Purchases of investments	(3,403,790)	(735,947)	(11,105)	(4,150,842)
Net cash (used in) provided by investing activities	(162,937)	228,141	(1,277)	63,927
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital grants received from other governments	5,845	-	-	5,845
Proceeds from Motor License Registration fees	-	-	28,000	28,000
Proceeds from Oil Company Franchise Tax	-	141,665	-	141,665
Intersection cash transfer for debt defeasance	-	(1,000)	1,000	-
Construction and acquisition of capital assets	(404,188)	(255,237)	-	(659,425)
Proceeds from sale of capital assets	2,057	-	-	2,057
Payments for bond and swap expenses	(5,078)	(40)	-	(5,118)
Payments for debt refundings	(574,829)	-	-	(574,829)
Payments for debt maturities	(81,100)	(18,980)	(9,070)	(109,150)
Interest paid on debt	(257,098)	(54,807)	(18,806)	(330,711)
Interest subsidy from Build America Bonds	8,232	2,301	-	10,533
Swap suspension payments received	2,443	-	-	2,443
Proceeds from debt issuances	1,073,553	-	-	1,073,553
Net cash (used in) provided by capital and related financing activities	(230,163)	(186,098)	1,124	(415,137)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash payments to PennDOT	(900,000)	-	-	(900,000)
Payments for bond and swap expenses	(8,636)	-	-	(8,636)
Payments for cash defeasances	(51,164)	-	-	(51,164)
Payments for debt refundings	(481,197)	-	-	(481,197)
Payments for debt maturities	(76,905)	-	-	(76,905)
Interest paid on debt	(285,859)	-	-	(285,859)
Proceeds from debt issuances	1,285,176	-	-	1,285,176
Net cash used in noncapital financing activities	(518,585)	-	-	(518,585)
(Decrease) increase in cash and cash equivalents	(132,287)	38,854	(153)	(93,586)
Cash and cash equivalents at beginning of year	875,882	109,926	14,108	999,916
Cash and cash equivalents at end of year	$ 743,595	$ 148,780	$ 13,955	$ 906,330

	May 31, 2020			
	Mainline	Oil Franchise	Motor License	Total
	(In Thousands)			
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	$ 370,955	$ (3,191)	$ -	$ 367,764
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	382,088	-	-	382,088
Change in operating assets and liabilities				
Accounts receivable	12,989	-	-	12,989
Inventories	(5,395)	-	-	(5,395)
Other assets	(7)	-	-	(7)
Deferred outflows of resources from pensions	38,855	-	-	38,855
Deferred outflows of resources from OPEB	11,610	-	-	11,610
Accounts payable and accrued liabilities	12,650	2	-	12,652
Net pension liability	(56,632)	-	-	(56,632)
Net OPEB liability	(11,089)	-	-	(11,089)
Other noncurrent liabilities	1,456	-	-	1,456
Deferred inflows of resources from pensions	20,961	-	-	20,961
Deferred inflows of resources from OPEB	957	-	-	957
Net cash provided by (used in) operating activities	$ 779,398	$ (3,189)	$ -	$ 776,209
Reconciliation of cash and cash equivalents to the statements of net position				
Cash and cash equivalents	$ 198,564	$ -	$ -	$ 198,564
Restricted cash and cash equivalents	545,031	148,780	13,955	707,766
Total cash and cash equivalents	$ 743,595	$ 148,780	$ 13,955	$ 906,330

Noncash Investing, Capital and Related Financing and Noncapital Financing Activities

The Commission recorded a net increase of $50.7 million in the fair value of its investments not reported as cash equivalents for the year ended May 31, 2020. Increases by section were: Mainline, $32.3 million; Oil Franchise, $17.3 million and Motor License $1.1 million.

The Commission recorded $57.7 million for the amortization of bond premium for the year ended May 31, 2020. Amortization by section was: Mainline, $49.6 million; Oil Franchise, $7.1 million and Motor License, $1.0 million.

As indicated in Note 7 to the financial statements (Debt), the Commission refunded and cash defeased various bonds in fiscal year 2020. The fiscal year 2020 refundings and cash defeasances resulted in a $19.1 million reclassification from Mainline bond premiums (discounts) to deferred outflows of resources from refunding bonds and a $41.7 million reclassification from Mainline bond premiums (discounts) to deferred inflows of resources from refundings. Additionally, the Commission recorded $40.7 million for the amortization of deferred outflows/inflows of resources from refunding bonds for the year ended May 31, 2020. Amortization by section was: Mainline, $39.3 million; Oil Franchise, $0.5 million and Motor License, $0.9 million.

The Commission recorded $0.3 million for the amortization of prepaid bond insurance costs for the year ended May 31, 2020. Amortization by section was: Mainline, $0.2 million and Motor License, $0.1 million.

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

The Commission recorded an interest expense reduction of $3.2 million in the Mainline section and $0.2 million in the Motor License section for the year ended May 31, 2020 related to GASB Statement No. 53 entries.

The Commission recognized total capital contributions of $173.5 million for fiscal year ended May 31, 2020. Cash received of $175.5 million for fiscal year ended May 31, 2020 is reported in the capital and related financing activities of this schedule. The $2.0 million difference between capital contributions and cash received is the result of a $7.8 million net decrease in Oil Franchise receivables related to these capital contributions and a $5.8 million Mainline noncash capital contribution related to capital assets provided by service plaza operators. The Commission entered into agreements with a food and fuel provider to totally reconstruct the service plazas; the service plaza operators provide the capital for the reconstruction in exchange for lower rental rates. See Note 2 to the financial statements for further discussion on capital contributions and Note 6 to the financial statements for further discussion on the service plazas.

During fiscal year 2020, the Commission transferred land with a book value of $0.3 million from the Mainline section to the PA Game Commission.

The Commission records intersection activity related to revenue, expense, asset and liability transfers between its sections. Some of the intersection entries are related to cash transfers; others are noncash transfers as required. Net intersection transfers for the year ended May 31, 2020 were: to Mainline, $258.4 million; from Oil Franchise, $259.4 million; and to Motor License, $1.0 million.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Section Information *(continued)*
Schedule of Net Position

	May 31, 2019			
	Mainline	Oil Franchise	Motor License	Total
	(In Thousands)			
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current assets:				
Cash and cash equivalents	$ 192,784	$ -	$ -	$ 192,784
Investments	93,666	-	-	93,666
Accounts receivable	78,619	-	-	78,619
Accrued interest receivable	1,712	-	-	1,712
Inventories	19,290	-	-	19,290
Restricted current assets				
Cash and cash equivalents	683,098	109,926	14,108	807,132
Investments	161,681	359,886	-	521,567
Accounts receivable	-	11,047	-	11,047
Accrued interest receivable	2,260	1,100	178	3,538
Total current assets	1,233,110	481,959	14,286	1,729,355
Noncurrent assets				
Investments				
Investments	363,526	-	-	363,526
Investments restricted	433,456	151,925	46,618	631,999
Total investments	796,982	151,925	46,618	995,525
Capital assets not being depreciated				
Land and intangibles	405,643	-	-	405,643
Assets under construction	1,490,161	-	-	1,490,161
Capital assets being depreciated				
Buildings	981,115	-	-	981,115
Improvements other than buildings	150,306	-	-	150,306
Equipment	642,785	-	-	642,785
Infrastructure	9,044,067	-	-	9,044,067
Total capital assets before accumulated depreciation	12,714,077	-	-	12,714,077
Less: Accumulated depreciation	6,574,079	-	-	6,574,079
Total capital assets after accumulated depreciation	6,139,998	-	-	6,139,998
Other assets				
Prepaid bond insurance costs	3,025	24	1,163	4,212
Other assets	29,611	-	-	29,611
Total other assets	32,636	24	1,163	33,823
Total noncurrent assets	6,969,616	151,949	47,781	7,169,346
Total assets	8,202,726	633,908	62,067	8,898,701
Deferred outflows of resources from hedging derivatives	55,544	-	70,976	126,520
Deferred outflows of resources from refunding bonds	345,452	11,636	14,749	371,837
Deferred outflows of resources from pensions	76,692	-	-	76,692
Deferred outflows of resources from OPEB	46,056	-	-	46,056
Total deferred outflows of resources	523,744	11,636	85,725	621,105
Total assets and deferred outflows of resources	$ 8,726,470	$ 645,544	$ 147,792	$ 9,519,806

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Section Information *(continued)*
Schedule of Net Position *(continued)*

	May 31, 2019			
	Mainline	Oil Franchise	Motor License	Total
		(In Thousands)		
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Current liabilities				
Accounts payable and accrued liabilities	$ 455,024	$ 56,883	$ 3,190	$ 515,097
Act 44 and Act 89 payments due to PennDOT	450,000	-	-	450,000
Current portion of debt	297,155	18,980	9,070	325,205
Unearned income	77,632	-	-	77,632
Total current liabilities	1,279,811	75,863	12,260	1,367,934
Noncurrent liabilities				
Debt, less current portion, net of unamortized premium	12,057,400	1,163,322	370,682	13,591,404
Net pension liability	385,821	-	-	385,821
Net OPEB liability	12,934	-	-	12,934
Other noncurrent liabilities	172,279	-	77,818	250,097
Total noncurrent liabilities	12,628,434	1,163,322	448,500	14,240,256
Total liabilities	13,908,245	1,239,185	460,760	15,608,190
Deferred inflows of resources from service concession arrangements	115,266	-	-	115,266
Deferred inflows of resources from refunding bonds	3,573	2,272	-	5,845
Deferred inflows of resources from pensions	21,531	-	-	21,531
Deferred inflows of resources from OPEB	11,215	-	-	11,215
Total deferred inflows of resources	151,585	2,272	-	153,857
Total liabilities and deferred inflows of resources	14,059,830	1,241,457	460,760	15,762,047
NET POSITION				
Net investment in capital assets	628,723	(881,250)	(370,682)	(623,209)
Restricted for construction purposes	-	273,351	57,714	331,065
Restricted for debt service	39,550	11,986	-	51,536
Unrestricted	(6,001,633)	-	-	(6,001,633)
Total net position	$ (5,333,360)	$ (595,913)	$ (312,968)	$ (6,242,241)

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Section Information *(continued)*
Schedule of Revenues, Expenses, and Changes in Net Position

	May 31, 2019			
	Mainline	**Oil Franchise**	**Motor License**	**Total**
		(In Thousands)		
Operating revenues				
Net fares	$ 1,327,031	$ -	$ -	$ 1,327,031
Other	9,574	-	-	9,574
Total operating revenues	1,336,605	-	-	1,336,605
Operating expenses				
Cost of services	506,840	2,913	-	509,753
Depreciation	384,104	-	-	384,104
Total operating expenses	890,944	2,913	-	893,857
Operating income (loss)	445,661	(2,913)	-	442,748
Nonoperating revenues (expenses)				
Investment earnings	58,166	22,900	2,006	83,072
Other nonoperating revenues	17,984	4,588	-	22,572
Act 44 and Act 89 payments to PennDOT	(450,000)	-	-	(450,000)
Capital assets transferred to PennDOT	(162,982)	-	-	(162,982)
Interest and bond expense	(548,310)	(51,478)	(20,796)	(620,584)
Nonoperating expenses, net	(1,085,142)	(23,990)	(18,790)	(1,127,922)
Loss before capital contributions	(639,481)	(26,903)	(18,790)	(685,174)
Capital contributions	59,543	141,843	28,000	229,386
(Decrease) increase in net position	(579,938)	114,940	9,210	(455,788)
Net position at beginning of year, before restatement	(4,829,048)	(476,120)	(333,594)	(5,638,762)
Cumulative effect of change in accounting principle	(147,691)	-	-	(147,691)
Net position at beginning of year, as restated	(4,976,739)	(476,120)	(333,594)	(5,786,453)
Intersection transfers	223,317	(234,733)	11,416	-
Net position at end of year	$ (5,333,360)	$ (595,913)	$ (312,968)	$ (6,242,241)

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Section Information *(continued)*
Schedule of Cash Flows

	May 31, 2019			
	Mainline	**Oil Franchise**	**Motor License**	**Total**
		(In Thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customer tolls and deposits	$ 1,315,498	$ -	$ -	$ 1,315,498
Cash payments for goods and services	(364,122)	(905)	-	(365,027)
Cash payments to employees	(171,498)	(1,769)	-	(173,267)
Cash received from other operating activities	18,605	-	-	18,605
Net cash provided by (used in) operating activities	798,483	(2,674)	-	795,809
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	3,847,693	1,154,849	33,341	5,035,883
Interest received on investments	24,903	5,475	924	31,302
Purchases of investments	(4,039,502)	(1,533,154)	(45,214)	(5,617,870)
Net cash used in investing activities	(166,906)	(372,830)	(10,949)	(550,685)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital grants received from other governments	59,858	-	-	59,858
Proceeds from Motor License Registration fees	-	-	28,000	28,000
Proceeds from Oil Company Franchise Tax	-	141,594	-	141,594
Intersection cash transfer for debt defeasance	-	(11,408)	11,408	-
Construction and acquisition of capital assets	(457,538)	(205,006)	-	(662,544)
Proceeds from sale of capital assets	1,449	-	-	1,449
Payments for bond and swap expenses	(4,487)	(2,381)	(461)	(7,329)
Payments for cash defeasances	(23,184)	-	(11,321)	(34,505)
Payments for debt refundings	(425,315)	-	-	(425,315)
Payments for debt maturities	(77,495)	(18,170)	(8,615)	(104,280)
Interest paid on debt	(249,713)	(43,202)	(20,585)	(313,500)
Interest subsidy from Build America Bonds	16,411	4,587	-	20,998
Swap suspension payments received	6,825	-	-	6,825
Proceeds from debt issuances	818,614	507,342	-	1,325,956
Net cash (used in) provided by capital and related financing activities	(334,575)	373,356	(1,574)	37,207
CASH FLOWS FROM NONCAPITAL FINANCING				
Payments for debt maturities	(120,085)	-	-	(120,085)
Interest paid on debt	(278,337)	-	-	(278,337)
Net cash used in noncapital financing activities	(398,422)	-	-	(398,422)
Decrease in cash and cash equivalents	(101,420)	(2,148)	(12,523)	(116,091)
Cash and cash equivalents at beginning of year	977,302	112,074	26,631	1,116,007
Cash and cash equivalents at end of year	$ 875,882	$ 109,926	$ 14,108	$ 999,916

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Section Information *(continued)*
Schedule of Cash Flows *(continued)*

	May 31, 2019			
	Mainline	Oil Franchise	Motor License	Total
		(In Thousands)		
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	$ 445,661	$ (2,913)	$ -	$ 442,748
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	384,104	-	-	384,104
Change in operating assets and liabilities				
Accounts receivable	(10,114)	-	-	(10,114)
Inventories	(1,894)	-	-	(1,894)
Other assets	22	-	-	22
Deferred outflows of resources from pensions	(29,990)	-	-	(29,990)
Deferred outflows of resources from OPEB	(17,885)	-	-	(17,885)
Accounts payable and accrued liabilities	4,898	239	-	5,137
Net pension liability	55,825	-	-	55,825
Net OPEB liability	(28,796)	-	-	(28,796)
Other noncurrent liabilities	(1,307)	-	-	(1,307)
Deferred inflows of resources from pensions	(13,256)	-	-	(13,256)
Deferred inflows of resources from OPEB	11,215	-	-	11,215
Net cash provided by (used in) operating activities	$ 798,483	$ (2,674)	$ -	$ 795,809
Reconciliation of cash and cash equivalents to the statements of net position				
Cash and cash equivalents	$ 192,784	$ -	$ -	$ 192,784
Restricted cash and cash equivalents	683,098	109,926	14,108	807,132
Total cash and cash equivalents	$ 875,882	$ 109,926	$ 14,108	$ 999,916

Noncash Investing, Capital and Related Financing and Noncapital Financing Activities

The Commission recorded a net increase of $44.1 million in the fair value of its investments not reported as cash equivalents for the year ended May 31, 2019. Increases by section were: Mainline, $26.6 million; Oil Franchise, $16.4 million and Motor License $1.1 million.

The Commission recorded $56.6 million for the amortization of bond premium for the year ended May 31, 2019. Amortization by section was: Mainline, $44.3 million; Oil Franchise, $7.2 million and Motor License, $5.1 million.

As indicated in Note 7 to the financial statements (Debt), the Commission refunded and cash defeased various bonds in fiscal year 2019. The fiscal year 2019 refundings and cash defeasances resulted in a $1.2 million reclassification (Mainline, $0.5 million; and Motor License $0.7 million) from bond premiums (discounts) to deferred outflows of resources from refunding bonds and a $0.6 million reclassification from Mainline bond premiums (discounts) to deferred inflows of resources from refundings. Additionally, the Commission recorded $45.3 million for the amortization of deferred outflows/inflows of resources from refunding bonds for the year ended May 31, 2019. Amortization by section was: Mainline, $39.7 million; Oil Franchise, $0.4 million and Motor License, $5.2 million.

The Commission recorded $0.6 million for the amortization of prepaid bond insurance costs for the year ended May 31, 2019. Amortization by section was: Mainline, $0.4 million and Motor License, $0.2 million.

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

The Commission recorded an interest expense reduction of $2.8 million in the Mainline section and $0.2 million in the Motor License section for the year ended May 31, 2019 related to GASB Statement No. 53 entries.

The Commission recognized total capital contributions of $229.4 million for fiscal year ended May 31, 2019. Cash received of $229.5 million for fiscal year ended May 31, 2019 is reported in the capital and related financing activities of this schedule. The $0.1 million difference between capital contributions and cash received is the result of a $5.9 million net decrease (Mainline section $6.1 million decrease; Oil Franchise section $0.2 million increase) in receivables related to these capital contributions and a $5.8 million Mainline noncash capital contribution related to capital assets provided by service plaza operators. The Commission entered into agreements with a food and fuel provider to totally reconstruct the service plazas; the service plaza operators provide the capital for the reconstruction in exchange for lower rental rates. See Note 2 to the financial statements for further discussion on capital contributions and Note 6 to the financial statements for further discussion on the service plazas.

The Commission constructed ramps to connect the Turnpike Mainline with I-95 as part of its I-95 Interchange Project. (See the MD&A section of these financial statements for further discussion on this project.) The ownership, of these ramp assets, was transferred from the Mainline section to PennDOT when the project was completed and open to traffic in September 2018. The net book value of the ramp assets transferred to PennDOT during the fiscal year ended May 31, 2019 was $163.0 million.

The Commission records intersection activity related to revenue, expense, asset and liability transfers between its sections. Some of the intersection entries are related to cash transfers; others are noncash transfers as required. Net intersection transfers for the year ended May 31, 2019 were: to Mainline, $223.3 million; from Oil Franchise, $234.7 million; and to Motor License, $11.4 million.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Section Information *(continued)*
Schedules of Cost of Services Detail

The following tables provide additional detail for the costs of services reported in the statements of revenues, expenses, and changes in net position.

Fiscal Year Ended May 31, 2020

	Mainline Operating	Mainline Capital	Total Mainline	Oil Franchise	Motor License	Total
General and administrative	$ 52,122	$ 126,510	$ 178,632	$ 1,935	$ -	$ 180,567
Traffic engineering and operations	3,162	2,757	5,919	-	-	5,919
Service centers	41,972	-	41,972	-	-	41,972
Employee benefits	91,161	13,046	104,207	1,256	-	105,463
Toll collection	58,129	1,023	59,152	-	-	59,152
Maintenance	64,636	1,448	66,084	-	-	66,084
Facilities and energy mgmt. operations	11,344	9,792	21,136	-	-	21,136
Turnpike patrol	53,638	-	53,638	-	-	53,638
Total cost of services	$ 376,164	$ 154,576	$ 530,740	$ 3,191	$ -	$ 533,931

Fiscal Year Ended May 31, 2019

	Mainline Operating	Mainline Capital	Total Mainline	Oil Franchise	Motor License	Total
General and administrative	$ 45,281	$ 97,020	$ 142,301	$ 1,696	$ -	$ 143,997
Traffic engineering and operations	3,262	2,593	5,855	-	-	5,855
Service centers	38,703	-	38,703	-	-	38,703
Employee benefits	96,993	12,883	109,876	1,217	-	111,093
Toll collection	58,200	2,125	60,325	-	-	60,325
Maintenance	73,110	1,522	74,632	-	-	74,632
Facilities and energy mgmt. operations	11,522	14,194	25,716	-	-	25,716
Turnpike patrol	49,432	-	49,432	-	-	49,432
Total cost of services	$ 376,503	$ 130,337	$ 506,840	$ 2,913	$ -	$ 509,753

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE

The following sets forth the definitions of certain terms used in the OFT Indenture and elsewhere in this Official Statement, and a summary of certain provisions of the OFT Indenture. Reference should be made to the full text of the OFT Indenture for a complete statement of all of these provisions and other provisions. Copies of the OFT Indenture may be obtained as described in the forepart of this Official Statement. Capitalized terms used but not defined herein shall have the meanings set forth in the forepart of this Official Statement.

DEFINITIONS OF CERTAIN TERMS

"Additional Bonds" shall mean Bonds of any series including Additional Senior Bonds and Additional Subordinated Bonds authorized under the OFT Indenture and duly executed, authenticated, issued and delivered pursuant to the provisions thereof, other than currently Outstanding Bonds. 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 OFT Indenture.

"Additional Projects" shall mean the improvements, extensions and replacements to the Pennsylvania Turnpike System financed or refinanced with the proceeds of Additional Bonds under Section 210 of the OFT Indenture.

"Assumed Variable Rate" shall mean the maximum established rate for any Variable Rate Indebtedness then outstanding.

"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 this time be the Trustee with respect to the 2021 Bonds.

"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.

"Balloon Indebtedness" shall mean a series of Bonds 25% or more of the principal of which matures on the same date and is not required by the documents governing such indebtedness to be amortized by payment or redemption prior to such date. If any Series of Bonds consists partially of Variable Rate Indebtedness and partially of Fixed Rate Indebtedness the portion constituting Variable Rate Indebtedness and the portion constituting Fixed Rate Indebtedness shall be treated as separate series for purpose of determining whether any such indebtedness constitutes Balloon Indebtedness.

"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 Additional Bond issued under the provisions of the OFT 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.

"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 OFT Indenture.

"Bond Registrar" shall mean the Trustee when acting as such, and any other bank or trust company designated and at the time serving as bond registrar under the OFT Indenture.

"Business Day" shall mean a day other than (i) a Saturday and Sunday, (ii) a day on which the Trustee, Paying Agent or banks and trust companies in New York, New York are authorized or required to remain closed, 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 under the OFT Indenture, 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.

"Clearing Fund" shall mean the special fund of that name created by the OFT Indenture.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and, when appropriate, any statutory predecessor or successor thereto, and all applicable regulations (whether proposed, temporary or final) thereunder and any applicable official rulings, announcements, notices, procedures and judicial determinations relating to the foregoing.

"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 agent with whom the Commission transacts business.

"Cost" as applied to any Project financed under the provisions of the OFT 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 OFT 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
g. U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds.

"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 OFT Indenture.

"Event of Default" shall mean those events specified in the OFT Indenture and summarized under 'Events of Default' below.

"Extraordinary Event" shall mean the amendment or repeal of Section 54AA or 6431 of the Code (as such sections were added by Section 1531 of the American Recovery and Reinvestment Act of 2009 (H.R. 1) pertaining to "Build America Bonds") if the effect of such amendment or repeal is to reduce or eliminate the Issuer Subsidy.

"Fiscal Year" means the fiscal year of the Commission, currently the 12-month period beginning on the first day of June of each calendar year and ending on the last day of May of the following calendar year.

"Fixed Rate Indebtedness" shall mean (i) any indebtedness other than Variable Rate Indebtedness and (ii) indebtedness which, except for this clause (ii), would be Variable Rate Indebtedness with respect to which the Commission has entered into an interest rate swap agreement with an entity which has an unsecured, uninsured and unguaranteed long-term obligation rated in one of its three highest long-term rating categories (without reference to such gradations such as "plus" or "minus") by each Rating Agency which has assigned a rating both to such indebtedness and to such obligation and pursuant to which agreement the Commission makes interest payments based on one or more rates of interest each of which is established at a single numerical rate for the entire remaining term of such agreement, provided that such Variable Rate Indebtedness shall be deemed to be Fixed Rate Indebtedness only while such agreement remains in effect and if any counterparty thereto is not in default thereunder, and provided further that, for purposes of determining whether the conditions set forth in the OFT Indenture have been satisfied, such Variable Rate Indebtedness shall be deemed to be Fixed Rate Indebtedness only if the terms of such agreement provide that it will remain in effect as long as any Bond to which such agreement relates is Outstanding. Notwithstanding the foregoing, if two Series of Bonds constituting Variable Rate Indebtedness, or one or more maturities within a Series, are issued simultaneously with inverse floating interest rates providing a composite fixed interest rate for such Bonds taken as a whole, such Bonds shall constitute Fixed Rate Indebtedness.

"Government Obligations" shall mean direct obligations of, or obligations, the principal and interest of which are unconditionally guaranteed by, the United States of America.

"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 OFT Indenture.

"Interest Payment Date" has the meaning with respect to the 2021 Bonds each June 1 and December 1, commencing December 1, 2021, through and including the redemption date or maturity date for the 2021 Bonds.

"Issuer Subsidy" means the cash subsidy payment made by the United States Treasury to the Commission relating to the 2009B Bonds and the 2009E Bonds pursuant to Section 54AA or 6431 of the Code (as such Sections were added by Section 1531 of the American Recovery and Reinvestment Act of 2009 (H.R.1) pertaining to "Build America Bonds").

"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.

"OFT Indenture" shall mean the Original Indenture as previously amended and supplemented, together with the Ninth Supplemental Indenture.

"Oil Franchise Tax" means the "oil company franchise tax for highway maintenance and construction" imposed by the Commonwealth pursuant to 75 Pa. C.S.A. Chap. 95.

"Oil Franchise Tax General Fund" shall mean the special fund created by the OFT Indenture.

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

"Outstanding" means, when used with reference to 2021 Bonds, as of a particular date, all 2021 Bonds theretofore authenticated and delivered, except: (a) 2021 Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation pursuant to the provisions hereof; (b) 2021 Bonds which are deemed to have been paid in accordance with the provisions hereof; and (c) 2021 Bonds in exchange for or in lieu of which other 2021 Bonds have been authenticated and delivered pursuant to the provisions hereof.

"Parity Swap Agreement" shall mean an interest rate swap agreement, currency swap agreement, forward payment conversion agreement, futures contract, contracts providing for payments based on levels of or changes in interest rates, currency exchange rates, stock or other indices or contracts to exchange cash flows or a series of payments, and contracts including, without limitation, interest rate floors or caps, options, puts or calls to hedge payment, currency rate, spread or similar exposure under which 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.

"Paying Agent" shall mean, Manufacturers and Traders Trust Company and any other commercial bank or trust institution organized under the laws of any state or of the United States of America or any national banking association designated by the Ninth Supplemental Indenture or any Supplemental Indenture as paying agent for the Bonds at which the principal of and redemption premium, if any, and interest on such Bonds shall be payable.

"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 and if rated by Moody's rated Aa, 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 holders of the Bonds must have a perfected first security interest in the collateral.

F. Certificates of Deposit, saving 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-1" 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-1" or "A" or better by S&P.

K. Repurchase Agreements for 30 days or less must follow the criteria set forth in the OFT Indenture. Repurchase Agreements which exceeded 30 days must be acceptable to the 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.

"Pledged Bonds" shall mean a Bond purchased by the Paying Agent or Trustee with amounts received pursuant to a drawing under a Credit Facility and pledged to or registered in the name of a Bank which is a provider of such Credit Facility or its designee.

"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 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 OFT Indenture;

(f) if any Bond proposed to be issued will be a Variable Rate Indebtedness, 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 application of the proceeds of the 2021 Bonds described in the forepart of this Official Statement 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 registration 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 the Rating Agency or which has issued a letter of credit, contract, agreement or surety bond in support of debt obligations which have been so rated; (b) an insurance company with a claims-paying ability 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 the Rating Agency; or (c) any banking institution whose unsecured obligations or uncollateralized long-term debt obligations have been assigned a rating within one of the two highest rating categories by the Rating Agency.

"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 Fitch Ratings, 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.

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

"Senior Bonds" shall mean all bonds issued and Outstanding under the OFT Indenture which 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 OFT Indenture.

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

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

"Special Record Date" shall mean, for the 2021 Bonds, the date fixed by the Trustee pursuant to Section 3.1(f) of the Ninth Supplemental Indenture for the payment of Defaulted Interest.

"Subordinated Bonds" shall mean all bonds issued and Outstanding under the OFT Indenture which 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 OFT Indenture.

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

"Swap Receipts" shall mean any payments payable by a Parity Swap Agreement Counterparty under a Parity Swap Agreement; 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 Revenues" shall mean the Tax Receipts or any receipts, revenues and other money received by the Trustee on or after the date of the OFT 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 the OFT 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.

"Tender Indebtedness" shall mean any Bond or portion thereof a feature of which is an option, on the part of the Bond Owner, or an obligation under the terms of such Bond, to tender all or a portion of such Bond to the Commission, the Trustee, the Paying Agent or other fiduciary or agent for payment or purchase and requiring that such Bond or portion thereof be purchased if properly presented.

"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 OFT Indenture.

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

"2009A Bonds" shall mean the Oil Franchise Tax Senior Revenue Bonds, Series A of 2009, originally issued in the aggregate principal amount of $21,550,000, consisting of Oil Franchise Tax Senior Revenue Bonds, Subseries A-1 of 2009 (Refunding) and Oil Franchise Tax Senior Revenue Bonds, Subseries A-2 of 2009.

"2009B Bonds" shall mean the Oil Franchise Tax Senior Revenue Bonds, Series B of 2009 (Federally Taxable-Issuer Subsidy-Build America Bonds), originally issued in the aggregate principal amount of $127,170,000.

"2009E Bonds" shall mean the Oil Franchise Tax Subordinated Revenue Bonds, Series E of 2009 (Federally Taxable-Issuer Subsidy-Build America Bonds), originally issued in the aggregate principal amount of $102,505,000.

"Variable Rate Indebtedness" shall mean: (i) any indebtedness the interest rate applicable to which is established at the time of incurring of such indebtedness at a rate which can increase during the entire term thereof or will at some subsequent date be established at a rate which can increase during the entire term thereof; and (ii) indebtedness which, except for this clause (ii), would be Fixed Rate Indebtedness but with respect to which the Commission has entered into an interest rate swap agreement with an entity which (or the guarantor of whose obligation) has an unsecured, uninsured and unguaranteed long-term obligation rated in one of its three highest long-term rating categories (without regard to gradation such as "plus" or "minus") by each Rating Agency which has assigned a rating both to such indebtedness and to such obligation and pursuant to which agreement the Commission makes interest payments based on a rate of interest which is not established at a single numerical rate for the entire remaining term of such agreement, provided that such Fixed Rate Indebtedness shall be deemed to be Variable Rate Indebtedness only while such agreement remains in effect and only if the counterparty thereto is not in default thereunder.

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THE OFT INDENTURE

Grant of Security Interest

Pursuant to the OFT Indenture, the Commission has granted a security interest in and pledged and assigned unto the Trustee (i) all Tax Revenues, (ii) the right of the Commission to receive the Commission Allocation and any amounts of the Commission Allocation actually received by the Commission, (iii) all monies deposited into accounts or funds created by the OFT Indenture (other than the Rebate Fund), (iv) all Swap Receipts, (v) the Issuer Subsidy and (vi) all investment earnings on all monies held in accounts and funds established by the OFT Indenture (other than the Rebate Fund) (all of these items shall collectively be known as the "Trust Estate") 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 and Reimbursement Obligations.

Limitations on Issuance of Indebtedness

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

Issuance of Additional Bonds

Additional Senior Bonds and Additional Subordinated Bonds may be issued under and secured by the OFT 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 OFT 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 OFT 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 OFT 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 OFT 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 OFT 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 OFT Indenture after the issuance of Additional Subordinated Bonds.

In any computation of Historic Tax Revenues for purposes of the OFT 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.

Issuance of Additional Bonds for Refunding

Additional Senior Bonds and Additional Subordinated Bonds may be issued under and secured by the OFT 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 OFT 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 OFT 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 200% 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.

Clearing Fund

The OFT Indenture creates a special fund, called the "2021 Clearing Fund," which shall be held in trust by the Trustee for deposit and disbursement of the net proceeds of the sale of the 2021 Bonds.

Revenue Fund

The OFT 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 OFT Indenture.

The Commission acknowledges in the OFT 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 OFT 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 OFT Indenture. The OFT Indenture creates special accounts within the "Senior Bonds Debt Service Fund" designated the "Interest Account" and the "Principal Account." All moneys held by the Trustee in the Senior Bonds Debt Service Fund shall be applied in accordance with the OFT 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 Bond Insurer with respect thereto; provided, however, so long as an Extraordinary Event has not occurred, the Trustee may assume for purposes of such calculation, that the Issuer Subsidy will be received by the Commission and deposited in the 2009B Issuer Subsidy Fund prior to such Interest Payment Date with respect to the 2009B Bonds.

(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 required to be made to the Senior Bonds Sinking Fund.

(3) 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 into 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.

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.

There is no Debt Service Reserve Fund for the 2021A Senior Bonds. See “INTRODUCTION – Security” in the forepart of this Official Statement.

Senior Bonds Sinking Fund

The OFT 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 OFT Indenture. Contemporaneously with, and on the same order of priority as, making deposits described under "Senior Bonds Debt Service Fund," 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 (1/12) 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 OFT 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 OFT Indenture. The OFT 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 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 Bond Insurer with respect thereto; provided, however, so long as an Extraordinary Event has not occurred, the Trustee may assume for purposes of such calculation, that the Issuer Subsidy will be received by the Commission and deposited in the 2009E Issuer Subsidy Fund prior to such Interest Payment Date with respect to the 2009E Bonds.

(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 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 which would duplicate deposits required to be made to the Subordinated Bonds Sinking Fund; 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 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 Subordinated 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 OFT 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 OFT 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 described under "Subordinated Bonds Debt Service Fund," 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 (1/12) 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 to 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 OFT 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 OFT Indenture. In each Fiscal Year after first having made the deposits into the Subordinated Bonds Debt Service Fund and the Subordinated Bonds Sinking Fund described 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 to 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 insurance policy as further described in the forepart of this Official Statement under "SECURITY FOR THE 2021 BONDS – Subordinated Bonds Debt Service Reserve Fund."

Except as provided in the OFT 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 OFT 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 OFT 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, in excess of $10,000,000 remaining after making the required deposits described above.

Except as otherwise provided in the OFT 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 OFT 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 obligations of the Commission; (b) to make payments into the Construction Fund; (c) to make improvements, extensions and replacements of the Pennsylvania Turnpike System; and (d) to further any lawful corporate purpose.

Issuer Subsidy Funds

The Fifth Supplemental Indenture created funds designated the "2009B Issuer Subsidy Fund" and "2009E Issuer Subsidy Fund" for deposit of the Issuer Subsidy relating to the 2009B Bonds and 2009E Bonds, respectively, and so long as no Event of Default has occurred and is continuing under the OFT Indenture, for application solely to the payment of interest on the 2009B Bonds and 2009E Bonds, respectively.

Upon the occurrence of an Event of Default, funds on deposit in the 2009B Issuer Subsidy Fund shall be transferred to the Senior Bonds Debt Service Fund and funds on deposit in the 2009E Issuer Subsidy Fund shall be transferred to the Subordinated Bonds Debt Service Fund and applied as described herein.

Depositaries of Moneys, Security for Deposits and Investments of Moneys

All moneys received by the Commission under the provisions of the OFT 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 OFT Indenture with the Trustee or any other Depositary shall be held in trust and applied only in accordance with the provisions of the OFT Indenture, and shall not be subject to lien or attachment by any creditor of the Commission.

All moneys deposited with the Trustee or any other Depositary under the OFT Indenture shall be continuously and fully secured unless or until invested as provided in the OFT Indenture for the benefit of the Commission and the holders of the Bonds, by Government Obligations or 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 OFT 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. Moneys on deposit with respect to the 2021 Bonds shall be invested by the Trustee solely in Permitted Investments, to the extent permitted by applicable law, at the written direction of the Commission.

All such investments made pursuant to the OFT 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 OFT 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 OFT 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 to the OFT Indenture, and it will petition the General Assembly for additional funds in the event that the Tax Revenues are inadequate to pay the amounts due under the OFT Indenture.

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 the OFT Indenture.

Other Covenants of Commission

Pursuant to the OFT 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 OFT Indenture at the places, on the dates and in the manner provided in the OFT 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) 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 OFT Indenture and any Subordinated Indebtedness permitted pursuant to the OFT Indenture.

(c) Until the Bonds secured by the OFT 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 OFT 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 OFT Indenture.

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

(e) To make no investment or other use of the proceeds of 2021 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 promulgated with respect thereto; to comply with the requirements of the code and applicable regulations throughout the term of the 2021 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 2021 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 OFT Indenture, in each Fiscal Year, to cause an annual audit to be made of its books and accounts by an independent certified public accountant of recognized ability 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 holders of the Bonds 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 OFT Indenture have been applied in accordance with the provisions of the OFT Indenture. Such audit reports shall be open to the inspection of the holders of the Bonds 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 OFT 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 provided that the failure to make a payment with respect to a Subordinated Bond shall not constitute an event of default with respect to Senior Bonds; or

(b) the Commission shall for any reason be rendered incapable of fulfilling its obligations under the OFT 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 sixty (60) days; or

(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 OFT 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 thirty (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 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 OFT 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 OFT 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 under the OFT Indenture 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 OFT 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 the 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.

Upon the happening and continuance of any event of default specified in the OFT 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 OFT Indenture to protect and enforce its rights and the rights of the holders of the Bonds under the laws of Pennsylvania or under the OFT 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 OFT Indenture or in aid of 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 OFT 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 OFT 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 OFT Indenture and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the holders of the Bonds 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 OFT 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 OFT Indenture or otherwise, shall be applied as follows, subject to the payment of fees and other amounts owing to the Trustee pursuant to the OFT Indenture:

(a) Unless the principal of 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 persons 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 of the OFT 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 in accordance with the provisions of the OFT 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 without preference or priority of principal or interest 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 of 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 OFT 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 the OFT Indenture or otherwise, shall be applied as follows, subject to the payment of fees and other amounts owing, to the Trustee pursuant to the OFT 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, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the 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 of the OFT 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 OFT 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.

Holders' Right to Direct Proceedings

Subject to rights of any Bond Insurer as set forth in the OFT Indenture, anything in the OFT 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 OFT 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 under the OFT Indenture, provided that such direction shall not be otherwise than in accordance with law or the provisions of the OFT 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 holder of a Bond not a party to such direction. The Trustee may exercise any right to 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 OFT 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 (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 OFT 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 OFT Indenture or for any other remedy under the OFT Indenture. 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 OFT Indenture, or to enforce any right under the OFT Indenture 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 OFT 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 holder of a Bond by reason of its failure to mail any notice of default required by the OFT Indenture.

Supplemental Indentures Without Consent of Holders

The Commission and the Trustee may, from time to time and at any time, enter into such indentures or agreements supplemental to the OFT Indenture as shall not be inconsistent with the terms and provisions of the OFT Indenture for any of the following purposes: (a) to cure any ambiguity or formal defect or omission in the OFT 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) grant to or confer upon the Trustee for the benefit of the holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the holders or the Trustee; (c) to issue Additional Bonds pursuant to the OFT 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 holder; (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 holders.

Supplemental Indentures with Consent of Holders

Subject to the terms and provisions contained in the OFT Indenture, including the rights of any 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 OFT Indenture to the contrary notwithstanding, to consent to and approve the execution by the Commission and the Trustee of such OFT Indenture or OFT Indentures supplemental to the OFT 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 OFT Indenture or in any Supplemental Indenture; provided, however, that nothing in the OFT 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 OFT Indenture) on a parity with the lien or pledge created by the OFT Indenture, or (d) a preference or priority of any Senior Bond or Senior Bonds over any other Senior Bond or 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 OFT Indenture, however, shall be construed as making necessary the approval by holders of the execution of any Supplemental Indenture or agreement described above under "Supplemental Indentures Without Consent of Holders."

Defeasance

If, when the Bonds shall have become due and payable in accordance with their terms or otherwise as provided in the OFT 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 OFT Indenture 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 OFT Indenture relating to defeasance have been satisfied, shall release the OFT 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 funds or accounts other than moneys held in the Rebate Fund or for redemption or payment of Bonds.

The OFT Indenture provides that in the event that the principal and/or interest due on Bonds shall be paid by any Bond Insurer pursuant to a Bond Insurance Policy, such 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 such 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 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 OFT 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 funds in trust for such holder or holders.

Subordination

The Subordinated Bonds shall be subordinate 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 full payment of amounts due and payable on or prior to such payment date, whether at maturity, by acceleration or otherwise, for principal of and premium, if any, and interest on all Senior Bonds has been made or duly provided for in accordance with the terms of the OFT 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) 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 OFT Indenture has been satisfied, before any payment from the Tax Revenues is made on account of the Subordinated Bonds. 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 Funds, 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 OFT 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 Fifth Supplemental Indenture contained a number of provisions required by the Bond Insurer. Such provisions, among other things, grant the 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 granted to the Owners of the 2009A 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 OFT Indenture, Assured Guaranty Corp. shall be deemed the Owner of the 2009A Bonds.

APPENDIX D

FORM OF OPINION OF CO-BOND COUNSEL

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September 2, 2021

Pennsylvania Turnpike Commission
Middletown, PA

Re: Pennsylvania Turnpike Commission
$327,520,000 Oil Franchise Tax Senior Revenue Bonds, Series A of 2021
$201,480,000 Oil Franchise Tax Subordinated Revenue Bonds, Series B of 2021

Ladies and Gentlemen:

We have acted as Co-Bond Counsel in connection with the issuance and sale by the Pennsylvania Turnpike Commission (the "Commission") of its $327,520,000 Oil Franchise Tax Senior Revenue Bonds, Series A of 2021 (the "2021A Bonds") and its $201,480,000 Oil Franchise Tax Subordinated Revenue Bonds, Series B of 2021 (the "2021B Bonds" and together with the 2021A Bonds, the "2021 Bonds").

The 2021 Bonds are issued under and pursuant to and authorized by an Act of the General Assembly of Pennsylvania approved July 18, 2007, P. L. 169, No. 44 ("Act 44"), and an Act of the General Assembly approved November 25, 2013, P.L. 974, No. 89 (“Act 89”), 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, to the extent not repealed by Act 44 and Act 89 (all such acts are referred to hereinafter collectively as the "Enabling Acts"), and pursuant to the Resolution adopted by the Commission on June 15, 2021 and the Trust Indenture dated as of August 1, 1998, among the Commission, The Bank of New York Mellon Trust Company, N.A., as successor trustee, and Manufacturers and Traders Trust Company, as paying agent, as amended and supplemented prior to the date hereof (the "Original Indenture"), and as further supplemented by the Ninth Supplemental Trust Indenture dated as of September 1, 2021 (the "Ninth Supplemental Indenture," and together with the Original Indenture, the "Indenture"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Indenture.

The 2021 Bonds are secured by a pledge of the "oil company franchise tax for highway maintenance and construction" pursuant to 75 Pa. C.S.A. Chap. 95 (the "OFT Act") which is allocated to the Commission pursuant to 75 Pa. C.S.A. §9511(h) (the "Commission Allocation").

In rendering this opinion, we have examined (a) such constitutional provisions and statutes of the Commonwealth of Pennsylvania (the “Commonwealth”), (b) the proceedings authorizing the issuance of the 2021 Bonds and (c) such certificates, opinions, receipts and other documents, including original counterparts or certified copies of the Ninth Supplemental Indenture, the Original Indenture, the Tax Regulatory and Non-Arbitrage Agreement dated as of the date hereof (the "Tax Agreement"), on which we have relied, the opinion of Doreen A. McCall, Esquire, Chief Counsel to the Commission, on which we have relied, and such other documents as we have deemed necessary.

In making the aforesaid examinations, we have assumed and relied upon the truth, completeness, authenticity and due authorization of all documents and certificates examined and of the authenticity of all the signatures thereon and we have not undertaken to verify the factual matters set forth in any certificates or other documents by independent investigation. In addition, we have assumed that all documents submitted to us as copies conform to the originals thereof. We have also assumed that the documents referred to herein have been duly authorized by all parties thereto other than the Commission and are, where appropriate, legally binding obligations of and enforceable in accordance with their terms against all parties, except the Commission, and that the actions required to be taken with consent required to be obtained by such parties, have or will be taken or obtained.

In rendering this opinion, we have also assumed that the parties to the documents referred to herein, other than the Commission, have acted in full compliance with the terms of applicable laws, regulations and orders.

In rendering this opinion, we have also assumed compliance by the Commission with the covenants and representations contained in the Original Indenture and Ninth Supplemental Indenture, and the representations of the Commission provided in the Tax Agreement that are intended to comply with the provisions of the Internal Revenue Code of 1986, as amended (the "Code") relating to actions to be taken by the Commission in respect of the 2021 Bonds after the issuance thereof to the extent necessary to effect or maintain the federal tax-exempt status of the interest on the 2021 Bonds. These covenants and representations relate to, *inter alia*, the use of proceeds of the 2021 Bonds and the rebating to the United States Treasury of specified arbitrage earnings, if required.

As to questions of fact material to our opinion, we have relied upon representations of the Commission contained in the financing documents described above, the certified proceedings and other certifications of public officials furnished to us, and other certifications furnished to us by or on behalf of the Commission or other parties without undertaking to verify the same by independent investigation.

On the basis of the foregoing and subject to the qualifications stated herein, we are of the opinion that, under existing law, as presently enacted and construed:

1. The Commission is a validly existing instrumentality of the Commonwealth and has the power to enter into the transactions contemplated by the Ninth Supplemental Indenture and to carry out its obligations thereunder.

2. The Ninth Supplemental Indenture has been duly authorized, executed and delivered by the Commission and constitutes the valid and binding obligation of the Commission, enforceable against the Commission in accordance with its terms.

3. The 2021 Bonds have been duly and validly authorized and issued by the Commission and constitute the valid and binding limited obligations of the Commission, enforceable against the Commission in accordance with their terms, payable from the sources provided therefor in the Indenture.

4. The Indenture creates the valid pledge of and security interest in the Trust Estate (as defined therein) as it purports to create.

5. Pursuant to the OFT Act, the Commission Allocation has been appropriated by the Commonwealth and the payment of the Commission Allocation to the Commission by the Commonwealth does not require any further legislative appropriation or legislative approval.

6. Under the laws of the Commonwealth, as presently enacted and construed on the date hereof, the 2021 Bonds and the interest thereon are exempt from Commonwealth personal income and corporate net income tax.

7. Interest on the 2021 Bonds is excluded from the gross income of the owner of the 2021 Bonds for federal income tax purposes under existing law, as currently enacted and construed. Interest on the 2021 Bonds is not an item of tax preference for purposes of the federal individual alternative minimum tax.

We express no opinion regarding any other federal, state or local tax consequences arising with respect to the 2021 Bonds.

In providing this opinion, we advise you that it may be determined in the future that interest on the 2021 Bonds, retroactive to the date of issuance thereof or prospectively, will not be excluded from the gross income of the owners of the 2021 Bonds for federal income tax purposes if certain requirements of the Code are not met. The Commission has covenanted in the Indenture and the Tax Agreement to comply with such requirements.

The purchasers of the 2021 Bonds should consult their own tax advisors as to collateral state or federal income tax consequences. We express no opinion regarding state or federal tax consequences arising with respect to the 2021 Bonds other than as expressly set forth in numbered paragraphs 6 and 7 hereof.

Our opinions as to the validity, binding effect and enforceability of the Ninth Supplemental Indenture and the 2021 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).

We express no opinion herein with respect to the perfection or priority of any lien or security interest or any other matter not set forth herein. We call to your attention that the 2021 Bonds are not in any way a debt or liability of the Commonwealth or any instrumentality, agency or political subdivision thereof other than the Commission, nor do the 2021 Bonds or the Indenture pledge the general credit or taxing power of the Commonwealth or any instrumentality, agency or political subdivision thereof. The Commission has no taxing power.

These opinions are rendered on the basis of the laws of the Commonwealth and, as to numbered paragraph 7 hereof only, federal law, in both instances as enacted and construed on the date hereof. We express no opinion herein with respect to the perfection or priority of any lien or security interest. We express no opinion as to, and we assume no responsibility for, any matter or information not set forth in the numbered paragraphs above. In particular, we assume no responsibility for, and express no opinion herein with respect to, the accuracy, adequacy or completeness of the Preliminary Official Statement or the Official Statement prepared in respect of the 2021 Bonds, including the appendices thereto, and we make no representation that we have independently verified any such information.

The opinions set forth herein are given solely for the benefit of the addressee listed above and may not be relied on by any other person or entity without our express prior written consent. The opinions set forth herein are given solely as of the date hereof, and we do not undertake to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

$327,520,000
Pennsylvania Turnpike Commission
Oil Franchise Tax Senior Revenue Bonds,
Series A of 2021

$201,480,000
Pennsylvania Turnpike Commission
Oil Franchise Tax Subordinated Revenue Bonds,
Series B of 2021

This Continuing Disclosure Agreement (this "***Disclosure Agreement***") is executed and delivered this 2nd day of September, 2021, by the Pennsylvania Turnpike Commission (the "***Commission***") in connection with the issuance and sale by the Commission of its Oil Franchise Tax Senior Revenue Bonds, Series A of 2021, in the aggregate principal amount of $327,520,000 (the "***2021A Bonds***"), and Oil Franchise Tax Subordinated Revenue Bonds, Series B of 2021, in the aggregate principal amount of $201,480,000 (the "***2021B Bonds***" and, together with the 2021A Bonds, the "***2021 Bonds***").

In consideration of the mutual covenants, promises and agreements contained herein and intending to be legally bound hereby, the Commission agrees as follows:

SECTION 1. DEFINITIONS

In this Disclosure Agreement and any agreement supplemental hereto (except as otherwise expressly provided or unless the context clearly otherwise requires), terms defined in the recitals hereto shall have the meanings set forth therein, and the following terms shall have the meanings specified below:

"***Annual Filing Date***" means the November 30th immediately following the preceding Fiscal Year ended May 31st, commencing with the Fiscal Year ending May 31, 2021, and each anniversary thereof. If November 30th falls on a day that is not a Business Day, the Annual Filing Date shall be the first Business Day thereafter. The Commission may adjust the Annual Filing Date upon change of its Fiscal Year by providing written notice of such change and the new Annual Filing Date to the Dissemination Agent and the Repository, provided that the period of time between the end of the new Fiscal Year and the new Annual Filing Date does not exceed the period of time between the end of the existing Fiscal Year and the current Annual Filing Date.

"***Business Day***" means a day other than: (a) a Saturday or a Sunday, (b) a day on which banks are required or authorized to be closed, (c) a day on which the Commission is required or authorized to be closed, or (d) a day on which the New York Stock Exchange is closed.

"***EMMA***" means the Electronic Municipal Market Access system, a service of the MSRB, or any successor thereto.

"***MSRB***" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

"***Official Statement***" shall mean the Official Statement dated August 24, 2021, with respect to the public offering of the 2021 Bonds.

"***Registered Owner or Owners***" shall mean the person or persons in whose name a 2021 Bond is registered on the books of the Commission kept for that purpose. For so long as the 2021 Bonds are registered in the name of the Securities Depository or its nominee, "***Registered Owner***" shall mean and include the holder of a book-entry credit evidencing an interest in the 2021 Bonds, including holders of book-entry credits who may file their names and addresses with the Commission for the purposes of receiving notices and giving direction under this Disclosure Agreement.

"***Repository***" means each entity authorized and approved by the SEC from time to time to act as a repository for purposes of complying with the Rule. As of the date hereof, the only Repository recognized by the SEC for such purpose is the MSRB, which currently accepts continuing disclosure filings through the EMMA website at http://emma.msrb.org.

"***Representative***" shall mean, Jefferies LLC, as representative of itself and the other Underwriters of the 2021 Bonds.

"***Rule***" shall mean Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

"***SEC***" means the United States Securities and Exchange Commission.

"***Securities Depository***" shall mean The Depository Trust Company, New York, New York, or its nominee, Cede & Co., or any successor thereto.

"***Underwriters***" shall mean the underwriters of the 2021 Bonds, as set forth in the Official Statement.

SECTION 2. AUTHORIZATION AND PURPOSE OF DISCLOSURE AGREEMENT

This Disclosure Agreement is authorized to be executed and delivered by the Commission in order to enable the Underwriter to comply with the requirements of the Rule. This Disclosure Agreement relates solely to the 2021 Bonds.

SECTION 3. ANNUAL FINANCIAL INFORMATION

The Commission agrees to provide or cause to be provided no later than the Annual Filing Date to the MSRB via EMMA, annual financial information (the "***Annual Financial Information***"), consisting of the following:

(a) Annual updates to the historical amounts of (1) the Oil Franchise Tax collected by the Commonwealth and (2) the Commission Allocation;

(b) financial and operating data of the type set forth in the Official Statement in Tables I, II and III of APPENDIX A – "THE PENNSYLVANIA TURNPIKE COMMISSION – CERTAIN FINANCIAL INFORMATION";

(c) the Commission's audited financial statements for such fiscal year; and

(d) a summary of any material legislative or regulatory developments affecting Act 44 and/or Act 89 (each as defined in the Official Statement), since the Commission's most recent Annual Financial Information filing.

The Commission's audited financial statements shall be prepared in accordance with generally accepted accounting principles consistently applied as in effect from time to time; provided, however, that the Commission reserves the right to change the basis upon which its audited financial statements are prepared at any time and from time to time. Should the Commission exercise its right to change the basis upon which its audited financial statements are prepared as provided in the immediately preceding sentence, it shall provide notice of any such accounting change to the MSRB via EMMA, which notice shall include a reference to the specific federal or state law or regulation requiring or permitting such accounting change and a description of such change. In the event that audited financial statements are not available by the Annual Filing Date, the Annual Financial Information will contain unaudited financial statements and the audited financial statements will be provided for filing when available.

Any or all of the items listed above may be included by specific reference to documents previously filed with the MSRB via EMMA, or the SEC, including, but not limited to, official statements of debt issues with respect to the Commission. If the document incorporated by reference is a final official statement, it must be available from the Repository. The Commission will clearly identify each such document so incorporated by reference.

SECTION 4. <u>EVENT DISCLOSURE</u>

The Commission agrees that it shall provide, in a timely manner, not to exceed ten business days after occurrence, to the MSRB via EMMA on such form and in such format as shall be required by the MSRB for such filings, notice of any of the following events with respect to the 2021 Bonds within the meaning of the Rule (each a "***Reportable Event***");

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2021 Bonds, or other material events affecting the tax status of the 2021 Bonds;

(7) Modifications to the rights of the holders of the 2021 Bonds, if material;

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

(9) Defeasance of all or any portion of the 2021 Bonds;

(10) Release, substitution or sale of property securing repayment of the 2021 Bonds, if material;

(11) Rating changes;

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

(13) The consummation of a merger, consolidation, or acquisition involving the Commission or the sale of all or substantially all of the assets of the Commission, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of the trustee, if material;

(15) Incurrence of a financial obligation of the Commission, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation of the Commission, any of which affects holders of the 2021 Bonds, if material; and

(16) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation of the Commission, any of which reflect financial difficulties.

The foregoing sixteen Reportable Events are quoted from the Rule. The SEC requires the listing of the Reportable Events set forth in clauses (1) through (16) above although some of such events may not be applicable to the 2021 Bonds.

SECTION 5. <u>NOTICE OF FAILURE TO PROVIDE DISCLOSURE</u>

The Commission covenants to provide in a timely manner to the MSRB notice of a failure (of which the Commission has knowledge) to provide the required Annual Financial Information on or before the Annual Filing Date.

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[1] This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

SECTION 6. <u>AMENDMENT; WAIVER</u>

The Commission may amend this Disclosure Agreement and waive any of the provisions hereof, but no such amendment or waiver shall be executed and effective unless (a) the amendment or waiver is made in connection with a change in legal requirements, change in law or change in the identity, nature or status of the Commission or the governmental operations conducted by the Commission, (b) this Disclosure Agreement, as modified by the amendment or waiver, would have complied with the requirements of the Rule at the time of original issuance of the 2021 Bonds, taking into account any interpretations of the Rule provided by the SEC, and (c) the amendment or waiver does not materially impair the interests of the Registered Owners of the 2021 Bonds. Evidence of compliance with the foregoing conditions shall be satisfied by delivery to the Commission of an opinion of counsel having recognized skill and experience in the issuance of municipal securities and federal securities law to the effect that the amendment or waiver satisfies the conditions set forth in the preceding sentence. Notice of any amendment or waiver shall be filed by the Commission with the MSRB (via EMMA) and shall be sent to the Registered Owners of the 2021 Bonds. The Commission reserves the right to terminate its obligation to provide Annual Financial Information and notices of Reportable Events, as set forth above, if and when the Commission no longer remains an obligated person with respect to the 2021 Bonds within the meaning of the Rule.

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

Nothing in this Disclosure Agreement shall preclude the Commission from disseminating any other information with respect to the Commission or the 2021 Bonds, using the means of communication provided in this Disclosure Agreement or otherwise. Any election by the Commission to furnish any information not specifically required pursuant to this Disclosure Agreement, or by the means of communication provided for herein, shall not be deemed to be an additional contractual undertaking and the Commission shall have no obligation to furnish such information in any subsequent notice or by the same means of communication.

SECTION 8. <u>BENEFIT; DEFAULT</u>

The Commission acknowledges that its agreement to the disclosure undertaking set forth herein pursuant to the Rule is intended to be for the benefit of the Registered Owners from time to time of the 2021 Bonds, and shall be enforceable by such Registered Owners; provided that the right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Commission's obligations under this Disclosure Agreement and any failure by the Commission to comply with the provisions of this undertaking shall not be an Event of Default under the 2021 Bonds or the Trust Indenture dated as of August 1, 1998, as amended and supplemented through the date hereof, including being supplemented by that certain Ninth Supplemental Trust Indenture dated as of September 1, 2021, and as it may be further amended and supplemented from time to time, between the Commission and U.S. Bank National Association, as trustee. In the event the Commission fails to comply with any provision of this Disclosure Agreement, any Registered Owner of the 2021 Bonds shall have the right, by mandamus, suit, action or proceeding at law or in equity, to compel the Commission to perform each and every term, provision and covenant contained in this Disclosure Agreement.

SECTION 9. FILING WITH EMMA; OTHER FILINGS

All filings required hereby shall be done electronically through EMMA in the form specified by the MSRB and accompanied by identifying information as prescribed by the MSRB or as otherwise specified by the MSRB.

In addition to filings through EMMA, the Commission may file any of the information necessary to be filed hereunder with such other electronic systems and entities as are approved by the SEC by interpretive letter or "no action" letter for receipt of such information in compliance with the requirements of paragraph (b)(5) of the Rule.

SECTION 10. TERM OF DISCLOSURE AGREEMENT

This Disclosure Agreement shall terminate (a) upon payment or provision for payment in full of the 2021 Bonds, or (b) upon repeal or rescission of Section (b)(5) of the Rule, or (c) an opinion of counsel having nationally recognized skill and experience in the issuance of municipal securities and federal securities law to the effect that Section (b)(5) of the Rule is invalid or unenforceable.

SECTION 11. BENEFICIARIES

This Disclosure Agreement shall inure solely to the benefit of the Commission, the Underwriters and the Registered Owners from time to time of the 2021 Bonds, and nothing herein contained shall confer any right upon any other person.

SECTION 12. NO PERSONAL RECOURSE

No personal recourse shall be had for any claim based on this Disclosure Agreement against any member, officer, or employee, past, present or future, of the Commission, or of any successor body.

SECTION 13. ENTIRE AGREEMENT

This Disclosure Agreement sets forth the entire understanding and agreement of the Commission with respect to the matters herein contemplated and no modification or amendment of or supplement to this Disclosure Agreement shall be valid or effective unless the same is in writing and signed by the parties hereto.

SECTION 14. COUNTERPARTS; ELECTRONIC SIGNATURES

This Disclosure Agreement may be executed in counterparts with the same force and effect as if all signatures appeared on a single instrument. The parties to this Disclosure Agreement acknowledge that any party may execute this Disclosure Agreement pursuant to digital or electronic means. Notwithstanding any time stamp accompanying a digital or electronic signature indicating an earlier time, this Disclosure Agreement shall be effective upon the delivery to the respective parties of a fully-executed version of this Disclosure Agreement.

SECTION 15. GOVERNING LAW

The internal laws of the Commonwealth of Pennsylvania shall govern the construction and interpretation of this Disclosure Agreement; provided that, to the extent that the SEC, the MSRB or any other federal or state agency or regulatory body with jurisdiction in connection with the 2021 Bonds shall have promulgated any rule or regulation governing the subject matter hereof (including without limitation the Rule), this Disclosure Agreement shall be interpreted and construed in a manner consistent therewith.

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SIGNATURE PAGE TO
CONTINUING DISCLOSURE AGREEMENT

$327,520,000
Pennsylvania Turnpike Commission
Oil Franchise Tax Senior Revenue Bonds,
Series A of 2021

$201,480,000
Pennsylvania Turnpike Commission
Oil Franchise Tax Subordinated Revenue Bonds,
Series B of 2021

IN WITNESS WHEREOF, this Continuing Disclosure Agreement has been executed and delivered as of the day and year first written above.

PENNSYLVANIA TURNPIKE COMMISSION

By:____
Name: Richard C. Dreher
Title: Chief Financial Officer

APPENDIX F

DEBT SERVICE REQUIREMENTS OF THE OUTSTANDING BONDS

APPENDIX F - DEBT SERVICE REQUIREMENTS OF THE OIL FRANCHISE TAX SENIOR AND SUBORDINATED REVENUE BONDS[1]

Fiscal Year	Existing Debt Service on Senior Bonds[2,3,4]	Oil Franchise Tax Senior Revenue Bonds, Series A of 2021			Total Debt Service on Senior Bonds[2,3,4]	Existing Debt Service on Subordinated Bonds[2,4]	Oil Franchise Tax Subordinated Revenue Bonds, Series B of 2021			Total Debt Service on Subordinated Bonds[2,4]	Aggregate Debt Service[2,3,4]
		Principal	Interest	Total			Principal	Interest	Total		
2022	$ 23,349,795	$ -	$ 3,389,429	$ 3,389,429	$ 26,739,224	$ 17,406,489	$ -	$ 2,140,450	$ 2,140,450	$ 19,546,939	$ 46,286,163
2023	37,281,340	4,565,000	13,710,050	18,275,050	55,556,390	28,685,478	1,870,000	8,658,000	10,528,000	39,213,478	94,769,868
2024	37,300,090	4,730,000	13,573,100	18,303,100	55,603,190	28,699,228	1,930,000	8,601,900	10,531,900	39,231,128	94,834,318
2025	37,883,840	4,375,000	13,383,900	17,758,900	55,642,740	26,876,478	3,855,000	8,524,700	12,379,700	39,256,178	94,898,918
2026	38,782,840	3,715,000	13,165,150	16,880,150	55,662,990	26,894,376	4,035,000	8,331,950	12,366,950	39,261,326	94,924,316
2027	38,800,504	3,910,000	12,979,400	16,889,400	55,689,904	25,657,620	5,500,000	8,130,200	13,630,200	39,287,820	94,977,724
2028	38,821,650	4,105,000	12,783,900	16,888,900	55,710,550	25,669,377	5,780,000	7,855,200	13,635,200	39,304,577	95,015,127
2029	38,844,169	4,315,000	12,578,650	16,893,650	55,737,819	30,368,925	1,380,000	7,566,200	8,946,200	39,315,125	95,052,944
2030	38,866,602	4,535,000	12,362,900	16,897,900	55,764,502	30,380,323	1,455,000	7,497,200	8,952,200	39,332,523	95,097,025
2031	38,891,841	4,765,000	12,136,150	16,901,150	55,792,991	30,421,085	1,505,000	7,424,450	8,929,450	39,350,535	95,143,526
2032	38,912,690	5,010,000	11,897,900	16,907,900	55,820,590	30,438,501	1,580,000	7,349,200	8,929,200	39,367,701	95,188,291
2033	38,937,637	5,260,000	11,647,400	16,907,400	55,845,037	30,461,853	1,660,000	7,270,200	8,930,200	39,392,053	95,237,090
2034	41,574,234	-	11,384,400	11,384,400	52,958,634	32,585,797	-	7,187,200	7,187,200	39,772,997	92,731,632
2035	41,564,077	-	11,384,400	11,384,400	52,948,477	32,581,368	-	7,187,200	7,187,200	39,768,568	92,717,045
2036	41,551,112	-	11,384,400	11,384,400	52,935,512	32,574,465	-	7,187,200	7,187,200	39,761,665	92,697,177
2037	41,543,969	-	11,384,400	11,384,400	52,928,369	32,563,805	-	7,187,200	7,187,200	39,751,005	92,679,374
2038	41,265,884	-	11,384,400	11,384,400	52,650,284	29,613,107	3,155,000	7,187,200	10,342,200	39,955,307	92,605,591
2039	40,963,988	-	11,384,400	11,384,400	52,348,388	25,456,500	7,515,000	7,061,000	14,576,000	40,032,500	92,380,888
2040	40,963,988	-	11,384,400	11,384,400	52,348,388	25,456,750	7,840,000	6,760,400	14,600,400	40,057,150	92,405,538
2041	40,398,988	-	11,384,400	11,384,400	51,783,388	25,455,000	8,525,000	6,446,800	14,971,800	40,426,800	92,210,188
2042	40,396,150	-	11,384,400	11,384,400	51,780,550	25,454,500	8,895,000	6,105,800	15,000,800	40,455,300	92,235,850
2043	40,395,088	4,475,000	11,384,400	15,859,400	56,254,488	25,458,250	2,605,000	5,750,000	8,355,000	33,813,250	90,067,738
2044	40,396,600	4,745,000	11,160,650	15,905,650	56,302,250	25,459,000	7,450,000	5,619,750	13,069,750	38,528,750	94,831,000
2045	40,396,225	5,035,000	10,923,400	15,958,400	56,354,625	25,454,750	7,880,000	5,247,250	13,127,250	38,582,000	94,936,625
2046	20,724,500	24,970,000	10,671,650	35,641,650	56,366,150	25,456,000	8,305,000	4,853,250	13,158,250	38,614,250	94,980,400
2047	20,722,000	26,275,000	9,423,150	35,698,150	56,420,150	25,456,250	8,760,000	4,438,000	13,198,000	38,654,250	95,074,400
2048	20,727,000	27,460,000	8,109,400	35,569,400	56,296,400	25,458,000	9,190,000	4,000,000	13,190,000	38,648,000	94,944,400
2049	20,727,000	28,525,000	7,086,350	35,611,350	56,338,350	25,458,500	9,555,000	3,632,400	13,187,400	38,645,900	94,984,250
2050	-	50,260,000	6,022,950	56,282,950	56,282,950	-	9,940,000	3,250,200	13,190,200	13,190,200	69,473,150
2051	-	52,225,000	4,092,500	56,317,500	56,317,500	-	10,335,000	2,852,600	13,187,600	13,187,600	69,505,100
2052	-	54,265,000	2,085,850	56,350,850	56,350,850	-	5,980,000	2,439,200	8,419,200	8,419,200	64,770,050
2053	-	-	-	-	-	-	26,950,000	2,200,000	29,150,000	29,150,000	29,150,000
2054	-	-	-	-	-	-	28,050,000	1,122,000	29,172,000	29,172,000	29,172,000
TOTAL	**$ 1,020,983,798**	**$ 327,520,000**	**$ 327,027,829**	**$ 654,547,829**	**$ 1,675,531,627**	**$ 771,901,778**	**$ 201,480,000**	**$ 197,064,300**	**$ 398,544,300**	**$ 1,170,446,078**	**$ 2,845,977,705**

(1) Totals may not add due to rounding.

(2) Interest reflects anticipated receipt of Issuer Subsidy with respect to Build America Bonds, subject to applying the 5.7% sequestration reduction through maturity. For information regarding the effects of sequestration on the federal subsidy payable with respect to the Commission's outstanding Build America Bonds, see "Investment Considerations - Reductions in federal subsidy payable to the Commission for its outstanding Build America Bonds due to sequestration" in this Official Statement.

(3) Amounts are inclusive of compounded interest on Capital Appreciation Bonds.

(4) Excludes debt service on Refunded Bonds.

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